



May 26, 2022

Real Estate Investment Trust Securities Issuer
Sekisui House Reit, Inc.

Representative: Atsuhiko Kida, Executive Director
(Securities Code: 3309)

Asset Management Company

Sekisui House Asset Management, Ltd.

Representative: Toru Abe,
President & Representative Director

Inquiries: Koichi Saito, Chief Manager,
Investor Relations Department
TEL: +81-3-6447-4870 (main)

Notice Concerning Borrowing of Funds (Positive Impact Finance)
and Partial Early Repayment of Existing Borrowings

Sekisui House Reit, Inc. (“SHR”) hereby announces that it has decided today to undertake new borrowings (the “Borrowing”) in addition to making a partial early repayment of existing borrowings (the “Early Repayment”) as described below.

1. Borrowing of Funds

(1) Description of Positive Impact Finance







The Borrowing will be executed by entering into a loan syndication with Sumitomo Mitsui Trust Bank, Ltd. (“Sumitomo Mitsui Trust Bank”) as the arranger for Positive Impact Finance (“PIF”) in accordance with the Principles for Positive Impact Finance (Note 1) and the model framework of the Principles (Model Framework for financial products for corporates with unspecified use of funds and the Real Estate Investment Framework) issued by the United Nations Environment Programme Finance Initiative (“UNEP FI”) (Note 2).

PIF is a loan intended to continuously support corporations’ activities of which they comprehensively analyze and evaluate the impacts (both positive and negative) related to the environment, society and economy. The most notable feature of PIF is that the degree of contribution from corporate activities, products, and services in achieving Sustainable Development Goals (“SDGs”) is used as an evaluation indicator and is monitored based on publicly disclosed information while supporting such corporate activities through engagement.

SHR and Sekisui House Asset Management, Ltd. (“SHAM”), to which SHR entrusts the management of its assets, share a philosophy with Sekisui House, Ltd., the sponsor of SHR, and position ESG as one of the top management priorities in aiming for sustainable growth. SHR has established a “Sustainability Policy” and strives to contribute to the realization of a sustainable society by complying with and implementing these policies to increase corporate value.

In order to focus on the sustainable growth of SHR and the realization of a sustainable society, SHR has identified materiality (important issues) in 2020 based on the recognition that establishing guidelines to solve these issues and conducting related initiatives through business activities are indispensable.

In addition, for the Borrowing, in light of changes in the environment, society and economy, SHAM reviewed some phrasing of the identified materiality along with the reassessment of targets (KPIs) linked to the materiality (Note 3). Furthermore, the following themes were selected among the materiality as activities that particularly have impact on achieving SDGs, and received qualitative and quantitative evaluations from Sumitomo Mitsui Trust Bank. The Borrowing has also obtained a third-party opinion (Note 4) from Japan Credit Rating Agency, Ltd. regarding compliance of the procedures related to this evaluation to the Principles as well as the rationality of the evaluation indicators.

Theme	Content	Goals and Indicators (KPI)	SDGs
Promoting Response to Climate Change	<ul style="list-style-type: none"> Reduce CO₂ emissions by promoting efficient use of energy through capital investment and energy conservation measures at owned properties Promote investment in real estate with excellent environmental performance and actively acquire green certification with the aim of understanding the objectivity and areas for improvement in the environmental performance of owned properties <p>[Relevant Assets]</p> <ul style="list-style-type: none"> Office building Residence Hotel 	<p>(a) <u>Reduction of CO₂ Emissions</u> (Goal)</p> <ul style="list-style-type: none"> Reduce 50% CO₂ emission intensity of portfolio by FY 2030 compared to FY 2018 <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> CO₂ emission intensity (t-CO₂/m²) <p>(b) <u>Reduction of Energy Consumption</u> (Goal)</p> <ul style="list-style-type: none"> Reduce 5% energy consumption intensity of portfolio by FY 2023 compared to FY 2018 Set reduction targets every 5 years after FY 2023, and promote continuous reduction of energy consumption intensity <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> Energy consumption intensity (kWh/m²) <p>(c) <u>Increase Acquisition Ratio of Green Certification</u> (Goal)</p> <ul style="list-style-type: none"> Achieve 70% or more of the portfolio with green certification by FY 2022 Continue to maintain 70% or more after FY 2022 <p>*Total floor base</p> <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> Green Certification Acquisition Ratio <p>*Certification for CASBEE for Real Estate, DBJ Green Building Certification</p>	 
Promoting Efforts Toward Environmental Resources	<ul style="list-style-type: none"> Reduce waste emissions by promoting the 3Rs - "Reduce, Reuse, Recycle" Reduce water consumption by conserving water and reusing rain water <p>[Relevant Assets]</p> <ul style="list-style-type: none"> Office building Residence 	<p>(a) <u>Reduction of Waste Emissions</u> (Goal)</p> <ul style="list-style-type: none"> To not increase waste emission intensity of portfolio compared to FY 2018 <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> Waste emission intensity (kg/m²) <p>(b) <u>Reduction of Water Use</u> (Goal)</p> <ul style="list-style-type: none"> To not increase the water use intensity of portfolio compared to FY 2018 <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> Water use intensity (m³/m²) 	 
Providing Residents and Tenants with a Secure and Comfortable Space that Offers Peace of Mind	<ul style="list-style-type: none"> Improve user satisfaction and value of owned properties by providing safe, secure and comfortable spaces to residents and tenants <p>[Relevant Assets]</p> <ul style="list-style-type: none"> Office building Residence 	<p>(Goal)</p> <ul style="list-style-type: none"> Enhance the security, safety, and comfort of residents and tenants <p>(Indicator (KPI))</p> <ol style="list-style-type: none"> Satisfaction of residents and tenants, and the status of implementation of initiatives that contribute to the satisfaction of residents and tenants Periodic assessment of earthquake risk and flood damage risk and the status of implementation of measures to reduce such risks 	 

(Note 1) The Principles for Positive Impact Finance was developed by UNEP FI in January 2017 as a financial framework for achieving SDGs. Companies disclose the level of contributions to achieving SDGs through KPIs, and banks then provide funding by evaluating the positive impact observed from these KPIs that is intended to guide the borrowers to increase positive impact and reduce negative impact. As a responsible financial institution, banks that provide such loans ensure that the impact continues by monitoring KPIs.

