

Toward 2030

About KPIs

In 2019, Japan Real Estate Investment Corporation (JRE) became the first J-REIT to disclose information based on the recommendations put forth by the TCFD, and announced environmental KPIs in 2020 to further respond to climate change risks. As a leader in the J-REIT industry, JRE will continue to promote ESG initiatives in the future.

CO₂ Emissions*¹

Reduce by **35%**

Carbon Intensity

60 kg-CO₂/m² or lower

Waste Recycling Rate

90% or higher

Water Usage*²

Reduce by **20%**

Zero Energy Buildings*³

Own **5~10**

*¹ Carbon intensity basis *² Intensity [m³/m²] basis *³ Includes ZEB Ready and ZEB Oriented buildings

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About the JRE ESG Website

Details regarding this report are posted on JRE's ESG website (external site).

Please refer to it as necessary.
<https://jre-esg.com/en/>

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President & CEO

Naoki Umeda

ESG HIGHLIGHTS

Number of
green building-
certified properties

48 Properties

Percentage of
green building-
certified properties

73.9 %*

* Based on acquisition price

PRI Assessment Result

• Strategy & Governance
• Property

A +

GRESB Real Estate
Assessment

★★★★★

5 Stars

ISS ESG Corporate Rating

Prime Status

Message from the President

We have published this sustainability report, the first sustainability report for the Company to disclose to our stakeholders the various ESG-related initiatives JRE has taken to date. In 2018 JRE-AM (Japan Real Estate Asset Management Company) established the ESG Office consisting of three to four dedicated members for ESG, and in the same year, became a signatory to PRI (the United Nations Principles for Responsible Investment). In 2019, JRE disclosed information in line with the TCFD (Task Force on Climate-Related Financial Disclosures) recommendations, making it the first J-REIT to do so. In 2020, we established environmental KPIs to further address climate change-related risks that include target for reducing CO₂ emissions by 2030. When determining these KPIs, we set goals that we considered feasible and based on engineering studies and factoring in additional renewal costs. We are proud to be lauded as the front running J-REIT in ESG initiatives as a result of these efforts.

At JRE-AM, proactive ESG initiatives have been one of the top priorities of its management strategy. This is not only because

greater society expects us to engage in efforts to improve social sustainability through enhancing environmental, social and governance related efforts. We believe that these efforts will maximize long-term returns for unitholders in a listed J-REIT such as JRE.

One of the reasons I think that active ESG initiatives will lead to long-term returns for investors goes back to my experience when I was engaged in office building development at Mitsubishi Estate London Limited. I was involved with over five newly built office buildings and was always engaged in hot discussions with the design teams—teams of experts in design, machine & equipment, structure, cost, and construction management—on how we could acquire as strong BREEAM* rating. When making these decisions, the question of where to find the balance between the profitability of an investment and its environmental performance of a building has always been a difficult one. On the other hand, even if costs increased a little, the best tenants were almost always willing to pay a higher rent than usual to move into an office building if it meant giving due consideration to the environment and comfort.

One strong impression that I drew from this experience was that tenants have become more aware of ESG that I had previously thought. There have been an increasing number of companies worldwide that make ESG a strong point of consideration in their core businesses. For these companies it is infeasible from a business strategy point of view to operate in an office building that does not factor in ESG.

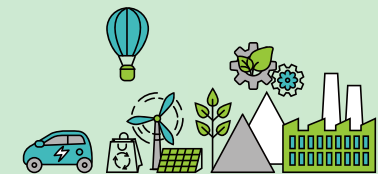
What this means is that JRE's active commitment to ESG initiatives, coupled with increasing the number of office buildings that can be opted by a large number of tenants, will lead to long-term returns for investors. I am confident that this is a win-win situation.

The global pandemic of COVID-19 in 2020 has had a massive impact on society and the economy, and there is no clear exit at this point. These circumstances have been a reminder for many that collaboration, coexistence, and both giving and receiving help from various stakeholders are important for sustainable growth. It has been a strong reminder for us as well, that the health and

well-being of all stakeholders, including employees and their families, tenants, those working at property management companies, construction companies, and those living in local communities, is of utmost importance.

We have made it our mission to anticipate changes in the business environment and improve the competitiveness of our portfolio constantly, through forward-thinking and proactive asset management. Our ESG efforts may take some time to bear results, but we intend to use this sustainability report as a way to regularly share information with our stakeholders and confirm the progress of our efforts as we work toward our goals. As a leading company in the J-REIT industry, ESG initiatives are JRE's social responsibility, but not only are we eager to take on these initiatives, but also to lead to long-term returns for unitholders.

* Building Research Establishment Environmental Assessment Method, the ubiquitous sustainability rating for buildings in the UK.



Basic Policy and Management Structure of ESG Issues

JRE is committed to endeavoring to enhance consideration towards the environment, social contributions, and corporate governance to improve the sustainability of society. We recognize that this is an important social responsibility for a listed enterprise to assume, and also believe that it is essential for maximizing our unitholder value.

To put our commitment into practice based on the above recognition, JRE-AM has established its Sustainability Policy to communicate its priority issues and basic policies on sustainability with regard to its real estate investment management. Under the Policy, we implement various initiatives, including environmental impact reduction through facility upgrades and acquisition of Green Building certifications, as well as contribution actions to the local communities.

Sustainability Committee

JRE-AM convenes its Sustainability Committee with a view to implementing the Sustainability Policy in order to improve sustainability and maximize its unitholder value.

Members of the committee:

- President & CEO (Chief Sustainability Officer)
- Head of ESG Office, Real Estate Management Department (Sustainability Officer)
- General Managers of other departments and those practically in charge of sustainability at each department

Reporting details, meeting frequency, and examination process:

The Sustainability Committee meets four times a year in principle and executes the PDCA cycle by examining and planning measures, reporting and evaluating the progress and analysis results, and then examining and planning improvement actions, thereby making improvements on a continual basis.

For the matters examined by the Sustainability Committee, JRE-AM makes decisions and implements measures based on its decision making rules, and the results are reported to JRE’s Board of Directors once a year.

Sustainability Policy

1 Contribution to creating a low-carbon society

In order to contribute to creating a low-carbon society, we will proactively promote efficient use of energy, mainly by improving operation systems and introducing appropriate facilities to increase energy conservation.

2 Contribution to creating a recycling-oriented society

In order to contribute to creating a recycling-oriented society, we will promote efficient use of water resources as well as implementing Reduce, Reuse and Recycling initiatives.

3 Contribution to creating a society in harmony with nature

In order to contribute to creating a society in harmony with nature, we will support efforts aimed at living harmoniously with the natural environment through planting initiatives conducive to biodiversity conservation.

4 Enhancement of safety and security

As part of disaster prevention and response initiatives, we will organize emergency drills based on public-private partnerships, and develop business continuity plans.

5 Initiatives aimed at officers and employees

We will provide education and training programs for officers and employees to raise environmental awareness and build capacity, as well as support a diverse human workforce and flexible work styles to meet individual lifestyles.

6 Collaboration with external stakeholders

We will collaborate with property management companies and other suppliers to work together to increase tenant satisfaction and build harmonious relationships with local communities.

7 Information disclosure and obtaining environmental certifications

We will endeavor to disclose ESG (Environment, Society and Governance)-related information to our investors and various other stakeholders. Also, we will work to obtain environmental certifications and ratings, including the Green Building certification, on a continuous basis.

Policy for Implementing the Sustainability Policy

- ▶ Energy Conservation Policy
- ▶ GHG Emissions Reduction Policy
- ▶ Green Procurement Policy
- ▶ Basic Concepts of Health and Well-being of JRE-AM’s Officers and Employees
- ▶ Basic Concepts of Health and Well-being of Tenant Workers

As stated above, we will develop sustainability promotion systems, comply with laws, regulations, and other rules pertaining to ESG, and implement sustainability initiatives, thereby contributing to creating a sustainable society through real estate management business.



Disclosure Policy, Signatory to International Initiatives, and Evaluations from External Parties

JRE-AM attaches great importance to ESG-conscious investing in order to continuously improve the value of assets under management, and is a signatory or participant in the following international initiatives, and will actively engage in initiatives and disclosure in line with these frameworks.

In addition, several of JRE-AM’s ESG initiatives have been evaluated highly by external organizations in Japan and overseas. Going forward, we will maximize long-term returns by strengthening our environmental, social, and governance initiatives.

Information Disclosure Policy

JRE strives to disclose ESG-related information to its investors and other stakeholders.

As ESG garners more support globally, JRE also regards it as its social responsibility to improve its sustainability and disclose initiatives in pursuit of that goal, both of which are necessary to maximize its unitholder value. Accordingly, we will promote ESG initiatives and the ESG information disclosure while fostering mutual communication with various stakeholders.

Specifically, we refer to the Global Reporting Initiative Standards (GRI Standards), an international sustainability framework for ESG-related reporting, and standard for the real estate industry put forth by the Sustainability Accounting Standards Board (SASB) for the disclosure of a wide range of ESG information on the JRE corporate website. We hope both this report and our corporate website will further deepen understanding of JRE’s ESG activities.

Reporting scope and period

In principle, the reporting scope shall be JRE’s entire portfolio and the report will be made every year.

The current reporting period is the fiscal year that started on April 1, 2019 and ended on March 31, 2020, but the report for the year does include some information outside this period.

International Initiatives


International Initiatives to which JRE-AM is Signatory or Participant

JRE-AM has become a signatory to the following international initiatives and participated in UNGC based on the idea that asset management considering ESG is essential to sustainable asset value growth.

Signatory to PRI	Signatory to UNEP FI	Participation in UNGC
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Signatory to the Principles for Responsible Investment (PRI)


Signatory of:

 Principles for Responsible Investment

PRI comprises an international network of investor signatories and encourages the incorporation of environment, social, and governance issues into investment decision-making processes, with the aim to help companies enhance long-term investment performance and better fulfill their fiduciary duty.

JRE-AM became a signatory in August 2018 in solidarity with the basic approach of PRI.


Signatory to United Nations Environment Programme Finance Initiative (UNEP FI)



UNEP FI is a broad-based and closely knit partnership between UNEP and more than 200 banks, insurance, and securities companies around the world to promote sustainable finance. Since it was established in 1992, it has cooperated with financial institutions, policymakers, and regulatory authorities to promote a shift to a financial system that integrates economic growth and consideration for ESG issues.

JRE-AM agreed with the basic approach of UNEP FI and became a signatory in August 2018. It also participates in the UNEP FI Property Working Group. As of March 2020, this working group consisted of approximately 30 representative real estate institutions in the world and promotes and encourages Responsible Property Investment (RPI).

Participation in the United Nations Global Compact (UNGC)



UNGC is a voluntary, global initiative supporting a global framework for sustainable growth through the demonstration of creative, responsible leadership by the respective corporations and organizations as principled members of society.

First proposed in 1999, participants currently includes more than 13,000 organizations and companies based in 160 countries. It engages in activities based on ten universally accepted principles in the four areas of human rights, labor, environment, and anti-corruption.

Mitsubishi Estate Co., Ltd. became a signatory of the UNGC and the Mitsubishi Estate Group was registered as a participant in April 2018. Along with this, JRE-AM has participated in this initiative as a member of the Mitsubishi Estate Group.

GRESB Ratings

JRE received the following evaluations in GRESB Real Estate Assessment” and GRESB Public Disclosure conducted in 2019, with a first place ranking among the listed and unlisted office sector in Japan.

Real estate assessment	ESG management system and performance	Green Star (highest evaluation)
	Overall score	5 Stars ★★★★★ (highest evaluation)
Disclosure assessment	Information disclosure level	A (highest evaluation)



Sustainability-related initiatives that have been highly evaluated are as follows:

- Issuance of green bonds to fund the refurbishment project of the existing property which improves energy efficiency
- Obtaining third-party assurance (by Ernst & Young ShinNihon LLC) on energy consumption, greenhouse gas emissions and water usage data
- More than 70% of the company's portfolio is green certified
- Enhancement of a cooperative relationship with tenants (e.g., promoting green lease program and conducting tenant satisfaction surveys)
- Promoting health & well-being initiative for tenant/customer and community

Selected as Sustainability Champion at the Milestone of 10 Years of GRESB

As a member of the international initiative, JRE-AM has been working for greater sustainability by networking and sharing information with companies that are advanced in terms of ESG as well as by showcasing Japanese practices to the global community. In December 2019, our Head of the ESG Office was selected as one of the sustainability champions at the milestone of 10 years of GRESB.

About GRESB

The Global Real Estate Sustainability Benchmark (GRESB) was established in 2009 by a group of pension funds in Europe. The GRESB assessment does not target individual real estate, but is characterized by evaluating consideration for the environment and sustainability efforts at each real estate company and REIT.

PRI Assessment Result

About the PRI Assessment Result

Signatory of:



PRI signatories are required to report annually on the status of their ESG integration practices for evaluation. JRE-AM has received the highest "A+" rating in 2020 as shown at right. This is the highest result among all signatories worldwide.

Module	Score
Strategy & Governance	A+
Property	A+

* The rating system is a 6-rank scale (A+, A, B, C, D and E.)

Participation in the CDP's Climate Change Program

CDP Score



JRE has received the "B" designation in the 2019 Carbon Disclosure Project ("CDP") Climate Change Program.

About CDP

CDP is an international non-profit organization researching measures taken against global warming by listed companies with the

support of institutional investors around the world. CDP has gradually come under the spotlight in recent years as a private-sector effort working to ensure the effectiveness of the Paris Agreement. Since 2003, CDP has been sending out questionnaires to major companies around the world seeking the disclosure of information with relation to areas such as business risks and opportunities coming about due to greenhouse gas emissions and climate change. CDP then assesses corporate actions being taken against the issue of climate change based on their responses. In terms of assessments, there are eight grades; A, A-, B, B-, C, C-, D, and D-. JRE has participated in the CDP Climate Change Program since 2018.

MSCI ESG Rating

Evaluations

JRE holds an MSCI Rating of "BBB" as of July 2020.

