

DPR to become Japan's First Private REIT to Execute a Green Loan and Notice of Establishment of Green Loan Framework

DREAM Private REIT Inc. ("DPR"), which is managed by Diamond Realty Management Inc. ("DREAM"), is pleased to announce that it has got finance through green loans, the first of its kind in the private REITs in Japan.

**1. Procurement of Green Loans**

DREAM and DPR have actively promoted ESG initiatives, recognizing that holding environmentally sustainable properties is an important element in fund management for a private REIT. As a result, in 2019 DPR received Green Star (highest rating) for the second consecutive year and rated four-star in comparative assessment in GRESB, and has 11 properties with green-building certifications.

On the other hand, because private REITs are not structured to issue investment corporation bonds, the market has lagged behind J-REITs in its green financing efforts. However, DPR, leveraging the strengths of high-quality asset with a green-building certification, procured green loans on January 31 this year, as part of its ESG efforts.

Under this initiative, the arrangement of refinance defined to cover a part of acquisition value of DPR Hiratsuka Logistics Center ("the Property", with BELS 5 Star Certification) by the lender, the Bank of Mitsubishi UFJ, Ltd. ("MUBK"), has become the first Green Loan Arrangement for a private REIT in Japan, complying with the Green Loan Principles and obtaining the "Green1" rating, the highest in the JCR Green Loan Evaluation (\*) of the Japan Credit Rating Agency, Ltd. ("JCR").

In addition, MUBK transferred the entire loan claims to Mitsubishi UFJ Trust and Banking Corporation ("MUTB") and transferred beneficiary rights in the loan credits trust to institutional investors (institutional investors for tax purposes). In complying with the Green Bond Principles, the beneficiary rights of the JCR Green Bond Trust are also rated as Green1, the highest ranking in the JCR Green Bond Assessment (\*).

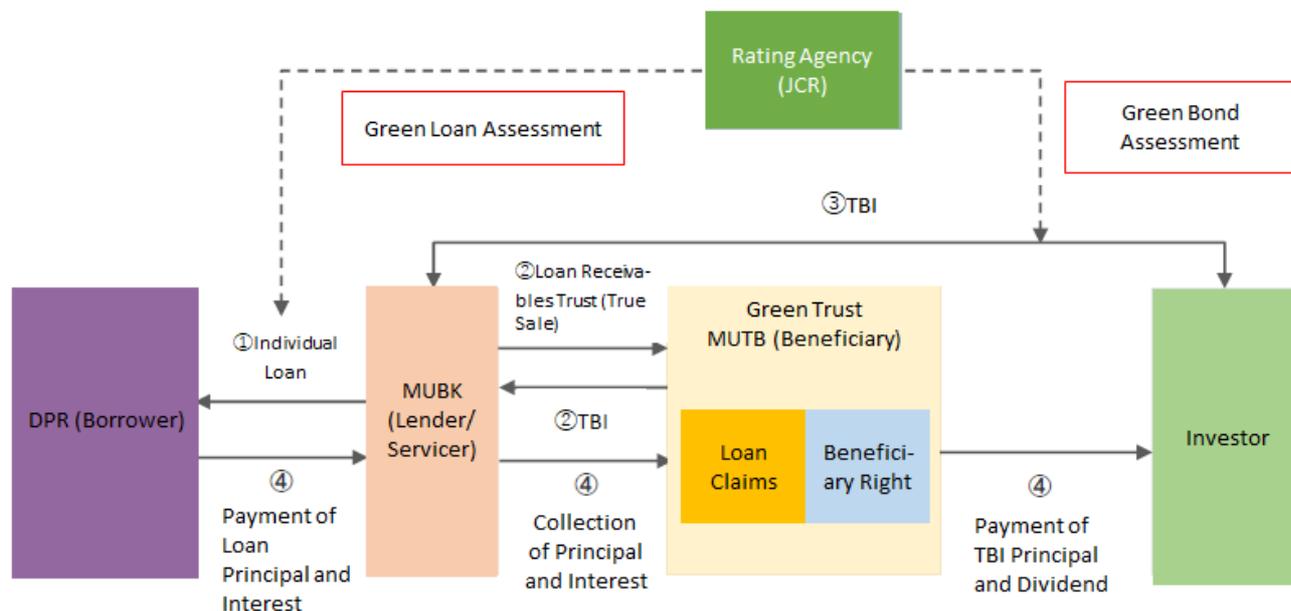
(NOTE) Please refer to the following for the JCR Green Loan Evaluation Report/JCR Green Bond Evaluation.