(Note 2) UNEP FI is an extensive and close partnership between the United Nations Environment Programme (UNEP) and more than 200 global financial institutions. Since its establishment in 1992, UNEP FI has been working in concert with financial institutions, policy/regulatory authorities to transform itself into a financial system that integrates economic development and ESG considerations. Additionally, UNEP is a subsidiary body to the United Nations system established in 1972 as an executing agency for the "Human Environment Declaration" and the "International Environment Action Programme".

Disclaimer: This translation is for informational purposes only. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.

(Note 3) For materiality and reassessed targets, please check the following website:

<https://sekisuihouse-reit.co.jp/en/esg/material.html>

(Note 4) For the independent opinion from Japan Credit Rating Agency, Ltd., please check the following website:

<https://www.jcr.co.jp/en/greenfinance/>

(2) Terms of the Borrowing

Fixed Interest Rate Borrowing

Category	Lenders (Note 1)	Borrowing amount (mm yen)	Interest rate (Note 2) (Note 3)	Drawdown date	Borrowing method	Repayment date (Note 4)	Repayment method (Note 5)	Security
Long-term	Sumitomo Mitsui Trust Bank, Ltd.	1,100	To be determined	May 31, 2022	Borrowing based on individual loan agreement, dated May 26, 2022. The lenders under the loan agreement are as indicated to the left of this table.	May 31, 2029	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Mizuho Bank, Ltd.	400						
	Mizuho Trust & Banking Co., Ltd.	300						
	Resona Bank, Limited.	300						
	The Norinchukin Bank	400						
	THE BANK OF FUKUOKA, LTD.	300						
	Shinkin Central Bank	300						
	The 77 Bank, Ltd.	300						
	The Yamaguchi Bank, Ltd.	400						
	The Shizuoka Bank, Ltd.	300						
	The Hiroshima Bank, Ltd.	300						
	Aozora Bank, Ltd.	300						
	Nippon Life Insurance Company	1,000						
The Joyo Bank, Ltd.	300							
Total		6,000	—	—	—	—	—	—

(Note 1) Sumitomo Mitsui Trust Bank, Ltd. is the arranger of the above borrowings.

(Note 2) The interest rates will be announced once determined.

(Note 3) The first interest payment date will be the last day of November 2022. Subsequent interest payment dates will be the last day of every six months and the principal repayment date. Where the relevant date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls into the next calendar month) the immediately preceding business day.

(Note 4) Where the repayment date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls in the next calendar month) the immediately preceding business day.

(Note 5) SHR may, by giving prior written notice and if certain other terms and conditions are met, make early repayment of the borrowings (in whole or in part), in the period between the drawdown date and the repayment date.

(3) Purpose of the Borrowing

The Borrowing (6,000 million yen) is for use as early repayment funds which will be repaid on May 31, 2022. For details, please refer to “2. Early Repayment Funds” below.

(4) Amount, Use and Scheduled Outlay of Funds to be Procured from the Borrowing

- a. Amount of funds to be procured
6,000 million yen
- b. Specific use of funds to be procured
Funds for early repayment
- c. Scheduled outlay
May 31, 2022

2. Early Repayment

(1) Terms of the Early Repayment

Category	Lenders	Balance before repayment (mm yen)	Repayment amount (mm yen)	Balance after repayment (mm yen)	Drawdown date	Repayment date	Scheduled repayment date
Short term	MUFG Bank, Ltd.	5,310	2,330	2,980	February 1, 2022	January 31, 2023	May 31, 2022
	Mizuho Bank, Ltd.	4,360	1,910	2,450			
	Sumitomo Mitsui Banking Corporation	4,030	1,760	2,270			
Total		13,700	6,000	7,700	—	—	—

(Note) For details of the above borrowings, please refer to “Notice Concerning Borrowing of Funds” announced on January 24, 2022.

(2) Funds for Repayment

The total borrowings of 6,000 million yen to be procured, as described in “1. Borrowing of Funds”, will be used for the Early Repayment.

3. Status of Borrowings, etc. after the Borrowing and the Early Repayment

(Unit: million yen)

	Before the Borrowing	After the Borrowing	Increase (Decrease)
Short-term borrowings (Note)	13,700	7,700	(6,000)
Long-term borrowings (Note)	215,442	221,442	6,000
(repayment due within one year)	33,200	33,200	—
Total borrowings	229,142	229,142	—
Investment corporation bonds	34,500	34,500	—
(redemption due within one year)	3,000	3,000	—
Total interest-bearing liabilities	263,642	263,642	—

(Note) Short-term borrowings refer to borrowings due for repayment within a period of one year or less from the relevant drawdown date, and long-term borrowings refer to borrowings due for repayment within a period of more than one year from the relevant drawdown date.

4. Other Matters Necessary for Investors' Appropriate Understanding/Judgment of Relevant Information

With regard to risks associated with the Borrowing, there is no change from the contents of “Part 1. Fund Information; Section 1. Status of Fund; 3. Investment Risks” of the securities report submitted on January 25, 2022.

* Sekisui House Reit, Inc. website: <https://sekisuihouse-reit.co.jp/en/>

Disclaimer: This translation is for informational purposes only. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.