About the MSCI ESG Ratings

MSCI ESG Ratings by MSCI ESG Research LLC comprise a rating system where companies are rated on a seven-tier scale ranging from 'AAA' (highest) to 'CCC' (lowest) according to their exposure to

industry-specific environmental, social, and governance (ESG) risks and their ability to manage those ESG risks.

MSCI ESG Ratings are used by over 1,300 investors worldwide and as the foundation of over 1,000 investment indexes, such as the MSCI Japan ESG Select Leaders Index, which has been selected as an ESG index for passive investment tracking by the Government Pension Investment Fund (GPIF).

Achieved Institutional Shareholder Service (ISS) ESG Corporate Rating "Prime" Status

About the ISS ESG Corporate Rating

JRE achieved ISS ESG Corporate Rating Prime status in March 2020. ISS highly noted JRE for eco efficiency, climate change strategy, and environmental management. Prime status companies are regarded as sustainability leaders in their industry.



ESG Finance Award

Winning the ESG Finance Award

JRE Investment Corporation Bonds (JRE Green Bonds) won bronze at the Ministry of the Environment's inaugural ESG Finance Awards in February 2020



About the ESG Finance Award

The ESG Finance Award is an award program launched in 2019 by the Ministry of the Environment to recognize those investors and financial institutions that have been actively involved in promoting green projects and contributed toward creating positive impacts on the environment and society. The award program also celebrates outstanding company initiatives which have incorporated significant environmental risks and opportunities into their corporate strategies while also enhancing their corporate values and having a positive impact on the environment.

Efforts to Acquire Environmental Certifications

JRE will continue to acquire various green building certifications, including DBJ Green Building certifications, and CASBEE certifications.

As of March 2020, over 70% of our portfolio has been green certified, obtaining one or more certifications out of DBJ Green Building certification, CASBEE certification, as well as BELS certification.



DBJ Green Building

Environment

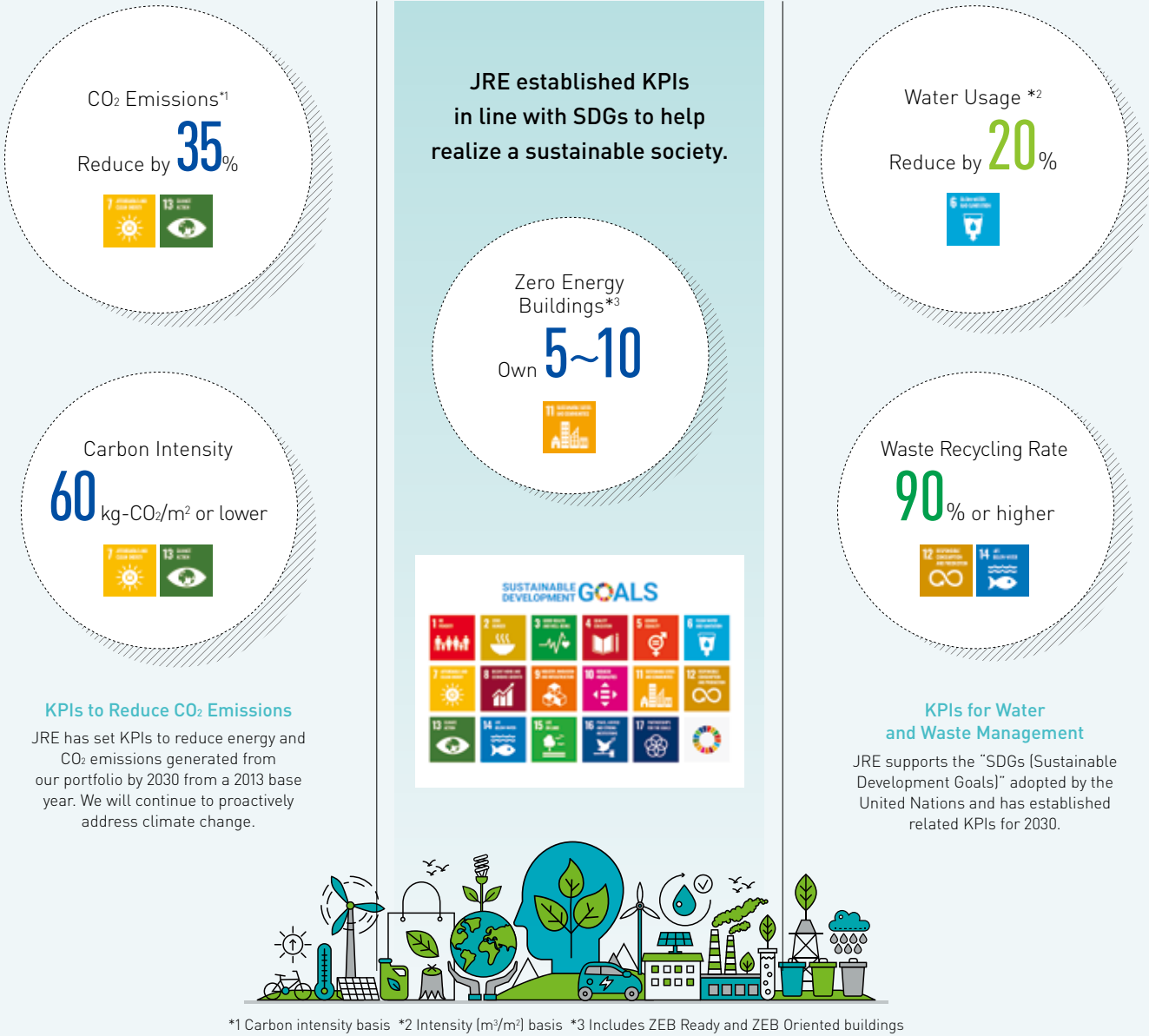
JRE implements measures to improve the environmental performance of its real estate portfolio based on the Sustainability Policy items "1. Contribution to creating a low-carbon society" and "2. Contribution to creating a recycling-oriented society."

- P12 Environmental Measures
- P15 Climate Change Initiatives
- P21 Green Bonds



Environment

KPIs and Strategies to Reach Targets



	Fiscal 2013 (base year)	Fiscal 2019	Fiscal 2030 targets
➤ Carbon Intensity	92.1kg-CO ₂ /m ²	79.7kg-CO ₂ /m ² Reduce by 13.5%	60kg-CO ₂ /m ² or lower Reduce by 35%
➤ Water Usage	0.793m ³ /m ²	Reduce by 15.5%	Reduce by 20%
➤ Waste Recycling Rate	—	57.7% ^{*4}	90% or higher

^{*4} The data accuracy is being examined.

Contributions to the Environment through Real Estate Investment Management

Energy Management Systems (EMS)

Grasping Accurate Data and Executing a PDCA Cycle

JRE measures and gains an understanding of the energy consumption, water use, and waste of each building on a monthly basis. We outsource data calculation and data analysis to a company specializing in EMS to execute its PDCA cycle. If there is a large difference in the aggregated data from the previous month or year, we investigate the cause by conducting interviews with the property manager and ensuring accurate data. We also constantly monitor the reduction effects of green refurbishments such as LED and AC upgrades.

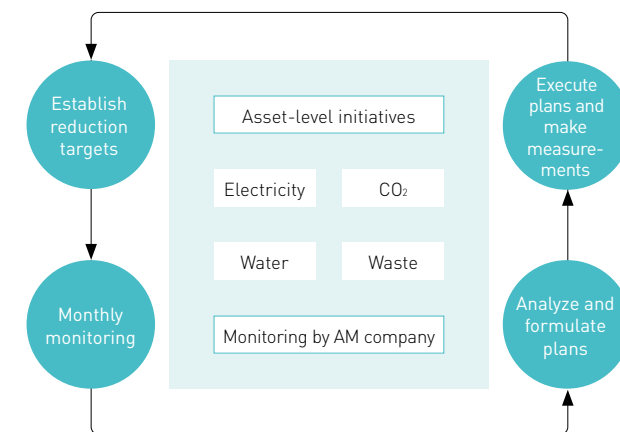
Aggregated data disclosed in "WEB information" on JRE's website has been given limited assurance in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000) by a third-party organization (Ernst & Young ShinNihon LLC).

Monthly Data Entry, Analysis, and Feedback

JRE-AM recognizes environmental data aggregated via EMS as an important indicator, as well as performance data. Therefore, the data and analysis of the various indicators are reported to the Chief Sustainability Officer (President & CEO) on a monthly basis.

This is not a matter of simply circulating documents. Instead, these indicators are reported and analyzed at meetings and are an important part of decision-making for future asset management and CAPEX investments.

PDCA Cycle for Environmental Data



(Examples)

- Distribution of sustainability guide
(Please refer to page 25 for more details.)
- Holding Global Warming Prevention Committee with tenants
- Introduction of an online system that enables tenants to check their energy use
- Participation in the energy conservation month campaign and energy efficiency promotion on other occasions

Environmental Contribution in Collaboration with Tenants

Aiming to make environmental contributions by collaborating with tenants, JRE has been gradually introducing Green Leases in terms of both operational improvement and efficiency retrofits.

Moreover, JRE is conducting diverse sustainability initiatives together with our tenants.

Environmental Risk Assessment at the Time of Acquisition

When acquiring real estate properties, JRE conducts on-site inspections and also investigates on soil contamination and toxic substances such as asbestos and PCBs by obtaining real estate

appraisal reports and engineering reports in addition to receiving related disclosure materials from the sellers.

Consideration to Urban Greenery and Biodiversity

JRE's Sustainability Policy stipulates that it will support efforts aimed at living harmoniously with the natural environment and contribute to creating a society in harmony with nature. JRE gives consideration to biodiversity in the operation of buildings by endeavoring to conserve and improve the ecosystem on property premises and adjacent urban green areas and natural areas.



Green Procurement Policy

JRE-AM has set the Green Procurement Policy as one of the policies to implement the specific items put forth in the Sustainability Policy. The Green Procurement Policy provides guidelines on the

selection of products to be procured by JRE-AM as well as on the selection and evaluation of suppliers. JRE-AM promotes sustainability measures across its supply chain based on this policy.

PM Company Selection Criteria and Evaluation Measures

JRE has established selection criteria for property management (PM) companies to which it commissions the management of properties, and evaluates all of the PM companies once a year, in principle. In addition to the companies' building management and maintenance abilities, JRE evaluates the PM companies based on their environmental friendliness in terms of operations, occupational health and safety measures for their

employees, and understanding of and cooperation with the Sustainability Policy set by JRE-AM. Moreover, JRE requests the PM companies to make proposals to help JRE reduce environmental impacts, such as energy efficiency measures in buildings. In this way, JRE makes environmental improvement efforts in cooperation with the PM companies.

Other Measures

JRE annually makes contracts with professional firms to conduct energy assessment of a selection of our properties, and utilizes the results to understand the current level of their energy performance and to formulate improvement plans for the future.



Otemachi Park Building

Biodiversity Preservation Initiatives

At the Otemachi Park Building, located in the vicinity of the Imperial Palace, we have taken biodiversity into consideration, creating homes for a variety of flora and fauna by including a variety of trees and bushes, birdhouses, porous stone walls, and waterscapes into the design. Under the leadership of our sponsor, Mitsubishi Estate Co., Ltd., we conduct monitoring of the living creatures in the area both as part of our cleaning and plant maintenance duties, and as an activity that the community can participate in as efforts to visualize the biodiversity network centered on the Imperial Palace and to collect and disseminate information aimed at high-quality green space management and greater environmental awareness.

In recognition of the efforts to conserve biodiversity in these spaces, the building has been certified by the Organization for Landscape and Urban Green Infrastructure under the Social and Environmental Green Evaluation System (SEGES) for creating green spaces. Furthermore, it has acquired ABINC certification in the urban/SC category, issued by the Association for Business Innovation in Harmony with Nature and Community (ABINC).



Hotoria Square

Climate Change Initiatives

JRE believes that climate change is more than an environmental issue. We also believe that it bears a major influence on social and industrial structures, and therefore greatly impacts our business activities. To maintain sustainable and stable earnings over the long term and overcome the wave of oncoming changes

stemming from climate change, it is important that we evaluate the risks and opportunities that climate change presents, and reflect them in our operational policies and asset management accordingly.

Global Trends

Global Trends in Climate Action

The Paris Agreement is an international framework adopted in 2015 and signed by 197 countries, with the goal of limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit it even further to 1.5°C. It also aims to achieve net zero greenhouse gas (GHG) emissions by the second half of this century. To achieve these goals, efforts are being made and regulations are being strengthened in many countries and regions and in every industry, aimed at reducing emissions. Furthermore, the possibility of even stronger regulations for reducing emissions has been also discussed.

The fact of the matter is that climate change (global warming) was already underway in the latter half of the 20th century, according to the Intergovernmental Panel on Climate Change (IPCC)*. This is starting to become apparent through a growing frequency of heatwaves as well as heavy rain and other natural disasters. We are expected to respond to these and other physical risks of climate change as a major issue, as they may bear a strong influence on business.

* The IPCC Special Report on Global Warming on 1.5°C, published by the IPCC in 2018.

Supporting the TCFD Recommendations

The Task Force on Climate-related Financial Disclosures (TCFD), launched in 2016, has discussed and made recommendations on how financial institutions and companies should disclose information pertaining to the impact that the above effects of climate change will have on business. At present time, the TCFD recommendations have received worldwide support from a great number of financial institutions, companies, investors, and governments.

JRE-AM became a supporter of the TCFD in June 2019. As a supporter, JRE-AM is now evaluating the risks and opportunities that climate change presents to all of our business and promoting disclosure of climate-related information to our stakeholders.



Governance Related to Climate Change

JRE-AM convenes its Sustainability Committee, chaired by the President & CEO of JRE-AM. The committee determines risks and opportunities related to climate change and investigates and decides on strategies to address these risks and opportunities.

Climate Change-Related Risks and JRE's Response

The TCFD recommendations broadly categorize climate change-related risks into two types: “transition risks” and “physical risks.” We anticipate that climate change will present various risks and opportunities to JRE that have been reflected in our management policy and asset management activities.

Transition Risks

The government of Japan and local municipalities are already making moves to tighten regulations as a measure against climate change. If policies, laws, and regulations are strengthened to keep within the 2°C global temperature limit stated in the Paris Agreement, there are concerns that the outcomes, including regulations on GHG emissions that extend to Japan, regulations on energy-saving capabilities for buildings, and the introduction of carbon taxes, could have various impacts on the real estate business.