<https://www.jcr.co.jp/download/a926986ff2cf56756f2a69f993969f73f2026820d2a057dc0c/19d1090en.pdf>

<https://www.jcr.co.jp/download/a47cd230581d5eab4a6d43a02e3d4b6e7d614a4cd4734bb327/19d1091en.pdf>



[Scheme diagram]



[Overview of the Premises]

Property name: DPR Hiratsuka LogisticsCenter	<p>(NOTE)</p>
Address: 6-15 Shinmachi, Hiratsuka-shi, Kanagawa	
Site area: 14,676.10 m <sup>2</sup> (registered area)	
Floor area: 29,067.95 m <sup>2</sup> (registered area)	

(NOTE) Please see below for BELS(Japanese Only).  
<https://www.hyoukakyukai.or.jp/bels/bels.html>

## 2. Establishment of Green Finance Framework

Since procurement of green loans requires an operation based on certain rules, DPR has established the Green Finance Framework, which focuses on the following factors concerning DPR operation.

### Outline of DPR Green Finance Framework

Item	Details
<b>Target criteria</b>	Properties that have acquired or plan to acquire any of the following certifications by third-party organization. ① Three to Five stars for DBJ Green Building certification ② B+ to S ratings for CASBEE certification ③ Three to Five stars for BELS certification
<b>Financing type</b>	Borrowing (Loans) <sup>(*)</sup> (NOTE) Borrowings are limited to the loan as private REITs cannot issue corporation bonds.
<b>Uses of procurement funds</b>	Funds for acquisition and refinancing of properties that meet the above criteria
<b>Unallocated fund management</b>	When the subject property is sold, etc., the loan will be shifted to cover all the properties in the portfolio that meet the above target criteria owned by DPR without immediate return. [Specific methods] A: Total value of real estate appraisal applicable to the subject properties at the end of the period × LTV <sup>(*)</sup> (NOTE) LTV is based on the market value LTV of the entire DPR at the end of the same period. B: Green Loan Procurement Balance Continue borrowing under the condition of A = B or A > B.
<b>Disclosure Policy</b>	<ul style="list-style-type: none"> <li>Procurement is disclosed on the DPR website.</li> <li>DPR discloses the status of green building certifications and energy usage (GHG/ energy consumption unit) on DPR website.</li> </ul> <sup>(*)</sup> (NOTE) These have been set as targets for the ESG initiatives of the DPR, and the results have been disclosed.

## 3. Future Policies

Through this measure, DREAM and DPR have demonstrated that 1) as part of ESG initiatives, they can raise funds by managing environmentally conscious, high-quality assets, and 2) they can indirectly provide superior green finance products not only to investors on the equity side but also to debt side investors.

DREAM will continue to actively promote ESG initiatives for sustainable growth and will implement a wide range of measures in addition to green finance.

End

[About Diamond Realty Management Inc.]

Head Office: 16-1, Hirakawacho 2-Chome, Chiyoda-ku, Tokyo, Japan

Businesses: Real estate asset management business/advisory & consulting services

Shareholder: Wholly owned by Mitsubishi Corp.

Representative: Katsumi Nakamoto, President and CEO

Establishment: 2004

Number of employees: 88 (as of the end of December, 2019)

[For Comments or Inquiries on this Press Release]

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