G20 Global Summit on Financing Energy Efficiency, Innovation and Clean Technology

Trend on Sustainable Property in Japan and SuMi TRUST’s Mission

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SUMITOMO MITSUI TRUST BANK, LIMITED
I. SuMi TRUST’s Mission

Solution that uses the unique functions of trust bank

- Response to Climate Change Issues
- Addressing Natural Capital (Biodiversity)
- Sustainable Investment (ESG Investment)
- Actions for Sustainable Property
- Enhanced Non-Financial Information Disclosure
- Strengthening ESG Investment

Source: SuMi TRUST
Ⅱ. Trend on Sustainable Property in Japan

Total Property in JAPAN  
2,562 trillion JPY  
(23.2 trillion USD*)

Possibilities of effects on total property market

➢ 89%** of J-REITs are  
   - Attending GRESB  
   - Conscious of  
     Green Building Certification holding

➢ Increasing a number of Corporations  
   - Conscious of ESG/SDGs issues.

SuMi Trust’s Entrusted Balance of securitized real estates:  
16 trillion JPY  
(145 billion USD)

* USD/JPY=110  
** Based on market capitalization  
CSR Design Green Investment Advisory, 2018

Ministry of Land, Infrastructure, Transport and Tourism 2018

Owned by Corporations  
430 trillion JPY  
(3,909 billion USD*)

Commercial  
208 trillion JPY  
(1,890 billion USD*)

Securitized  
33 trillion JPY  
(300 billion USD*)

J-REIT etc.  
22 trillion JPY  
(200 billion USD*)
### III. Trend on Sustainable Property in Japan

#### Financing in consideration of ESG

**JAPAN REIT (J-REIT)’s Green Bonds**

<table>
<thead>
<tr>
<th>Code</th>
<th>Investment corporation</th>
<th>Date of issue (Payment date)</th>
<th>Investment opportunity</th>
<th>Total amount issued (JPY million)</th>
<th>Interest rate (%)</th>
<th>Redemption deadline</th>
<th>Term (Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8953</td>
<td>Japan Retail Fund Investment Corp.</td>
<td>May 25, 2018</td>
<td>Open</td>
<td>8,000 (72 million USD)※</td>
<td>0.210</td>
<td>May 25, 2023</td>
<td>5</td>
</tr>
<tr>
<td>8952</td>
<td>Japan Real Estate Investment Corp.</td>
<td>Nov. 1, 2018</td>
<td>Open</td>
<td>10,000 (90 million USD)※</td>
<td>0.230</td>
<td>Nov. 1, 2023</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: ARES Monthly report - Nov, 2018 / ARES created from Company News Release*

**SuMi TRUST’s Green Bond**

<table>
<thead>
<tr>
<th>Product name</th>
<th>Expected investors</th>
<th>Type of transaction and document</th>
<th>Purpose of funding</th>
<th>Total amount issued (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro denominated green bonds</td>
<td>European ESG investors, etc.</td>
<td>Floating-rate green bond with 2 year maturity</td>
<td>The purpose of this fund is to finance and refinance the existing and/or new qualified green businesses</td>
<td>500</td>
</tr>
</tbody>
</table>

*Source: SuMi TRUST*

**JAPAN REIT (J-REIT)’s Green Loans**

<table>
<thead>
<tr>
<th>Code</th>
<th>Investment corporation</th>
<th>Borrower</th>
<th>Debt loan (JPY million)</th>
<th>Interest rate</th>
<th>Closing date～Maturity date (Term)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8978</td>
<td>Japan Excellent, Inc.</td>
<td>Mizuho Bank, Ltd.</td>
<td>20,000 (181 million USD)※</td>
<td>1 month TIBOR +0.20%</td>
<td>Sep. 28, 2018～Sep. 30, 2020 (2year)</td>
</tr>
<tr>
<td>8960</td>
<td>United Urban Investment Corp. (UUR)</td>
<td>Sumitomo Mitsui Trust Bank, Limited (Green Trust Loan)</td>
<td>10,000 (90 million USD)※</td>
<td>0.25</td>
<td>Sep. 28, 2018～Sep. 29, 2023 (5year)</td>
</tr>
</tbody>
</table>

*Source: ARES Monthly report - Nov, 2018 / ARES created from Company News Release*
IV. SuMi TRUST Case: The UUR Green Trust

Structure Diagram

Japan Credit Rating Agency, Ltd.

Evaluation

Loan

Trust Account
SuMi TRUST
UUR Green Trust
(Jointly operated designated money trust)

Evaluation

Trust money

Dividends and redemption money

You can invest for a sustainable property.

Outline (Planned)

<table>
<thead>
<tr>
<th>Borrower</th>
<th>United Urban Investment Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of transaction and Document</td>
<td>Loan agreement between the trustee of Sumitomo Mitsui Trust Bank, Limited as lender and United Urban Investment Corporation as borrower (Note 6)</td>
</tr>
<tr>
<td>Purpose of Funding</td>
<td>The acquisition of the new green building and the refinancing of existing debt</td>
</tr>
<tr>
<td>Total Amount</td>
<td>JPY 10,000,000,000 (Planned)</td>
</tr>
<tr>
<td>Closing Date</td>
<td>September 28, 2018 (Planned)</td>
</tr>
<tr>
<td>Maturity Date</td>
<td>September 29, 2023 (Planned)</td>
</tr>
<tr>
<td>Repayment</td>
<td>Bullet</td>
</tr>
<tr>
<td>Expected Investors</td>
<td>Corporations, Health Insurance Associations, Incorporated Schools, Life Insurance Companies, etc.</td>
</tr>
</tbody>
</table>

Source: SuMi TRUST
V. Added value of Sustainable property

Research on GB certification in JPN “CASBEE*” and Rents

**CASBEE**: Comprehensive Assessment System for Built Environment Efficiency

Comparison of average rents

<table>
<thead>
<tr>
<th></th>
<th>Tokyo’s 23 wards</th>
<th>Osaka</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASBEE buildings</td>
<td>24,701</td>
<td>14,976</td>
</tr>
<tr>
<td>Total Tokyo 23-ward sample</td>
<td>15,553</td>
<td>8,707</td>
</tr>
</tbody>
</table>

Correlation between “CASBEE” Score and Market Rents

(Single regression analysis)

Source: Data is from a fiscal year 2014 report issued by Japan Sustainable Consortium’s Smart Wellness Office Research Committee.
VI. Target SDGs for Sustainable Property

Challenges
1. Making the environmental performance of properties visible
2. Making the added value of sustainable properties visible
3. Increasing awareness in the real estate market about the added value of sustainable properties
4. Expanding corporate initiatives toward creating added value

Solution
1. Support acquiring environmental performance certifications, such as CASBEE-Real Estate and CASBEE-Urban Development
2. Increase the feasibility of sustainable construction by supporting construction consulting and subsidy grant processes.
3. Promote sustainable properties through committees and lectures
4. Create businesses that contribute to promote sustainable properties, including green finance and sustainable property funds

Source: SuMi TRUST