Moreover, as we make the move toward a decarbonized society, there is the belief that tenants of office buildings will be incentivized to

reduce energy consumption and GHG emissions in their rental spaces. These incentives could change conditions in the office market.

Financial institutions and investors are also incorporating the climate-related risks of their investment targets into their investment processes. This may have an effect on business' procurement of funds.

To address these “transition risks,” JRE is promoting a variety of specific measures and actions, such as Green Projects that reduce GHG emissions or improve energy efficiency, and obtaining green building certifications.

Reduction of CO₂ emissions:

To respond to the future possibility of even stronger regulations for reducing emissions, such as obligation to reduce total emissions or introduction of carbon taxes, JRE has set a reduction target for its entire portfolio of 35% compared to 2013 to be achieved by 2030.

Reduction of carbon intensity (CO₂ emissions per unit floor area):

Rising awareness on climate change risks has been appearing in not only the real estate industry but in every industry around the world. Also, an increasing number of office building tenants have started to make efforts to address climate change as an important issue. JRE believes that properties with high CO₂ emissions will decrease in value while properties with high energy efficiency will increase in value as this market trend continues.

By 2030, JRE aims to reduce the average carbon intensity of its entire portfolio to 60 kg-CO₂/m² as well as own 5–10 zero energy buildings (ZEBs).

We believe improving energy efficiency of each asset will prevent it from becoming a “stranded asset,” and increase its value in the market. We will pursue higher profits by utilizing ZEB properties and other highly competitive, high-performance green buildings to appeal to our tenants.

CO₂ Emissions*
Reduce by **35%**



Zero Energy Buildings²
Own **5~10**



Carbon Intensity
60 kg-CO₂/m² or lower



* Carbon intensity basis
* Includes ZEB Ready and ZEB Oriented buildings



Physical Risks

Due to its geographical circumstances, Japan experiences typhoons and heavy rain every summer and an accumulation of snow in the winter. This, in conjunction with its susceptibility to earthquakes, classifies Japan as a country prone to many natural disasters. As global warming continues on a global scale, there is a possibility that these disasters will become more numerous and severe, with a greater financial impact. These "physical risks" brought on by major climate change are cause for global concern.

In order to mitigate risks toward the profitability of its portfolio as a result of disaster-related damages, JRE employs a strategy to minimize damage in the event of a disaster, and to increase resilience against the growing severity of these disasters.

"Hard" Measures at Buildings to Address Natural Disasters (Typhoons, Heavy Rain)

To address flooding caused by typhoons and heavy rain, which affect Japan due to geographical factors, we have taken "hard" measures at buildings that

include installing water-stopping plates in building apertures, preparing sandbags and water-stopping sheets, and have installed water-proofed doors for underground rooms with important equipment.

"Soft" Measures for When Disasters Occur

Disaster countermeasures and training appropriate to each type of disaster are implemented by a top-class PM company in Japan. In addition, appropriate "soft" measures have been taken, which include holding disaster prevention council meetings with tenants, distributing BCP manuals, and introducing a system between JRE-AM and PMs to assess the damage in the event of disaster.



Future Risk Forecast

Analysis of JRE's Portfolio Based on Municipal Hazard Map

In recent years, typhoons around the Japanese archipelago have been increasing in size. In addition, river flooding and inundation have been occurring frequently due to typhoons and heavy rains. Damages due to inundation are predicted by the hazard maps of each local government. These maps are believed to have high accuracy when compared against actual disaster occurrence.

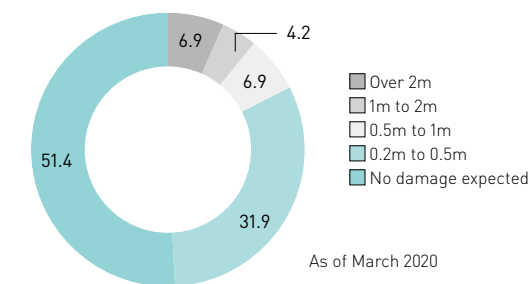
The graph below shows the estimated status of inundation damage in the hazard map of the JRE portfolio. ⁴

82% of buildings within JRE's portfolio (based on the number of buildings) fall under the category of "No inundation damage expected" or "inundation of 0.2m to 0.5m in depth (minor damage expected)."

The remaining 18% of buildings are susceptible to 0.5m or more of inundation or more, but every building in the portfolio is subject to hard measures, such as installation of water-stopping plates, and soft measures, such as training on how to stop inundation.

* Earthquake risks are generally distinguished from climate change risks, but JRE has combined its climate change and disaster countermeasures as part of physical disaster risk management in an effort to increase resiliency.

4 Expected Inundation According to Hazard Map (%)



Resilience of JRE Portfolio According to Past Cases of Disasters and Data

Japan is a country that experiences numerous natural disasters. Over the past 10 years, Japan has been struck by several catastrophic disasters, such as the 2011 Great East Japan Earthquake (earthquake and tsunami), the Heavy Rain Event of July 2018 (heavy rain, inundation), the 2018 Hokkaido Eastern Iburi Earthquake (earthquake, landslides, wide-ranging power outages), and Typhoon Faxai (strong winds, house damage, long-term power outages) and Typhoon Hagibis (heavy rain, river collapse, inundation) in 2019.

JRE's portfolio has not been exempt from these disasters and several properties have been affected by these disasters in some way, but thanks to the resilience of the buildings and the strong response from PM companies, damage to these buildings has been limited. ¹

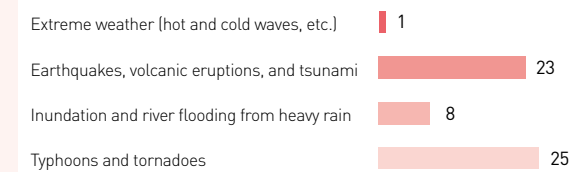
Even when a disaster occurs, buildings are restored within one week in almost all cases, with repairs costs under JPY 10.0 million. ^{2 3}

In addition, there is only example of a building becoming inoperable (closed, etc.) due to a disaster. We will introduce this past example of our disaster response, where a building was closed due to a large-scale power outage.

(Please refer to the 8-3 Square Kita Building case on the following page)

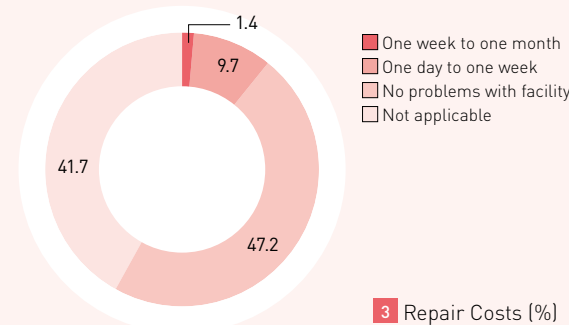
1 Types of Disasters that Have Caused Damage in the Past (number of cases)*

As of March 2020

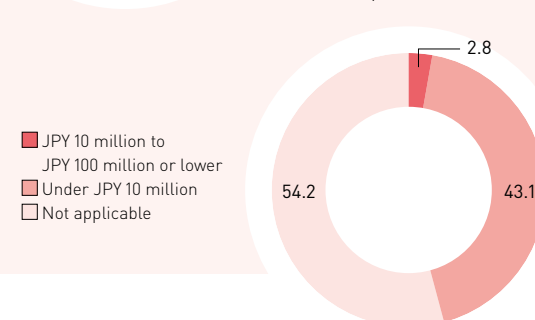


* There are 32 properties that have never been affected by disasters.

2 Time Required for Post-Disaster Building Repairs (%)



3 Repair Costs (%)



8-3 Square Kita Building

Response to Damage from the Hokkaido Earthquake

The 8-3 Square Kita Building was closed as result of large-scale power outages lasting about two days stemming from the 2018 Hokkaido Eastern Iburi Earthquake that occurred in the summer of that year. The building was closed as a result of the power outage, with no damage to the building. On the day of the event, on-site staff responded appropriately and promptly to ensure that all tenants and visitors in the building were evacuated smoothly, and were successful in their efforts. Furthermore, there was no loss of profits as a result of the building closing. Despite the difficulty in gathering information due to the power outage, JRE was able to get an accurate and timely grasp of the local response and deliver press release on the disaster situation, as its system for understanding such situations was functioning normally.



Overviews of Climate Risks and JRE's Countermeasures

Risk Classification (based on TCFD recommendations)	Effects Relative to Office and Real Estate Market	Timeframe*	JRE's Tasks to Address Risks	JRE's Strategy to Address Risks**
Transition Risks	Policy and Legal	Medium-term Long-term	<ul style="list-style-type: none"> Continue improving energy efficiency Introduce renewable energy Quantify risks related to cost increases from future regulations 	<ul style="list-style-type: none"> Setting 35% reduction target of CO₂ emissions CAPEX and energy saving investments (in cooperation with engineering team of Mitsubishi Jisho Sekkei Inc.) Implement PDCA cycle that includes proprietary EMS and internal carbon pricing Introduce green certificates and renewable energy Replace property (mainly with our sponsors) Scenario-based quantitative risk assessment (in progress)
	Technology	Medium-term Long-term	<ul style="list-style-type: none"> Employ advanced technology 	<ul style="list-style-type: none"> Utilize technological expertise of our sponsor group (engineering team of Mitsubishi Jisho Sekkei Inc.)
	Market	Medium-term Long-term	<ul style="list-style-type: none"> Gain an understanding of tenants' green needs Tenant engagement Improve environmental performance of buildings 	<ul style="list-style-type: none"> Reduction of CO₂ emissions intensity (i.e., energy efficiency improvement) Conduct tenant satisfaction survey and market research Promote green projects with the cooperation of tenants Acquire green building certifications
	Reputation	Short-term Medium-term Long-term	<ul style="list-style-type: none"> Improve environmental performance Green financing and procurement of funds 	<ul style="list-style-type: none"> Green bonds (for refurbishment) and green financing Strengthen ESG risk management system
Physical Risks	Acute	Short-term Medium-term Long-term	<ul style="list-style-type: none"> Increase resiliency and create a disaster response Quantify future disaster risks 	<ul style="list-style-type: none"> Perform DD and risk assessment Implement hard and soft disaster measures Scenario-based quantitative risk assessment (in progress)
	Chronic	Long-term	<ul style="list-style-type: none"> Determine cost of rising temperatures and rising sea level Quantify risk related to future operating cost increases 	<ul style="list-style-type: none"> Perform DD and risk assessment Scenario-based quantitative risk assessment (in progress)

*1 Timeframes defined as follows: Short term: within a few years Medium-term: By roughly 2030 Long-term: By roughly 2050

*2 Abbreviations: CAPEX: capital expenditures EMS: environmental management system DD: due diligence

JRE's Approaches toward Climate Change Opportunities and JRE's KPI

While climate change presents business risks, it also provides opportunities for socioeconomic reform and new value creation. JRE is driving the below strategies to increase value and to seize REIT growth opportunities in terms of **internal growth**, **external growth**, and **financial strategy**.

Internal Growth Opportunities

Effective CAPEX (capital expenditure) control/internal carbon pricing

1. Effective CAPEX Control

JRE-AM has a dedicated engineering team (Lifecycle Design Office), which is engaged in efficiently controlling CAPEX and refurbishment works of over 70 properties. Furthermore, we collaborate with the engineering team of Mitsubishi Jisho Sekkei Inc., which is one of the leading architectural firms in Japan, to conduct technical assessments of our properties, review lifecycle costs of the existing properties, and control costs.

2. Internal Carbon Pricing

JRE develops a medium-term construction budget every year. As for green refurbishments (air conditioning and LED upgrades, toilet & washroom refurbishment for common areas, etc.), we calculate how much we can have the energy and water reduction effects from these works. The impacts we calculate are converted into CO₂-ton equivalent, which helps us

know how much CO₂ saved of the entire portfolio and how much it costs to reduce 1t-CO₂.

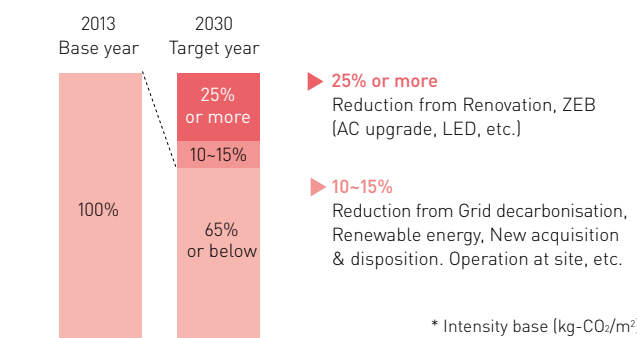
Generally, introduction of renewable energy has been considered cost effective to reduce GHG emissions rather than renovation work. However, JRE has found that retrofitting existing buildings will also reduce GHG emissions without significant additional costs.

3. Pathway for CO₂ Emissions Reduction by 2030

CO₂ Emissions Reduction Pathway

JRE aims for 35% reduction of CO₂ emissions by 2030 (carbon intensity basis). The breakdown of the reduction is shown in the bar chart in the top-right. We expect 25% reduction mainly from renovation works of existing buildings and ZEBs.

Internal Growth Graph



The reduction through renovations and ZEB properties above is supported by the engineering study conducted by Mitsubishi Jisho Sekkei Inc. We conducted theoretical scenario analysis supported by the extensive track record of renovations of Mitsubishi Jisho Sekkei Inc., as well as studies based on the on-site inspections. The study results are as follows (comparison of the same property):

The theoretical scenario analysis supported by the Mitsubishi Jisho Sekkei Inc.

	FY2013	Case I	Case II	Case III
Emissions (t-CO ₂ /year)	105,386	89,314	84,590	82,620
Compared to 2013	—	-15.3%	-19.7%	-21.6%
Emissions per unit floor area (kgCO ₂ /m ²)	92	67.6	64	62.6
Compared to 2013	—	-26.5%	-30.4%	-32.0%
Extra cost	—	No additional cost	JPY 1.1 billion	JPY 3.2 billion

WEB The Mitsubishi Jisho Sekkei CO₂ Reduction Study Report.



