

Green Bond / Green Bond Programme Independent External Review Form

Section 1. Basic Information

Issuer name:	Sumitomo Mitsui Trust Bank, Limited
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	AEON REIT Green Joint Trust Beneficiary Rights
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	September 26, 2019
Publication date of review publication:	September 26, 2019

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF Independent External REVIEW PROVIDER

- | | |
|--|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Sumitomo Mitsui Trust Bank, Limited (SMTB) was founded both in 1924 as Mitsui Trust Co., Ltd., and in 1925 as Sumitomo Trust Co., Ltd., and is the core company of Sumitomo Mitsui Trust Group. This is a trust bank established by the merger of Sumitomo Trust Co., Ltd., Chuo Mitsui Trust and Banking Co., Ltd., and Chuo Mitsui Asset Trust and Banking Co., Ltd. in 2012. The Sumitomo Mitsui Trust Group to which SMTB belongs is Japan's largest asset management group, and it is a trust banking group with a leading size in the industry centering on asset management and administration.

In response to the climate change issue, the Sumitomo Mitsui Trust Group formulated the Action Guidelines for Mitigating Climate Change, in which it stated in "2. Provision of Products and Services"

"We are working on developing and providing products and services that help mitigate climate change. Our financial functions are being leveraged to promote energy conservation and encourage the use of renewable energy."

The group aims to contribute to the resolution of climate change issues by utilizing the functions of the trust. The subjects to be evaluated are the trust beneficiary rights that are delivered by the joint money trusts established by SMTB (the "Trust Beneficiary Rights.")

SMTB receives money in trust (or borrowing from ABLs) from investors, loan the fund to AEON REIT Investment Corporation ("AEON REIT.") It is a mechanism that principal and interests paid by AEON REIT to SMTB shall be returned to the profits of investors as dividend income. The long-term loan from SMTB to UUR (the "Loan"), which the use of proceeds of the Trust Beneficiary Rights, shall be used to refinance the funds acquired by AEON REIT for the acquisition of the existing commercial buildings. The Loan received "Green 1," the highest green loan evaluation from JCR.

JCR confirmed that the fund management for the Trust Beneficiary Rights is highly transparent and has been conducted in an appropriate manner in SMTB's trust account and that the system for reporting to investors has been properly established.

As a result, based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1" for the preliminary evaluation of the "Greenness Evaluation (Use of Proceeds)" and "m1" for the preliminary evaluation of the "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green1" for the overall "JCR Green Bond Preliminary Evaluation."

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

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

a. On the environmental improvement effects of the project

- i. 100% of the proceeds are used for refinancing of existing green buildings, which can be expected to have the environmental improving effect.
- ii. The use of proceeds falls under the category of green projects defined in the Green Bond Principles or the Green Bond Guidelines of the Ministry of the Environment of Japan that are "energy efficiency" or "green buildings which meet regional, national or internationally recognised standards or certifications."

b. Negative impact on Environment

Regarding the properties for which the proceeds are to be used, SMTB's Sales Planning Department, Corporate Planning Department, and Asset Finance Department obtained documents on risk surveys, such as the Engineering Report, from Aeon REIT to confirm potential risk factors.
JCR considers that the Trust Beneficiary Rights have little negative impact on the environment.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify) : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

SMTB has established clear environmental objectives, project selection criteria, and processes for the use of proceeds.

Such matters are disclosed in the JCR's evaluation report.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and | <input type="checkbox"/> Other (please specify) : |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify) : | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable) :

- a. The funds for the execution of the Loan, which the proceeds of the Trust Beneficiary Rights are used for, are scheduled to be fully used for refinancing the funds for the acquisition of AEON MALL Kagoshima and AEON MALL Kofu Showa, and are not scheduled to be used for other purposes.
- b. The Asset Finance Department/Trust Team of SMTB, which is responsible for managing trust assets, will transfer funds to AEON REIT as the Loan. SMTB limits the use of the proceeds of the Trust Beneficiary Rights to the Loan to AEON REIT in the materials for investors of the Trust Beneficiary Rights. SMTB will confirm the use of the proceeds of the Loan by checking press releases of AEON REIT.
- c. After the funds are transferred, the above-mentioned Asset Finance Department/Trust Team carries out accounting and a settlement business related to the trust account, pays interest to investors during the term, and repays the principal on the final repayment date. In addition, SMTB plans to provide investors with information on reporting such as the effects of environmental improvements in line with its semi-annual accounting period. JCR confirms whether the trust account is appropriately managed and operated by the Internal Audit Department, which conducts regular audits, and evaluates that the internal control system is in place.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify) : |

4. REPORTING

Overall comment on section (if applicable):

a. Reporting on proceeds allocation

Since AEON REIT immediately allocates the entire amount of the Loan to refinancing the funds for the acquisition of AEON MALL Kagoshima and AEON MALL Kofu Showa, it is currently not expected to report unallocated funds during the term.

b. Impact reporting for environmental benefits

SMTB plans to disclose the information disclosed by AEON REIT to investors of the Trust Beneficiary Rights.

- Status of acquisition of environmental certification
- Energy consumption
- Greenhouse gas (CO2) emissions
- Details of construction work selected in Eligibility Criteria 2 and expected reduction rate (When Eligibility Criteria 2 is included in the amount of green finance procurement)

Use of proceeds reporting:

☒ Project-by-project

☐ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other *(please specify)*:

Information reported:

☒ Allocated amounts

☐ Green Bond financed share of total investment

☐ Other *(please specify)*:

frequency:

☒ Annual

☐ Semi-annual

☐ Other *(please specify)*:

Impact reporting:

☒ Project-by-project

☐ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other *(please specify)*:

frequency:

☒ Annual

☐ Semi-annual

☐ Other *(please specify)*:

Information reported (expected or ex-post):

☒ GHG Emissions / Savings

☐ Energy Savings

☐ Decrease in water use

☒ Other ESG indicators *(please specify)*:

Acquired valid environmental certification

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>):
Show on the website |
| <input checked="" type="checkbox"/> Reporting reviewed | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (*e.g. to review provider methodology or credentials, to issuer's documentation, etc.*)

Sustainability activities by Sumitomo Mitsui Trust Bank, Limited	https://www.smth.jp/en/csr/index.html
JCR's website about green bond evaluation methodology	https://www.jcr.co.jp/en/greenfinance/

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|---|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s): Japan Credit Rating Agency, Ltd.

Date of publication: September 26, 2019

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

1. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds. 1.
2. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
3. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
4. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.