

DREAM Private REIT Inc. Completes Funding through Green Loans

Diamond Realty Management Inc. (“DREAM”) hereby announces that DREAM Private REIT Inc. (“DPR”), which has commissioned DREAM to manage its assets, completed the execution of 5 green loans between April 2023 and September 2023.

1 . About Procurement of Green Loans

DREAM and DPR have actively promoted ESG/SDGs initiatives, recognizing that holding environmentally sustainable properties is an important element in fund management for a private REIT. As a result, DPR was designated by the GRESB Real Estate Assessment in 2023, as “5 Stars”, the highest ranking, in the Relative Assessment for the second consecutive year, and “Green Star” for sixth consecutive year, achieving high performance within the participants. DPR now has a total of 38 properties with green-building certifications as of September 30, 2023.

As for financing, on January 2020, DPR established the "DPR Green Finance Framework"(*1), and became the first private REIT in Japan to procure a Green Loan. As a result, as of the end of September 2023, DPR has successfully funded additional Green Loans, making it a total of 18 loans from 6 lenders, including repaid loans and the 5 new green loans. (total loan balance: 18 billion yen). t

In addition, in September 2021, DPR obtained a rating of “Green 1 (F)” for the “DPR Green Finance Framework”. This is the highest rating offered in “JCR Green Finance Framework Evaluations”(*2) conducted by the third party, Japan Credit Rating Agency, Ltd. (JCR).

(*1) Please refer to "Outline of DPR Green Finance Framework " below.

(*2) Please refer to JCR's website :

<https://www.jcr.co.jp/download/fc958918a4d97580fafc9fad9ff9ed595989b940ea0fa6bc95/19d1090en.pdf>

The 5 new green loans executed between April 2023 and September 2023 are the Green Loans made by lenders MUFG Bank, Ltd. and SBI Shinsei Bank, Limited, limited in use to refinance borrowings at the time of acquisition of properties described below. The valuation methods and subject properties for such borrowings are as follows:

- MUFG Bank, Ltd. and SBI Shinsei Bank, Limited : Evaluated by a third-party organization (Japan Credit Rating Agency, Ltd.) for compliance with “DPR Green Finance Framework” established by DPR.

[Subject properties]

Name of financial institution	Target property
MUFG Bank, Ltd.	Daikokucho Logistics Center, Logistics Park Noda Funakata
MUFG Bank, Ltd.	PUZZLE GINZA
SBI Shinsei Bank, Limited	PUZZLE GINZA

[Outlines of the properties]

Property Name	Daikokucho Logistics Center	Logistics Park Noda Funakata
Address	5-24, Daikokucho, Tsurumi-ku, Yokohama-shi, Kanagawa	2-1-3 (Parcel number), Izumi, Noda-shi, Chiba
Type of Property	Logistics	Logistics
Site area (registered area)	44,749.31 m ²	51,017.08 m ²
Floor area (registered area)	89,316.19 m ²	111,977.23 m ²
Number of floors	4 floors above ground	5 floors above ground
Type of Environmental Certification (*3)	BELS 5 Star (2018) S rank CASBEE ®(2022)	BELS 5 Star (2021) S rank CASBEE ®(2022)

Property Name	PUZZLE GINZA
Address	2-5-19, Ginza, Chuo-ku, Tokyo
Type of Property	Retail
Site area (registered area)	333.08 m ²
Floor area (registered area)	2,399.90 m ²
Number of floors	10 floors above ground
Type of Environmental Certification (*3)	S rank CASBEE ®(2021)

*3: Please refer to the following for the environmental certification.

- BELS: <http://www.hyokakyokai.or.jp/bels/bels.html> (Japanese only)
- CASBEE: <https://www.ibec.or.jp/CASBEE/english/index.htm>

[Outline of DPR Green Finance Framework]

Target criteria	<p>Properties that have acquired or plan to acquire any of the following certifications by a third-party organization.</p> <p>① Three to Five stars for DBJ Green Building certification</p> <p>② B+ to S ratings for CASBEE certification</p> <p>③ Three to Five stars for BELS certification</p>
Financing type	<p>Borrowing (Loans) (*)</p> <p>(NOTE) Borrowings are limited to the loan as private REITs cannot issue corporation bonds.</p>
Uses of procurement funds	<ul style="list-style-type: none"> · Funds for acquisition and refinancing of properties that meet the criteria above. · In cases where a loan is refinanced in which a property that does not fall under the category of a property subject to green financing falls under the category of a property subject to green financing is refinanced, the total borrowed at the time of acquisition of the property is prorated based on the respective property acquisition price ratio (hereinafter referred to as the “Initial Procurement Quota Borrowed Amount”), and the loan is procured as green financing to the extent that the amount of refinancing does not exceed the amount allocated at the time of initial procurement. · After the procurement of green loans, the loan management form (outline of loans) shall be used to manage the loan, and if more than one refinance related to the same property is used as green financing, the total amount of refinancing of the relevant property shall not exceed the loan allotted at the time of initial procurement at the time of the second or subsequent refinancing.
Unallocated fund management	<p>When the subject property is sold, etc., the loan will not be returned immediately, but instead is shifted to cover all the properties owned by DPR that meet the target criteria.</p> <p>[Specific methods]</p> <p>A : Total value of real estate appraisal applicable to the subject properties at the end of the period × LTV (*)</p> <p>(NOTE) LTV is based on the market value LTV of the entire DPR at the end of the same period.</p> <p>B : Green Loan Procurement Balance</p> <p>Continue borrowing under the condition of $A = B$ or $A > B$.</p>
Disclosure Policy	<ul style="list-style-type: none"> · Terms and Conditions of the procurement is disclosed on the DPR website.

	<p>· DPR discloses the status of green building certifications and energy usage (GHG/ energy consumption unit) on the DPR website. (*)</p> <p>(NOTE) Energy usage reduction goals have been set as part of the ESG initiatives of the DPR, and the results have been disclosed.</p>
--	---

2. Future Policies

DREAM and DPR will continue to actively promote ESG/SDGs initiatives for sustainable growth. Through this green loan procurement, DREAM and DPR seek to diversify funding sources and to offer equity investors various opportunities to invest in green financial products.

[About DREAM Private REIT Inc.]

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

Representative: Hisashi Ishiwata , Executive Officer

Establishment: 2012

Asset Under Management : JPY 388.8 billion (as of the end of August 2023)

Number of investors: 169 (as of the end of August 2023)

[About Diamond Realty Management Inc.]

Head Office: 16-1, Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo

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

Shareholder: Wholly owned by Mitsubishi Corp.

Representative: Hisashi Ishiwata, President and CEO

Establishment: 2004

Number of employees: 104 (as of the end of August 2023)

[For Comments or Inquiries on this Press Release]

Diamond Realty Management Inc.

TEL:03-5212-4811/ FAX:03-5212-4818

- | |
|---|
| <ul style="list-style-type: none">· This release is not an advertisement or other similar materials which are provided for in the Financial Instruments and Exchange Act of Japan, or in any other similar laws of applicable jurisdictions.· This press release is not intended to provide us with investment management services or solicit specific investment products. In addition, by using this release, we do not engage in any solicitation for acquisition of securities issued by any funds or other entity referred to in this release.· No representations or warranty, express or implied is made as to the consistency of future results or events with any estimate, forecast, projection or opinion contained in this release. |
|---|