External Growth Opportunities

With the cooperation of JRE-AM's sponsors, Mitsubishi Estate Co., Ltd and Mitsui & Co., Ltd., we continue to build a portfolio that balances profitability with adaptability to a decarbonized society by leveraging property replacements and mutual trading to replace older properties with newly constructed buildings with high energy efficiency.

Financial Strategy Opportunities

As the financial impact of climate change comes increasingly to light, it is likely that financial institutions and investors will place more focus on green financing. As a green investment and lending target, JRE has developed a green bond framework and has been promoting green financing as a means to acquire advantageous funding opportunities.

Based on the results, JRE will work on the way between Case II and Case III. When carrying out renovation work on individual property, not only will we simply refurbish aging facilities and work on energy efficiency but we will also strive to further improve profitability by increasing the total value of our property, while considering the needs of tenants and customers.

Asset-level Renovation Projects and Value-add Approach

While improving the energy efficiency of individual buildings serves as an advance response to the transition risk of reducing GHG emissions, it also serves as an opportunity to improve profitability by increasing net operating income (NOI) via savings of utility costs and raising appeal for environmentally conscious tenants.

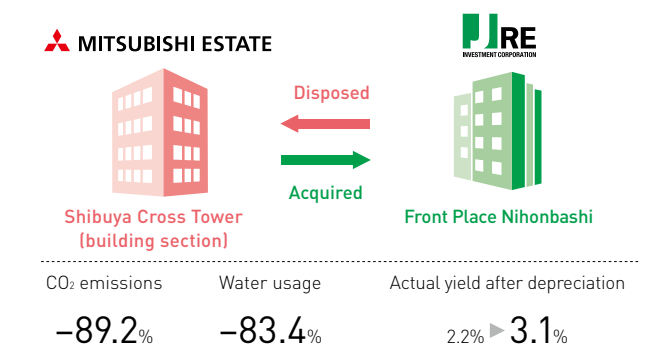
JRE is reducing utility costs by upgrading to LED lighting. Furthermore, we are moving forward with asset-level green refurbishment projects. These projects receive a green premium after conferring with tenants comprising increased rent and payment into a cooperative green fund, resulting in lower emissions and higher profitability.

► Please refer to page 21 for more details.

Future ZEB Achievements in JRE's Portfolio

JRE aims to own 5-10 ZEBs by 2030 (including ZEB Ready and ZEB Oriented buildings). In collaboration with Mitsubishi Jisho Sekkei Inc., we have started to verify the future possibility to make the existing properties to ZEBs through renovations.

Example of Property Replacement with Sponsor:



To ensure that our green commitment can be objectively verified, we are making use of DBJ Green Building certification, BELS certification, and other certifications, establishing a system for evaluating and measuring positive impacts on the environment and society, and also actively reporting to external parties.

► Please refer to page 22 for more details.

Green Bonds

JRE issues Green Bonds in order to further promote our sustainability initiatives. Going forward, we will promote energy conservation, improve customer satisfaction, and encourage acquiring green building certifications through various measures such as refurbishment work and other ESG investments that give consideration to the environment, and achieve Positive Impact* by doing so.

Use of Proceeds from Issuing Green Bonds

The net proceeds of Green Bonds are used to refinance and/or finance the refurbishments to or the acquisition of assets that meet the eligibility criteria.

Name of investment corporate bonds	Japan Real Estate Investment Corporation 12th Unsecured Bond
Date of issue	November 1, 2018
Final redemption date	November 1, 2023
Payment period	Five years
Total amount of bonds to be issued	JPY 10.0 billion
Denomination of each bond	JPY 100 million
Subscription method	Public offering
Interest rate	0.23%
Rating	AA (Rating and Investment Information, Inc.)
Underwriters	Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., SMBC Nikko Securities Co., Ltd., plus two other companies
Use of proceeds	<ul style="list-style-type: none">• Refurbishments of Shiba 2Chome Daimon Building: JPY 1.0 billion• Repayment of loan for acquiring Akasaka Park Building: JPY 6.0 billion• Repayment of loan for acquiring Shijo Karasuma Center Building: Any remaining proceeds

Reporting

Allocation Reporting

Fund allocation is reported every year at the end of March.

Impact Reporting

- 1

We disclose the progress and levels of certifications of Eligible Green Projects that have been funded by the green bonds. Additionally, JRE discloses the following indicators.
- 2

The environmental impacts resulting from refurbishment will be disclosed annually after the construction has been completed.
- 3

JRE will indicate either an estimated % of reduction of energy consumption or water usage or CO₂ emissions before and after refurbishment.

* Changes in customer satisfaction and actual investment returns are disclosed on an optional basis.

* "Positive Impact" is defined as "that which produces a positive impact on society or the environment and simultaneously ensures the market-level return". It is advocated by the United Nations Environment Programme-Finance Initiative (UNEP FI).

Green Bond Framework

Eligible Green Projects must meet one or more of the following eligibility criteria.

- (i) Refurbishments

a.

Refurbishments with more than 10% reduction in CO₂ emissions or energy consumption

b.

Refurbishments with more than 10% reduction in water consumption

c.

More than one level of star/rank improvement in the green building certifications listed in (ii)

d.

Refurbishment that contributes to the conservation and recovery of biodiversity, including of diversity of outdoor plants will also be considered if one or more of "a" through "c" criteria in (i) are met.

e.

Refurbishment that contributes to the local community by improving public open space connected to the buildings and renovating for accepting people who are temporarily unable to return home will also be considered if one or more of "a" through "c" criteria in (i) are met.

f.

Either one of the certifications/recertification listed in (ii)
- (ii) Acquisition

a.

3, 4 or 5 Stars under the DBJ Green Building certification

b.

3, 4 or 5 Stars under BELS

c.

B+, A or S Rank under CASBEE

Winning the ESG Finance Award

JRE Investment Corporation Bonds (JRE Green Bonds) won bronze at the Ministry of the Environment's inaugural ESG Finance Awards in February 2020.



Evaluation by an External Organization (Second-Party Opinion)

JRE has obtained a second-party opinion from Sustainalytics, an international ESG evaluation company for the eligibility of its green bond framework.



About the Sustainalytics Second-Party Opinion

TOPICS

Refurbishments of Shiba 2Chome Daimon Building

Refurbishment work of Shiba 2Chome Daimon Building, already underway, has been planned based on the concept of Positive Impact advocated by the United Nations Environment Programme Finance Initiative (UNEP FI). Among the eligibility criteria for eligible green projects, this project meets, "refurbishments with more than a 10% reduction in CO₂ emissions or energy consumption" and "3 Stars under the DBJ Green Building certification." Additionally, as for DBJ Green Building certification, our efforts to contribute toward disaster prevention and BCP were highly evaluated, as were our efforts to install highly efficient air conditioning and LED lighting inside the building.



Achieving Positive Impact (Expected Value)

- Energy consumption

Reduce by 30%
- Water consumption

Reduce by 46%
- Greater tenant satisfaction
- Green Building certification

★★★ (result)
- Investment return of

4~5%



Elevator hall after renovation

Overview

- Replacement of Building Equipment to Reduce Environmental Impacts

Installation of highly efficient air conditioning and LED lighting inside the building
- Consideration for the Health and Well-Being of Tenant Employees

Provision of spaces for relaxation and refreshment with greenfield areas and natural materials
- Improvement of Business Environment with High Tenant Satisfaction

Development and expansion of lounges and other shared spaces as requested by several tenants on tenant satisfaction surveys
- Enhanced Value in Terms of Design

Investigation into ESG-conscious design in addition to updating existing image to enhance building presence

Overview of Refurbishments and Property

- Project Name

Shiba 2Chome Daimon Building Refurbishment Project
- Project System

Design supervision: Mitsubishi Jisho Sekkei Inc.
PM company: Tokio Marine & Nichido Facilities, Inc.
Design and construction: OBAYASHI CORPORATION and others
Construction period: April 2018-2021 (planned)
- Property Overview

Name of property: Shiba 2Chome Daimon Building
Location: 2-3-3 Shiba, Minato-ku, Tokyo
Area: Land: 2,820m² Building: 16,235m²
Structure: Steel-framed reinforced concrete structure, 2 floors below ground, 8 floors above ground
Time of construction: March 1984
Type of ownership: Land and building
Time of acquisition: September 2001



JRE-AM supports activities aimed at Positive Impact,* which is advocated by the United Nations Environment Programme-Finance Initiative (UNEP FI).

Society

Based on its ESG Basic Policy, JRE-AM strives to improve the value of properties by promoting investment management of office buildings with consideration for the health and well-being of tenant workers. Similarly, JRE-AM practices corporate management that enriches both the Company and employees through efforts to improve the physical and mental health of officers and employees.

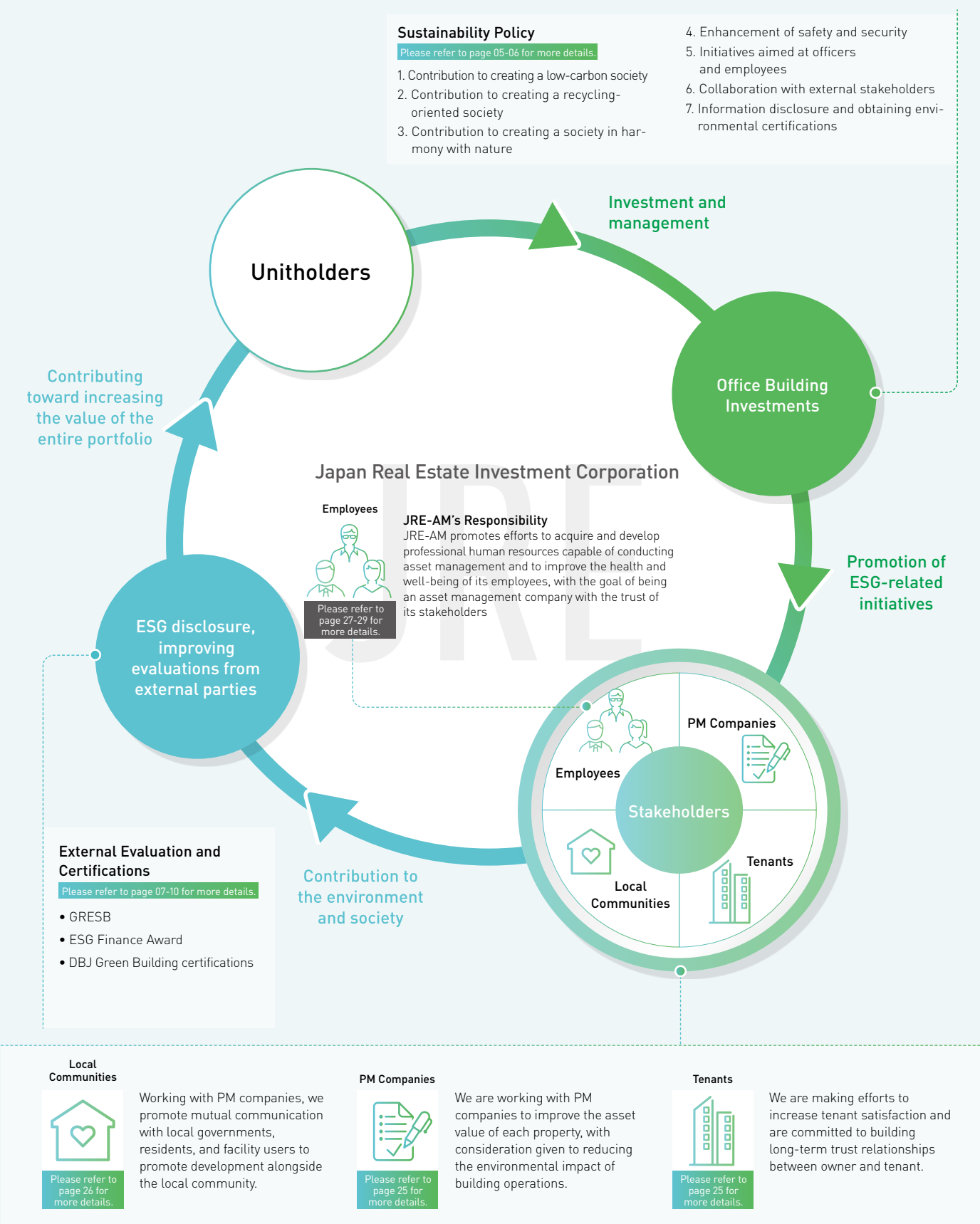
P25 Tenants and Partners
P26 Local Communities
P27 Employees



Society

Relationship Between JRE's Real Estate Investments and Stakeholders

JRE makes investments based on its ESG Policy and conducts office building management and operations in order to generate stable and sustainable profits. We are creating a system to improve property value and generate returns over the medium-to-long term by both increasing stakeholder engagement and promoting environmental initiatives.





Tenants and Partners

Sustainability Program for Tenants

JRE is implementing various initiatives to increase the satisfaction and enhance the sustainability of tenants in each building.

Sustainability Guide to Promote Owner and Tenant Collaboration
JRE creates and distributes the Sustainability Guide as part of its efforts to promote collaboration with tenants. The Sustainability Guide introduces activities that we can do in the office, mainly from the viewpoints of the “environment” and “tenant well-being.”



Introduction of Green Leases

We are promoting the incorporation of green lease clauses into lease contracts with tenants.

Survey on Tenant Satisfaction

We carry out satisfaction surveys to achieve a high level of customer satisfaction and realize sustainable buildings.

Feedback of Environmental Data / Online Tenant Services on the Internet

We provide feedback to tenants including energy, water usage, and waste-related data. In addition, we provide online feedback and services using our proprietary system.

Percentage of Buildings with Green Leases	71 buildings total 54.9%	Percentage of Buildings Conducting Survey on Tenant Satisfaction	71 buildings total 31.0%
Percentage of Buildings Receiving Environmental Data Feedback	71 buildings total 31.0%	Percentage of Buildings Receiving Online Tenant Services	71 buildings total 57.7%

As of March 2020

Feedback on Sustainability to PMs

JRE conducts surveys for PMs for all properties in the portfolio based on the GRESB-related questions, a global real estate sustainability certification. Based on the survey results, we analyze sustainability efforts at each asset level.

