



March 31, 2022

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Notice regarding an Evaluation of Compliance with Social Loan Principles

KATITAS Co., Ltd. ("the Company") hereby announces that it has received an evaluation from Rating and Investment Information, Inc. ("R&I") regarding a recently formed syndicated loan agreement's compliance with the Social Loan Principles of the Loan Market Association ("LMA") and the Financial Services Agency's Social Bond Guidelines. As described in its March 25, 2022 IR News release entitled "Notice regarding the Conclusion of a Syndicated Loan Agreement and the Recording of Non-operating Expenses," this syndicated loan agreement ("the agreement") was concluded with Mizuho Bank, Ltd. serving as the arranger.

1. Initiatives of the KATITAS Group

In accordance with its purpose of "Bring as much joy as possible to towns and cities," the Company operates a pre-owned home revitalization business through which it purchases, renovates, and sells pre-owned homes primarily in rural areas. With this business, the Company aims to help create better lives for its customers by lowering their overall housing costs through the supply of affordable housing and contribute to the resolution of vacant house-related issues in Japan.

2. Compliance with Social Loan Principles

Through the agreement, the Company refinanced an existing loan obtained primarily for the purpose of purchasing and renovating pre-owned homes. R&I has provided the Company with a report evaluating the agreement's compliance with Social Loan Principles of the Loan Market Association and the Financial Services Agency's Social Bond Guidelines. The contents of this report are summarized below.

Summary of opinions provided by R&I (excerpts from R&I's report)

Borrowed funds will be used to finance the purchase and renovation of pre-owned residential properties by KATITAS Co., Ltd. and its subsidiary Reprice Co., Ltd. The pre-owned homes to be purchased using these funds will be sold at about 50% of the market price for new homes in the same area, allowing them to be purchased by buyers who do not necessarily have high incomes, thereby improving quality of living standards for these buyers. The majority of these pre-owned homes are unoccupied properties, and their purchase and sale will contribute to the resolution of vacant-house related concerns that are recognized as a social issue by the Japanese government.

Additionally, the procurement and sale of these pre-owned homes will help maintain employment levels in the local community, while conserving resources through the revitalization of existing homes and reducing environmental impact by eliminating the need to construct new homes, which generates greater CO2 emissions. The Company will address potential negative impact on the neighborhood, such as noise from home renovation and other construction work, by giving these issues appropriate attention and consideration. Based on these conditions, R&I has concluded that the planned use of funds procured through this loan will have a positive impact on society as a whole.