As for the survey results and each property's sustainability efforts, we provide PM companies with opportunities to provide feedback.

We believe that property managers who are connected with tenants and visitors to each building will improve the level of sustainability of our entire portfolio by raising their sustainability-related knowledge and awareness.



Score for each building

ESG Seminars for Stakeholders

JRE offers ESG seminars for our business partners, master lessees, and property managers, among others, for the purpose of raising stakeholder awareness. We invite ESG experts from outside the Company to cover global ESG trends and discuss specialized fields such as GRESB and ZEB.

We believe that raising sustainability awareness not only within JRE, but among all our stakeholders, will benefit sustainability efforts at each asset level.



Seminar held in May 2019, with over 180 attendees



Local Communities

JRE has been participating in a range of activities to contribute to local communities and local society. We also foster mutual communication with various stakeholders, including local authorities, local residents, and visitors to our properties, through such activities.

Contribution to Community Development

JRE addresses issues related to community development, including urban redevelopment and revitalization as part of investing in and operating office buildings located in major cities throughout Japan. JRE works to improve the long-term value of its portfolio by contributing to the sustainable development of cities through cooperation with local stakeholders, including local governments, regional councils, tenants, and our sponsors that are developers.

Local Contribution in the Event of a Disaster

For Akasaka Park Building and others, we have established a system to host stranded commuters in the event of a disaster, and for Otemachi Financial City we have concluded an agreement with Chiyoda ward to host stranded commuters in such an event. In addition, we have installed a well on the premises of Kanazawa Park Building and a regional warehouse on the premises of Harumi Front for disaster control. We also participate in disaster control drills held in Mitsubishi UFJ Trust and Banking Building and other buildings. Through these activities, we strive to contribute to the community by offering places where they can turn to in the event of disaster, thereby contributing to local communities.



Support for Local Events, Local Group Activities, and Artistic and Cultural Activities

For Shiodome Building, we support the local summer festival by providing a venue and supplying human resources while holding local music events in the open spaces and common areas of Higashi Nibancho Square and Tokyo Opera City Building on a regular basis. Furthermore, we support a range of artistic and cultural activities conducted in Tokyo Opera City Building, which comprises multiple cultural facilities. In these ways and others, JRE has committed to promoting regional revitalization as well as artistic and cultural activities by supporting a range of events.

TOPICS

Introducing town development to increase sustainability

Urban redevelopment project in cooperation with Mitsubishi Estate Co., Ltd.: Link Square Shinjuku

Link Square Shinjuku, which is directly connected to the pedestrian deck of Shinjuku Station, was completed and opened in 2019 and has helped bring new liveliness to the area as a hub connecting the Shinjuku, Yoyogi, and Sendagaya area.

The subsequent redevelopment project removed the three aged buildings which were built according to old earthquake resistance standards and constructed a new 16-story complex consisting of offices, commercial facilities, and facilities that contribute to the community, which has greatly enhanced the attractiveness of the area while enhancing the disaster preparedness function for the community.

Strategy to Attract Tenants to Achieve Urban Revitalization

For our properties in the Tokyo area, we have adopted a strategy to attract tenants that will help to make the city more attractive and revitalize the region based on the Urban Development System Utilization Policy for New City Development of the Tokyo Metropolitan Government.

At TIXTOWER UENO, stores and educational businesses in line with the characteristics of the area were invited to be tenants in order to foster a downtown bustling atmosphere while preserving the original mood of the area and enhancing the urban function of the building as a highly convenient spot for the local community.



Basic Policy

JRE is prohibited from having any employees under the Japanese Act on Investment Trusts and Investment Corporations, and therefore commissions business operations to JRE-AM. As the asset management company for JRE, JRE-AM believes that acquiring and training top-level human resources is a very important aspect of maintaining top-level management. In

addition, JRE-AM has highlighted efforts related to officers and employees as an important issue in its Sustainability Policy. To achieve these goals, JRE-AM is promoting efforts to improve the health and well-being of its employees by creating a system to acquire and develop professional human resources who can handle the responsibility of asset management.

Talent Pipeline & Development Strategy

We have access to professionals with extensive experience and expertise in real estate investment and asset management as seconded staff from our shareholders, Mitsubishi Estate Co., Ltd. and Mitsui & Co., Ltd., and also recruit experienced, talented individuals, to acquire competent personnel on a timely basis.

We employ a human resources development strategy that includes a support for acquiring various qualifications and specialized training after joining the Company. In addition, we are developing an easy-to-work-in environment for employees that is

mindful of their health and well-being.

Whereas JRE-AM currently does not hire new graduates, we continually host junior employees (with fewer than ten years' experience) seconded from our sponsors who regularly recruit new graduates. By creating a well-balanced, diverse workforce consisting of both young and experienced professionals, we ensure that our specialized knowledge and skills in real estate asset management are shared and passed on within the company, thereby enhancing the sustainability of the organization as a whole.

Human Capital Development

Learning and Development for All Employees

We encourage all employees, including permanent, seconded, contract, and temporary staff, to pursue self-development and professional development. We conduct our own training programs that increase knowledge of the REIT industry and awareness of compliance issues. Furthermore, we encourage employees to actively participate in a variety of training programs offered by our shareholders. By participating in such programs, we expect each employee to develop as both a business person and an industry professional.

Specialized Skills Training

We offer training programs led by external lecturers and experts that improve employees' professional and practical skills, helping them become professionals in the fields of REITs and real estate asset management. Further, we encourage all employees and officers to pursue educational opportunities outside the company by subsidizing relevant educational expenses such as the costs of attending seminars and training programs offered by external organizations.

management potential and show a willingness to acquire specialized knowledge from both inside and outside the Company. After these managers are appointed, we expect them to improve their management abilities on a voluntary basis. To support their participation in management seminars and symposiums, we bear the costs of these activities. To ensure up-to-date knowledge of laws, such as the Financial Instruments and Exchange Act and the Act on Investment Trusts and Investment Corporations, we periodically invite external experts to lecture on these topics, and also provide training for managers conducted by our shareholders (sponsors).

Advanced Leadership Development

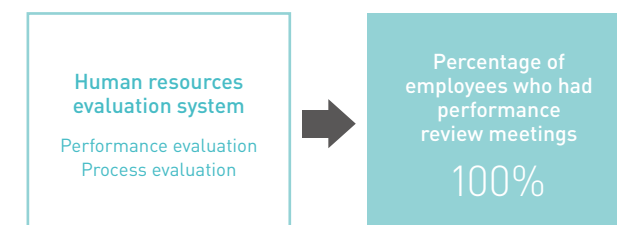
At JRE-AM, managerial positions are given to those who display

Examples of Training Programs by External Lecturers in Fiscal 2019 (20 Programs Conducted Total)

- | | | | |
|---|---|---|--|
| 1 | Compliance training for those engaged in investment management business (June and September 2019) | 4 | Sustainability Seminar (January 2020) |
| 2 | Internal Audit Seminar (June and July 2019) | 5 | Seminar by Industrial Physician on Stress (October 2019) |
| 3 | Anti-money Laundering Training (February 2020) | 6 | Anti-Harassment Training (February 2020) |

Fair Performance Evaluation and Remuneration

JRE-AM has introduced an evaluation system for all employees based on performance and processes. At the beginning of the fiscal year, each employee sets his or her own targets with advice from their managers, and bonuses are paid based on the degree of achievement of those targets. Employees receive comprehensive feedback on their performance and specific contributions through the Semi-Annual Follow-Up Meeting and the Final Appraisal Meeting.



Employee Health and Well-being

We believe that the physical and mental health of employees and the creation of an accommodating work environment are important management issues in terms of improving business performance. Based on this understanding, we implement various measures to promote the physical and mental health of employees, help them achieve a good work-life balance, and increase worker motivation.

Creating Productive and Employee-friendly Workplace

JRE-AM Office Environment

A work environment that enhances productivity through consideration for health and well-being

We moved to our new office at Otemachi Park Building in December 2017. Otemachi Park Building is a state-of-the-art building aiming to offer an employee-friendly workplace that reforms working styles and improves creativity and productivity of workers, featuring advanced energy efficient facilities, BCP functions, and facilities focused on coexistence with the environment. The building is equipped with a designated lounge space for tenants complete with a fitness room, nap room, shower room, etc., in addition to a nursery and a community plaza with natural greenery that is designed with consideration for biodiversity.

Office Design Promoting Internal Communication

To coincide with our relocation, we have adopted a free seating system for employees and have upgraded communication spaces within the Company. These spaces are aimed at invigorating in-Company communication and have been set up to add a playful touch to our office and promote employees' physical activities. We believe that these offices will facilitate work style reforms and lead to improved productivity.



Promote Diverse Work Styles

We endeavor to provide a comfortable working environment by offering various employee benefit programs and promoting a better work-life balance so that no employee has to give up their employment for childbirth, childcare, nursing care, or other life events.

Introduction of Flex-Time Working Hours for All Employees

We have introduced a flex-time system for all employees in which they can schedule their daily working hours outside of our core

business hours of 1pm until 3pm which allows employees to find a manner of working that suits their lifestyle. Furthermore, prescribed work hours are managed by the month and not by the day, meaning that employees can measure their work obligations and private affairs and come up with a working style that takes into account a proper work-life balance.

As part of our business continuity plans during times of emergency, we have an operating environment that allows for remote working as needed.

Employee Voice

Thanks to the flextime system, I was able to work without having to worry about sticking to set working hours or having to work a set amount of hours each day, which let me work after returning from childcare leave without trouble. Since the core required time under this system can be as short as two hours, I can adjust my day to suit my child's schedule for things such as vaccinations, nursery school events, or whatever else may come up. What is more,

I can work more efficiently by deciding and managing my own daily working hours. All in all, I feel like the system has improved my productivity.

The work environment is such that I can take paid leave with ease, so even though I have a small child I can still find time for myself, and this work-life balance is another plus for me.



Daily schedule

7:15	7:30	8:30	16:30	17:30
Drop-off child at nursery school	Commute	Begin work	Finish work	Pick up child



Communication with Employees

We implement the following measures to foster an open and efficient communication environment among all employees.

Satisfaction Survey

We believe that hearing the frank and honest opinions of employees is indispensable for creating a good work environment. In accordance with this recognition, the HR department regularly conducts the Employee Satisfaction Survey* and interviews employees in order to improve working environments.

* The Employee Satisfaction Survey is conducted on condition of anonymity in order to collect frank and honest opinions. The survey results are shared with the CEO and all employees, and the data is utilized for improvement activities.



Employee hotlines & grievance reporting

For the purpose of empowering staff, uncovering risks/problems, and increasing workplace satisfaction, all employees can consult with either the GM of the Compliance Department, a legal advisory firm, or an external specialist organization on such matters as work problems, grievances, improvement requests, and whistleblowing on illegal/unethical behavior by officers and employees. Every employee can access the above hotlines at any time and consultations can be made anonymously, and whistleblowers are given protection under the Whistleblower Protection Act or the equivalent. If deemed necessary, the contact point will report the details of the consultation to the Representative Director, and the Representative Director will conduct an investigation in consideration of the human rights of the employees and take the measures necessary for resolution of the issue.

Anti-harassment

We conduct anti-power harassment and anti-sexual harassment training regularly to raise awareness, and provide employees with the tools and guidance they need to identify, prevent and remove sexual/power harassment from the workplace. Furthermore, we keep everyone informed about the existence of the compliance hotline.

Support for promoting a strong team culture

We provide a certain amount of subsidies for expenses related to employee social gatherings, such as welcome parties and year-end parties, to support building and maintaining a strong team culture among employees. We believe it helps not only with creating a comfortable work environment but also strengthening the company's competitiveness through open communication.

Policies and Initiatives amid COVID-19

Amid the ongoing impact of COVID-19, we are making a variety of efforts to protect the health of JRE-AM's employees and our tenants and to provide a safe working environment. We will continue keep an eye on social trends and respond to requests from the government in a flexible manner.

Consideration for Employees

We are conducting operations while staying mindful of work-life balance in an effort to prevent infection. Therefore, we have established rules for adopting teleworking and are promoting staggered commuting. We have clarified work priority and promote the use of IT through online meetings and other means, and have set up a system that allows work to be carried out smoothly even when working from home. In the office, we are careful to apply disinfectants and wear masks to prevent infection. Moreover, JRE-AM has entered into an advisory contract with an industrial physician in consideration for the physical and mental health of



Temperature measurement with a non-contact thermometer

employees as a measure to support the mental health of employees amid COVID-19.

Consideration for Tenants

We are working to ensure the safety and security of our tenants by providing disinfectants in common areas, communicating the benefits of washing hands, gargling and wearing masks, and setting up stations to check temperatures with non-contact thermometers.

Consideration for Suppliers

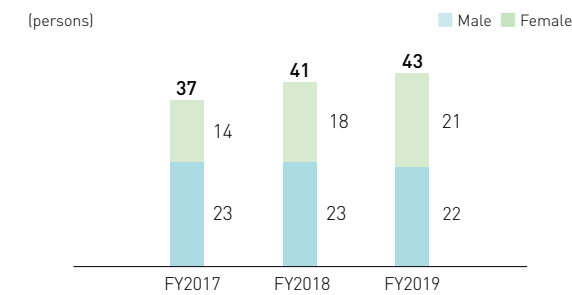
Taking the health and safety of employees of the suppliers such as construction companies, equipment companies, and PM companies into consideration, particularly as it pertains to preventing the spread of infection, we are postponing refurbishment works and maintenance inspection when possible after weighing urgency and importance. At the same time, we are making efforts to ensure safe operations by distributing work through rotating schedules.

Non-Financial Data Highlights

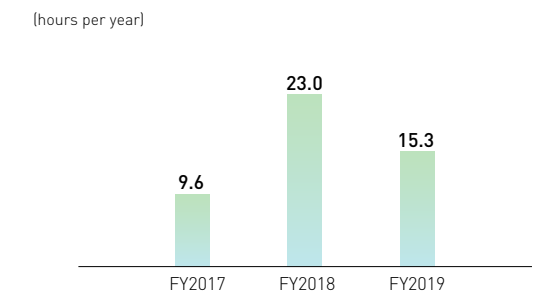
Employee-related data is listed below. Particularly notable is data related to the active participation of women, as the proportion of female employees at the Company has increased for the third consecutive year, far exceeding the average for Japanese companies of 25.2%.* In addition, results from the reporting period below show a 100% return and retention rate for employees 12 months after taking childcare leave.

* Source: "Corporate awareness survey on promoting the participation of women in their workforce" conducted in August 2019 and released by Teikoku Databank Ltd.

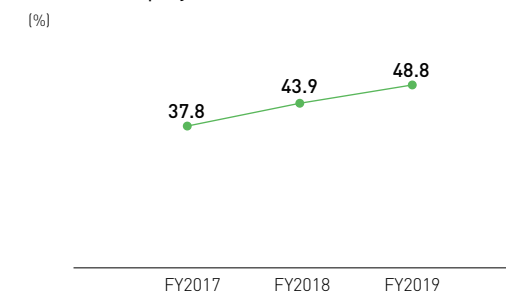
Number of employees



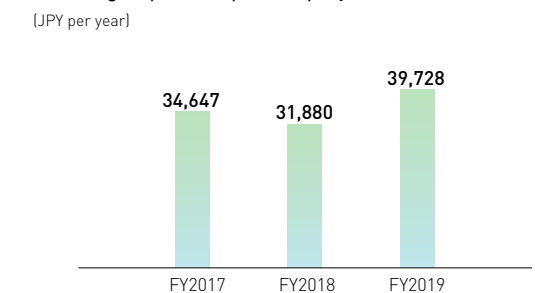
Training hours per employee



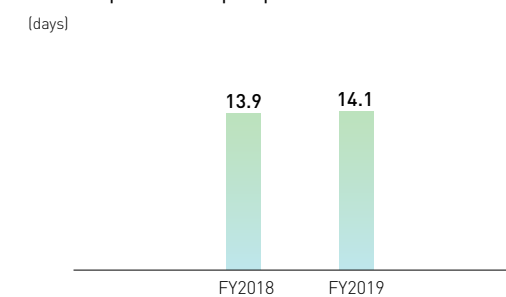
Female employee ratio



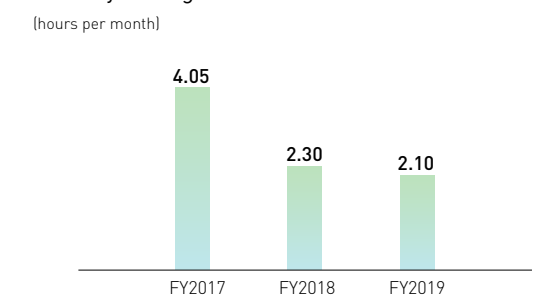
Training expenses per employee



Annual paid leave per person



Monthly average overtime



Other diversity-related data

	FY2017	FY2018	FY2019
Number of employees	37	41	43
Foreign employees	0	0	1
Women in senior management positions (deputy manager or above)	1	2	2

Governance

Our basic policy as an investment corporation and asset management company is not only to comply with laws and regulations, but to meet social demands as well. Taking care to have each employee perform his or her duties with high ethical standards and strict self-discipline raises our reputation among investors and garners the trust of the wider society.

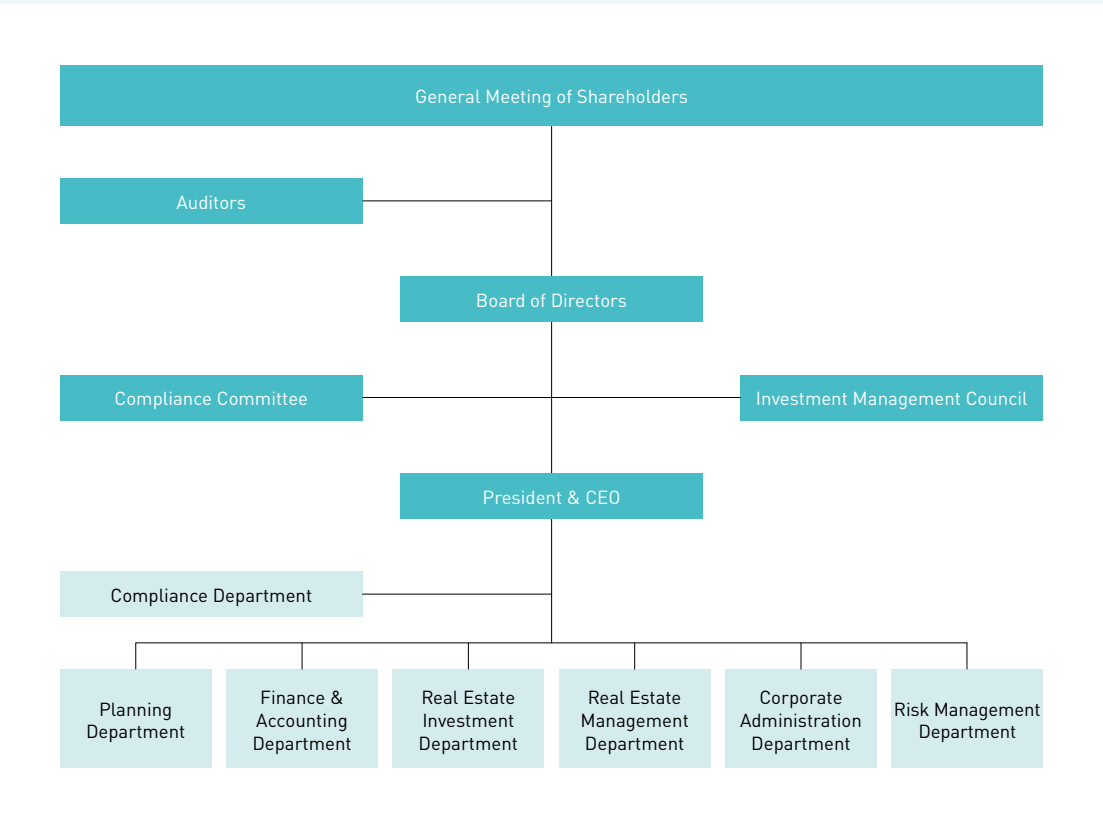
- P32 Management System
- P33 Risk Management
- P36 Compliance System




Governance

Management System

JRE entered into an entrustment contract for asset investments with JRE-AM. JRE has also entered into business con-
signment contracts with various trust banks for custodial business related to assets and general business outsourcing.
Under the management structure below, JRE-AM conducts asset investments such as acquisition and transfer of proper-
ties and leasing spaces to tenants.



 For details, please refer to the securities report [Part 2. Details of JRE, Section 4. Status of affiliates, 1. Outline of JRE-AM, (2) Operation system (available only in Japanese)].

Risk Management

In order to gain an understanding of risk inherent in operations and manage them in appropriate fashion, JRE-AM has formulated a Basic Risk Management Policy, Risk Management Regulations, and Risk Management Rules, and has established the Risk Management Department, which handles risk management for JRE and reports the status of risk management for JRE to the Board of Directors.

1 Basic Risk Management Policy

This policy defines JRE's basic policy regarding risk management. This policy stipulates: 1) the classification and definition of risks and management in line with the characteristics of each risk; 2) risk identification, assessment, and analysis; 3) activities to mitigate risks based on assessment and the means to

monitor these activities; and 4) implementation of measures when risks become apparent. This policy also lays out provisions for an organizational structure regarding risk management and for reporting to the Board of Directors.

2 Risk Management Regulations

Under the Basic Risk Management Policy, the Risk Management Regulations clarify the types of risks related to JRE's business operations and where they may occur, and determines management methods and systems to mitigate these risks.

Types of Risk

1. Asset management risks

- Real estate investment risks (risks related to volatility in the real estate market, real estate credit risks, etc.)
- Other asset management risks (market risks, credit risks, operational risks, etc.)

2. Other risks

- Companywide risks (risks caused by inadequate organizational structure, corporate governance, and internal control systems)
- Disclosure risks (risks caused by failure to disclose information in a timely and appropriate manner)
- Reputation risks (risks caused by the spread of negative information or perception)
- Event risks (risks caused by unpredictable external factors such as earthquakes and other natural disasters)

Risk Management System

The Board of Directors determines the Basic Risk Management Policy and supervises the development of an appropriate risk management system. In addition, the Risk Management Department has been established as the department responsible for handling risk management, and risk management managers have been assigned to each department to promote appropriate risk management. Furthermore, the status of risk management is reported to the Board of Directors.

3 Risk Management Rules

In accordance with the Risk Management Regulations, the Risk Management Rules stipulate that each department is to clarify the risks to be managed, that each department is to recognize and address these risks, and that the Risk Management Department will monitor these efforts. As a general rule, once

every fiscal year, each department uses a "Risk Assessment Table" to revise their list of risks, reassess their approach, and review countermeasures. The Risk Management Department monitors these actions and reports their findings to the Board of Directors.

Basic Risk Management Policy

Determine the Company's basic policy related to risk management.

Risk Management Regulations

Clarify the types of risks, where they may occur, and determine management methods and systems to mitigate these risks.

Risk Management Rules

Establish risk management procedures such as risk recognition and responses for each department, monitoring by the Risk Management Department, and reporting results of monitoring to the Board of Directors.

4 Efforts Related to Risk Management

Based on the Risk Management Rules, the "Risk Assessment Table" created by each department is reviewed every year in principle according to the following process in order to properly manage various types of risks and confirm the status of risk management.

Risk Assessment Process



Compliance Risk Management through Three Lines of Defense

Each department of JRE-AM is proactively and autonomously working on compliance risk management. The following is a summary based on the “Three Lines of Defense” concept.

1 1st Line of Defense—Self-Control by Front Divisions

- A compliance manager has been appointed in each department to promote compliance, which includes daily compliance checks and assessments, formulation and implementation of compliance programs, and formulation and implementation of rules and manuals under jurisdiction of each department.
- A risk management manager is appointed in each department to promote efforts such as reviewing the “Risk Assessment Table,” gaining an understanding of the types of risks inherent to work under the jurisdiction of each department in order to ensure that these risks are managed appropriately.
- A compliance program has been developed as a concrete implementation plan aimed at achieving proper compliance.

1st line of defense

2 2nd Line of Defense—Control by Risk Management and Compliance Divisions

- The Compliance Department drafts general compliance plans, practices compliance, and inspects, checks, and works to improve the level of compliance in each department.
- In addition to planning and promoting the Basic Risk Management Policy, the Risk Management Department monitors the status of risk management in each department and provides direction based on the “Risk Assessment Table.”
- A Compliance Committee has been set up to examine, deliberate over, and make decisions on compliance-related concerns and pressing matters such as important transactions that involve key related parties. Independent external experts also serve in the committee as members.
- A variety of compliance training is conducted to ensure an understanding of the laws and regulations to be complied with, and to ensure that officers and employees can engage in activities while maintaining thorough compliance.

2nd line of defense

3 3rd Line of Defense—Review by Audit Divisions

- Internal audits are conducted every year to inspect and verify the appropriateness and effectiveness of legal compliance, internal management, risk management, crisis management, and other systems from the perspective of ensuring investor protection and fair market formation as an asset management company.

3rd line of defense

Basic Principle of Compliance for JRE

JRE’s basic principle of compliance is to thoroughly observe legal and other relevant norms in regard to the business operation as well as to respond to the requirements from society. This means that the investment corporation administers and oversees the outsourcing companies from the same standpoint, while complying with legal and other relevant norms in its decision-making.

Basic Principle of Compliance for JRE-AM

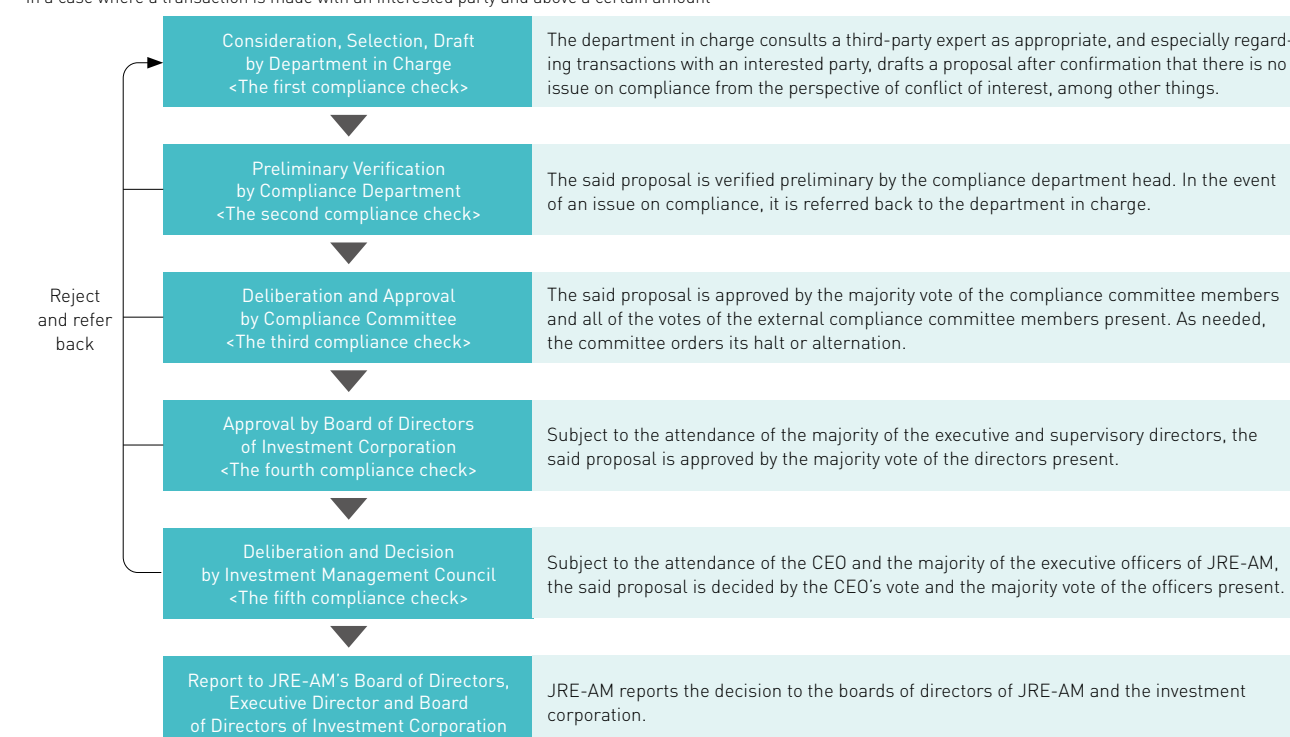
- 1 Ensuring thorough compliance is its basic management principle, since JRE-AM fully understands that any insufficiency in compliance would affect even its management base.
- 2 As an asset management company, JRE-AM recognizes that it bears the responsibility for realizing the values that are required by society in its business operation, and makes proactive and continuous efforts for full compliance to enhance the value of its business operation both qualitatively and quantitatively.
- 3 JRE-AM is the asset management company of the real estate fund which is jointly managed by Mitsubishi Estate Co., Ltd., and Mitsui & Co., Ltd. across business boundaries—they are Japan’s leading companies in real estate, finance, and risk management. JRE-AM therefore promotes a sophisticated compliance system as the key member of these companies.
- 4 JRE-AM is determined to achieve a reputation for quality among its investors by promoting compliance activities, and thereby gains the trust of a wide spectrum of society.

Conflict of Interest Policy of JRE-AM

JRE-AM recognizes the importance that its business of investing the assets of the investment corporation (JRE) is to manage the funds of the unitholders of the investment corporation, and makes it a principle that JRE-AM always gives the first priority to the interest of the investment corporation, which entrusts the asset investment to JRE-AM, and performs the asset management services in a loyal, fair, sincere, and equitable way. JRE-AM acts in the best interest of the investment corporation, and discharges the fiduciary duties as an asset management company, and makes a fair deal at all times.

Decision-making structure in internal control system

In a case where a transaction is made with an interested party and above a certain amount



For details, please refer to the report on the management systems of the issuers of real estate investment trust securities [2. Management systems of investment corporations and asset management companies, [3] Measures for transactions that constitute conflicts of interest] (available only in Japanese).

GRI Content Index

GRI 100:Universal Standard

2020.04.17

GRI Index		Location on the Company's web site	
102 General- Disclosures 2016	102-1 Name of the organization	·Overview of JRE ·IR Library (Japanese-language web site)	·Corporate Data ·The securities report (available only in Japanese)
	102-2 Activities, brands, products, and services	·Portfolio List (Portfolio Overview) ·IR Library (Japanese-language web site)	·The securities report (available only in Japanese)
	102-3 Location of headquarters	·Overview of JRE ·IR Library (Japanese-language web site)	·Corporate Data ·The securities report (available only in Japanese)
	102-4 Location of operations	·Overview of JRE ·IR Library (Japanese-language web site)	·Corporate Data ·The securities report (available only in Japanese)
	102-5 Ownership and legal form	·Organizational Structure ·IR Library (Japanese-language web site)	·The securities report (available only in Japanese)
	102-6 Ownership and legal form	·Portfolio List (Portfolio Overview) ·IR Library (Japanese-language web site)	·The securities report (available only in Japanese)
	102-7 Scale of the organization	·Overview of JRE ·Financial Highlights ·IR Library (Japanese-language web site)	·Corporate Data ·Trend of Financial Results ·The securities report (available only in Japanese)
	102-8 Information on employees and other workers	·"JRE-AM website">Employee Initiatives	·Employee Initiatives
		JRE has no employees and outsources all asset management operations to the asset management company(JRE-AM), so we disclose the employees of the asset management company here.	
	102-9 Supply chain	·IR Library(Japanese-language web site)	·The securities report (available only in Japanese)
	102-11 Precautionary Principle or approach	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	·Sustainability Policy
		"The Fourth Basic Environment Plan" developed by the Japanese Government adopts precautionary approach. JRE agrees with the plan and sets its "Sustainability Policy" and implements various initiatives.	
	102-12 External initiatives	·International Initiatives ·External Evaluation and Certifications ·Climate Change Initiatives	·Signatory to PRI ·Signatory to UNEP FI ·Participation in UNGC ·Commitment to GRESB ·Supporting the TCFD Recommendations
	102-13 Membership of associations	·International Initiatives ·External Evaluation and Certifications ·Climate Change Initiatives	·Signatory to PRI ·Signatory to UNEP FI ·Participation in UNGC ·Commitment to GRESB ·Supporting the TCFD Recommendations
	102-14 Statement from senior decision-maker	·Message from Executive Director ·"JRE-AM website">Message from the President	—
	102-15 Key impacts, risks, and opportunities	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·Message from Executive Director ·"JRE-AM website">Message from the President ·Climate Change Initiatives	·Sustainability Policy Climate ·Change-Related Risks and JRE's Response
	102-16 Values, principles, standards, and norms of behavior	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·"The website of Mitsubishi Estate Co., Ltd."	·Sustainability Policy ·CSR
	102-18 Governance structure	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·Governance	·Sustainability Committee ·Governance Structure of JRE ·Management System

GRI Index		Location on the Company's web site	
102 General- Disclosures 2016	102-19 Delegating authority	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·Governance	·Sustainability Committee ·Governance Structure of JRE ·Management System
	102-20 Executive-level responsibility for economic, environmental, and social topics	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·Governance	·Sustainability Committee ·Compliance System
	102-21 Consulting stakeholders on economic, environmental, and social topics	·Environmental Measures ·Social Responsibility ·"JRE-AM website">Employee Initiatives	·Contributions to the Environment through Real Estate Investment Management ·Improving Tenant Satisfaction ·Relationship with Local Communities ·Initiatives for Employee
		Initiatives for stakeholder engagements are included in the matters under the jurisdiction of Sustainability Committee and periodically reported to JRE's board of directors' meeting.	
	102-22 Composition of the highest governance body and its committees	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·Governance	·Sustainability Committee ·Governance Structure of JRE ·Management System ·Compliance System
	102-23 Chair of the highest governance body	·JRE Information ·"JRE-AM website">About JREA	·History/Directors' Profile ·Directors
	102-24 Nominating and selecting the highest governance body	·IR Library	·Articles of Incorporation
	102-25 Conflicts of interest	·Governance	·Compliance System
	102-26 Role of highest governance body in setting purpose, values, and strategy	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	·Sustainability Committee
	102-27 Collective knowledge of highest governance body	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	·Sustainability Committee
	102-29 Identifying and managing economic, environmental, and social impacts	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·Governance	·Sustainability Committee ·Management System
	102-30 Effectiveness of risk management processes	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·Governance	·Sustainability Committee ·Management System
	102-31 Review of economic, environmental, and social topics	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	·Sustainability Committee
	102-32 Highest governance body's role in sustainability reporting	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	·Sustainability Committee
	102-33 Communicating critical concerns	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·Governance	·Sustainability Committee ·Management System ·Compliance System
	102-34 Nature and total number of critical concerns	No significant concerns are reported during the reporting period.	
	102-35 Remuneration policies	·Governance	·Governance Structure of JRE
	102-36 Process for determining remuneration	·Governance	·Governance Structure of JRE

GRI Index		Location on the Company's web site	
102 General- Disclosures 2016	102-41 Collective bargaining agreements	Not applicable as JRE does not have employees.	
	102-43 Approach to stakeholder engagement	·Environmental Measures ·Social Responsibility ·Initiatives for Employee ·"JRE-AM website">Employee Initiatives	·Contributions to the Environment through Real Estate Investment Management ·Collaboration with Suppliers ·Improving Tenant Satisfaction ·Sustainability Guide to Promote Owner and Tenant Collaboration ·Relationship with Local Communities ·Initiatives for Employee
	102-47 List of material topics	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·ESG Information Disclosure Framework·GRI Content Index	·Sustainability Policy ·GRI Content Index
	102-48 Restatements of information	Not applicable	—
	102-49 Changes in reporting	Not applicable	—
	102-50 Reporting period	·ESG Information Disclosure Framework·GRI Content Index	·Reporting scope and period
	102-52 Reporting cycle	·ESG Information Disclosure Framework·GRI Content Index	·Information disclosure policy
	102-53 Contact point for questions regarding the report	·ESG Information Disclosure Framework·GRI Content Index	·Inquiries
	102-55 GRI content index	·ESG Information Disclosure Framework·GRI Content Index	·GRI Content Index
	102-56 External assurance	·Environmental Measures ·ESG Information Disclosure Framework·GRI Content Index	·Environmental Performance ·GRI Content Index
201 Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	·Climate Change Initiatives	·Climate Change-Related Risks and JRE's Response

List of material topics

Sustainability Policy	GRI Material Topics
1. Contribution to creating a low-carbon society	“302:Energy” / “305:Emissions”
2. Contribution to creating a recycling-oriented society	“303:Water and Effluents” / “306:Effluents and Waste”
3. Contribution to creating a society in harmony with nature	“303:Water and Effluents” / “304:Biodiversity” / “306:Effluents and Waste”
4. Enhancement of safety and security	“416:Customer Health and Safety” / “Customer Satisfaction[G4 Construction and Real Estate Sector Disclosures PR5]”
5. Initiatives aimed at officers and employees	“401:Employment” / “404:Training and Education”
6. Collaboration with external stakeholders	“308:Supplier Environmental Assessment” / “414:Supplier Social Assessment” / “Customer Satisfaction[G4 Construction and Real Estate Sector Disclosures PR5]”
7. Information disclosure and obtaining environmental certifications	“Sustainability Certification[G4 Construction and Real Estate Sector Disclosures CRE8]”

GRI 300: Environmental Standards

2020.04.17

Energy (“Contribution to creating a low-carbon society”)				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	·Sustainability Policy	
	103-2 The management approach and its components	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·Environmental Measures ·Green Bond	·Sustainability Policy ·Environmental Performance ·Contributions to the Environment through Real Estate Investment Management ·Collaboration with Supplier ·Green Bond Framework	
	103-3 Evaluation of the management approach	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·External Evaluation	·Sustainability Committee ·Commitment to GRESB	
302 Energy 2016	302-1 Energy consumption within the organization	·Environmental Measures	·Environmental Performance	○*1
	302-2 Energy consumption outside of the organization	Energy consumption outside of the organization is not subject to reporting, therefore it is not applicable.		
	302-3 Energy intensity	·Environmental Measures	·Environmental Performance	○*1
	302-4 Reduction of energy consumption	·Environmental Measures ·Green Bonds	·Contributions to the Environment through Real Estate Investment Management ·[Example] Refurbishments of Shiba 2Chome Daimon Building	○*2
	302-5 Reductions in energy requirements of products and services	·Environmental Measures	·Environmental Performance	○*2

Water (“Contribution to creating a recycling-oriented society” / “Contribution to creating a society in harmony with nature”)				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	·Sustainability Policy	
	103-2 The management approach and its components	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·Environmental Measures ·Green Bond	·Sustainability Policy ·Environmental Performance ·Contributions to the Environment through Real Estate Investment Management ·Collaboration with Supplier ·Green Bond Framework	
	103-3 Evaluation of the management approach	·Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues ·External Evaluation	·Sustainability Committee ·Commitment to GRESB	
303 Water and Effluents 2018	303-3 Water withdrawal	·Environmental Measures	·Environmental Performance	○*1
	303-5 Water consumption	·Environmental Measures	·Environmental Performance	○*1

*1 Ernst & Young ShinNihon LLC was engaged to provide independent limited assurance on the Environmental Performance Data on the company's website.

*2 CSR Design Green Investment Advisory, Co., Ltd. reviewed accuracy of JRE's ESG performance.

Emissions ("Contribution to creating a low-carbon society")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	· Sustainability Policy	
	103-2 The management approach and its components	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · Environmental Measures · Green Bond · Climate Change Initiatives	· Sustainability Policy · Environmental Performance · Contributions to the Environment through Real Estate Investment Management · Collaboration with Supplier · Green Bond Framework · Climate Change-Related Risks and JRE's Response(Transition Risks)	
	103-3 Evaluation of the management approach	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · External Evaluation	· Sustainability Committee · Commitment to GRESB	
305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	· Environmental Measures	· Environmental Performance	○*1
	305-2 Energy indirect (Scope 2) GHG emissions	· Environmental Measures	· Environmental Performance	○*1
	305-3 Other indirect (Scope 3) GHG emissions	Scope 3 is currently not subject to reporting, therefore it is not applicable.		
	305-4 GHG emissions intensity	· Environmental Measures	· Environmental Performance	○*1
	305-5 Reduction of GHG emissions	· Environmental Measures	· Contributions to the Environment through Real Estate Investment Management	○*2
Supplier Environmental Assessment ("Collaboration with external stakeholders")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	· Sustainability Policy	
	103-2 The management approach and its components	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · Environmental Measures	· Sustainability Policy · Collaboration with Supplier	
	103-3 Evaluation of the management approach	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · External Evaluation	· Sustainability Committee · Commitment to GRESB	
308 Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supplier applicable of environmental criteria was not newly hired.		
	308-2 Negative environmental impacts in the supply chain and actions taken	No specific supplier with significantly negative environmental impact was determined during the recent period.		

GRI 400: Social Standards

2020.04.17

Employment ("Initiatives aimed at officers and employees")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · Initiatives for Employee	· Sustainability Policy · Initiatives for Employee	
	103-2 The management approach and its components	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · Initiatives for Employee · "JRE-AM website"	· Sustainability Policy · Initiatives for Employee · Employee initiatives>Basic Policy	
401: Employment 2016	401-1 New employee hires and employee turnover	· "JRE-AM website"	· Employee initiatives>Basic employee data	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	· "JRE-AM website"	· Employee initiatives	
	401-3 Parental leave	· "JRE-AM website"	· Employee initiatives>Initiatives concerning employee health and well-being	
Training and Education ("Initiatives aimed at officers and employees")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	· Sustainability Policy	
	103-2 The management approach and its components	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · Initiatives for Employee · "JRE-AM website"	· Sustainability Policy · Initiatives for Employee · Employee initiatives>Basic Policy	
404: Training and Education 2016	404-1 Average hours of training per year per employee	· "JRE-AM website"	· Employee initiatives>Human Resources Development	○*2
	404-2 Programs for upgrading employee skills and transition assistance programs	· "JRE-AM website"	· Employee initiatives>Human Resources Development	
	404-3 Percentage of employees receiving regular performance and career development reviews	· "JRE-AM website"	· Employee initiatives>Human Resources Development	
Local Communities ("Collaboration with external stakeholders")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	· Sustainability Policy	
	103-2 The management approach and its components	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · Social Responsibility · Green Bond	· Sustainability Policy · Relationship with Local Communities · Green Bond Framework	
	103-3 Evaluation of the management approach	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	· Sustainability Committee · Commitment to GRESB	

*1 Ernst & Young ShinNihon LLC was engaged to provide independent limited assurance on the Environmental Performance Data on the company's website.

*2 CSR Design Green Investment Advisory, Co., Ltd. reviewed accuracy of JRE's ESG performance.

Local Communities ("Collaboration with external stakeholders")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
413 Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	· Social Responsibility Note: Properties owned by JRE are referred as Office in the requirement of this item taking into account the general meaning of the report. Please see Portfolio List of JRE's website regarding properties held by JRE.	· Relationship with Local Communities	◯*2
	413-2 Operations with significant actual and potential negative impacts on local communities	No specific office with significantly negative impact on local communities was determined during the reporting period.		

Supplier Social Assessment ("Collaboration with external stakeholders")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	· Sustainability Policy	
	103-2 The management approach and its components	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · Environmental Measures	· Sustainability Policy · Collaboration with Supplier	
	103-3 Evaluation of the management approach	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · External Evaluation	· Sustainability Committee · Commitment to GRESB	
414 Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supplier applicable of social criteria was not newly hired.		
	414-2 Negative social impacts in the supply chain and actions taken	No specific supplier with significantly negative social impact was determined during the recent period.		

Customer Health and Safety ("Enhancement of safety and security")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	· Sustainability Policy	
	103-2 The management approach and its components	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · Environmental Measures · Social Responsibility · Climate Change Initiatives	· Sustainability Policy · Contributions to the Environment through Real Estate Investment Management · Improving Tenant Satisfaction>Initiatives for the safety and health of tenants · Climate Change-Related Risks and JRE's Response(Physical Risks)	
	103-3 Evaluation of the management approach	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · External Evaluation	· Sustainability Committee · Commitment to GRESB	
416 Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	· Social Responsibility	· Improving Tenant Satisfaction>Initiatives for the safety and health of tenants	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	· Social Responsibility JRE sets "Adaptation to new earthquake-resistant standards or equivalent structure/strength" as one of its acquisition criteria. All properties in the current portfolio held by JRE also meet the same criteria.		

Others

2020.04.17

Sustainability Certifications ("Information disclosure and obtaining environmental certifications")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	· Sustainability Policy	
	103-2 The management approach and its components	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · External Evaluation · Green Bond	· Sustainability Policy · Sustainability Certification · Green Bond Framework	
	103-3 Evaluation of the management approach	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · External Evaluation	· Sustainability Committee · Commitment to GRESB	
Sustainability Certifications (G4 Construction and Real Estate Sector Disclosures CRE8)	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	· External Evaluation	· Sustainability Certification	◯*2

Customer Satisfaction ("Collaboration with external stakeholders")				Reviewed by a third-party organization
GRI Index		Location on the Company's web site		
103 Management Approach 2016	103-1 Explanation of the material topic and its Boundary	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues	· Sustainability Policy	
	103-2 The management approach and its components	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · Social Responsibility	· Sustainability Policy · Improving Tenant Satisfaction	
	103-3 Evaluation of the management approach	· Basic Policy and Management Structure of ESG (Environmental, Social and Governance) Issues · External Evaluation	· Sustainability Committee · Commitment to GRESB	
Customer Satisfaction (G4 Construction and Real Estate Sector Disclosures PR5)	Results of surveys measuring customer satisfaction.	· Social Responsibility	· Improving Tenant Satisfaction	

*1 Ernst & Young ShinNihon LLC was engaged to provide independent limited assurance on the Environmental Performance Data on the company's website.
*2 CSR Design Green Investment Advisory, Co., Ltd. reviewed accuracy of JRE's ESG performance.

Activity Metrics

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Unit
IF-RE-000.A	Number of assets	73	assets
IF-RE-000.B	Leasable floor area	871,326	m ²
IF-RE-000.C	Percentage of indirectly managed assets	0.01	%
IF-RE-000.D	Average occupancy rate	99.7	%
	FY2019 refers to the period from April 1, 2019 to March 31, 2020 (36th and 37th fiscal years). The number of assets and leasable area are the figures for the entire year including the two properties disposed during the period stated above, and are therefore different from the figures at the end of the period. The average occupancy rate is the portfolio average of the year-end occupancy rate as of March 31, 2020.		

Disclosure Topic: Energy Management

SASB Disclosure Code		Disclosure Metric	Fiscal 2019	Unit
IF-RE-130a.1		Energy consumption data coverage	100%	Percentage (%) by floor area
IF-RE-130a.2		Total energy consumed by portfolio area with data coverage	244,904	MWh
		Percentage grid electricity	79.02	%
		Percentage renewable electricity	1.28	%
IF-RE-130a.3		Like-for-like percentage change in energy consumption for the portfolio area with data coverage	-4.10	%
		Percentage of area with data coverage	93.64	Percentage (%) by floor area
IF-RE-130a.4		Percentage of eligible portfolio that has an energy rating	20.69	Percentage (%) by floor area
		Percentage of eligible portfolio that is certified to ENERGY STAR	Not applicable as the ENERGY STAR Program does not target real estate in Japan	—
	Reference information	Percentage of eligible portfolio with Green Building certification	74.30	Percentage (%) by floor area
		Notes: Properties that have obtained BELS certification have been included. Reference information: Percentage of eligible portfolio that has DBJ Green Building certification or CASBEE certification for real estate is 73.9% based on acquisition price.		
IF-RE-130a.5		<div>■ Description of how building energy management considerations are integrated into property investment analysis and operational strategy (Please refer to the “Environment” section of this report beginning on page 11 for more information)</div> <p>Based on the Sustainability Policy items “1. Contribution to creating a low-carbon society” and “2. Contribution to creating a recycling-oriented society”, JRE has set reduction targets for energy consumption and greenhouse gas emissions in order to improve the environmental performance of its real estate portfolio.</p> <p>In order to achieve these targets, JRE’s asset management company, Japan Real Estate Asset Management Co., Ltd., implements measures to improve the operational performance of buildings, conduct energy efficiency retrofits, and engage tenants on energy efficiency based on its “Energy Conservation Policy”, which stipulates operational policies for improving energy efficiency of the real estate portfolio, and its “GHG Emissions Reduction Policy”, which aims to create a low-carbon society.</p> <p>In light of growing worldwide concern in recent years over the risks from climate change, JRE recognizes the importance of implementing an appropriate response, which includes reduction of GHG emissions is an important management issue in regard to our business strategy for ensuring the sustainability of business activities. We have been working to reduce energy consumption and GHG emissions of our portfolio, and have achieved a lower consumption levels and emissions than in previous years. In fiscal 2019, we verified the possibility of reducing CO₂ emissions from over 70 of our properties and established reduction targets for 2030. Going forward, JRE will contribute to a shift to a low-carbon society through the reduction of GHG emissions while securing its preparedness to natural disasters and other phenomena arising from climate change.</p> <p>JRE is steadily implementing equipment retrofitting that includes switching to LED lighting and installing more energy efficient air conditioning units to reduce its environmental impact based on its sustainability plan.</p>		

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Unit
IF-RE-130a.5	<div>JRE measures and gains an understanding of the energy consumption, water use, and waste of each building on a monthly basis, outsourcing data calculation and data analysis to a company specializing in EMS to execute its PDCA cycle. If there is a large difference in the aggregated data from the previous month or year, we investigate the cause by conducting interviews with the property manager and ensuring accurate data. We also constantly monitor the reduction effects of green refurbishments such as LED and AC upgrades. JRE has established selection criteria for property management (PM) companies to which it commissions the management of properties, and evaluates all of the PM companies once a year, in principle. In addition to the companies’ building management and maintenance abilities, JRE evaluates the PM companies by their environmental friendliness in terms of operations, occupational health and safety measures for their employees, and understanding of and cooperation with the Sustainability Policy set by JRE-AM. Moreover, JRE requests the PM companies to make proposals to help JRE reduce environmental impacts, such as measures to reduce energy consumption as part of their management duties. In this way, JRE makes environmental improvement efforts in cooperation with the PM companies. JRE makes annual contracts with professional firms to conduct energy assessments of a selection of its properties, and utilizes the results to understand the current level of their energy performance and to formulate future policies. Over the past four years, a total of 45% of the properties in our portfolio (based on floor area) have been inspected by a professional firm. JRE will continue to acquire Green Building certifications as well as other environmental certifications and evaluations. As of the end of March 2020, we have acquired DBJ Green Building certifications, CASBEE certifications for real estate, and BELS certifications for a total of 48 properties (without counting properties with more than one certification multiple times), with a coverage rate of 73.9% based on acquisition price.</div>		

Disclosure Topic: Water Management

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Unit
IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area	100	Percentage (%) by floor area
	Water withdrawal data coverage as a percentage of floor area in regions with high or extremely high baseline water stress	At this time, there are no properties located in regions with high or extremely high baseline water stress.	—
IF-RE-140a.2	Total water withdrawn by portfolio area with data coverage	887,660	m ³
IF-RE-140a.3	Like-for-life percentage change in water withdrawn for portfolio area with data coverage	-5.57	%
	Percentage of area with data coverage	93.64	Percentage (%) by floor area
IF-RE-140a.4	<div>■ Description of water management risks and discussion of strategies and practices to mitigate those risks</div> <div>At this time, there is no region in Japan where water stress has been deemed high or extremely high, so JRE’s portfolio is subject to low risk of water shortage. However, as a general rule, public water and sewerage services are purchased for properties within JRE portfolio, and if the usage prices are raised, the overall operating costs for the portfolio may increase. Conversely, if we can reduce consumption by improving the efficiency of water usage in buildings, there will be a corresponding reduction in operating costs. For this reason, in its JRE has highlight “Contribution to creating a recycling-oriented society” as the second item of its Sustainability Policy which states, “In order to contribute to creating a recycling-oriented society, we will promote efficient use of water resources as well as implementing Reduce, Reuse and Recycling initiatives.” In keeping with this policy, JRE engages in efficient usage and management of water resources for its portfolio. In fiscal 2020, we set a target of 20% reduction in water consumption intensity relative to 2013 as a long-term policy for reducing consumption for fiscal 2030.</div> <div>At JRE, we are employing the following strategies for managing water consumption in our portfolio:<ul style="list-style-type: none">• Implementation of technical evaluations (water-saving diagnoses) on the water-saving potential of buildings• Active introduction of water-saving equipment such as water-saving toilets and devices upon retrofit• Introduction of on-location water drainage equipment and equipment for water reuse• Renewal of irrigation equipment for exterior planting and adoption of landscapings that are easy to manage, with less water consumption• Thorough compliance with environmental laws and regulations, monitoring of water consumption, and timely improvement through the implementation of an in-house EMS PDCA cycle</div>		

Disclosure Topic: Management of Tenant Sustainability Impact

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Unit
IF-RE-410a.1	Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements	(To be disclosed)	Percentage (%) by floor area
	Associated leased floor area	(To be disclosed)	m ²
	Reference information	42.3%	Percentage (%) by floor area
		54.9%	Percentage by building
	Note: "Green lease agreements" in the reference information above refers to provisions in leasing contracts related to both refurbishments and arrangements for environmentally conscious building operations.		
IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for grid electricity consumption	100	Percentage (%) by floor area
	Percentage of tenants that are separately metered or submetered for water withdrawals	90.7%	Percentage (%) by floor area
IF-RE-410a.3	<div>■ Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants (Please refer to the "Tenants" section of this report beginning on page 25 for more information)</div> <p>Aiming to make environmental contributions by collaborating with tenants, JRE has been gradually introducing green leases that incorporate both operational improvements and efficiency retrofits. Moreover, JRE is conducting diverse sustainability initiatives together with our tenants.</p> <p>Sustainability Guide to Promote Owner and Tenant Collaboration: JRE has created the Sustainability Guide and distributes them to its tenants aiming to promote close collaboration with them.</p> <p>The Sustainability Guide provides tenants various tips on what they can do in the office, mainly from the viewpoints of the "environment" and "tenant well-being," supplemented with real-life case studies.</p> <div><div>Contents</div><ul style="list-style-type: none">• Toward a Sustainable Society• Our Thoughts• Case1 Example of a Large-Scale Office• Case2 Example of Small- and Medium-Sized Offices• Case3 Creating New Spaces in the Current Office• What We Can Do Now</div> <p>In addition to the guide, we have the following engagements with our tenants:</p> <div><ul style="list-style-type: none">• Introduction of an online system that enables tenants to check their energy use• Holding Global Warming Prevention Committee meetings open to tenant participation• Participation in the energy conservation month campaign and other activities to promote energy efficiency</div> <p>In many buildings, tenants enter into leasing contracts in which JRE bills the tenants for utility costs based on actual consumption of energy, water, etc. for which the tenant is obligated to pay the actual cost. This scheme therefore provides tenants with incentives to reduce actual consumption. Tenants are also able to reap the repair-related benefits of green leases, with these costs being shared with the property owner.</p>		

Disclosure Topic: Climate Change Adaptation

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Unit
IF-RE-450a.1	Area of properties located in 100-year flood zones	551,331	m ²
	Note: Amount recorded refers to the total floor area of properties located in areas where inundation of more than 0 m in depth is expected based on the hazard map (planned scale) issued by the local government. Japanese hazard maps (planned scale) are developed primarily for areas with an annual exceedance probability of 1/100 to 1/200 for flood damage.		
IF-RE-450a.2	<div>■ Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks</div> <p>(Please refer to the "Climate Change" section of this report beginning on page 15 for more information)</p>		

