

Sustainability Report 2024





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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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Toward 2030

Adopted in 2015, the Paris Agreement is an international treaty with the goal of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. To achieve these goals, many countries and regions, as well as every industry, are strengthening initiatives and regulations for reducing greenhouse gas (GHG) emissions. Discussions are also underway on the possibility of further strengthening GHG emissions regulations in the future. In October 2020, the Japanese government declared its goal of achieving carbon neutrality by 2050. In October 2021, it revised its target for GHG emissions in fiscal 2030 to an ambitious 46% reduction compared with fiscal 2013. These developments have made it essential for companies, organizations, and other entities to proactively transition to renewable energies. COP27, held in Egypt in November 2022, affirmed the world's unwavering determination for reducing GHG emissions to achieve the 1.5°C goal.

Endorsing these trends in Japan and overseas, JRE has formulated environmental key performance indicators (KPIs) such as CO₂ reduction targets for fiscal 2030 and a target of achieving net-zero GHG emissions by fiscal 2050. These targets have been validated by the Science Based Targets initiative (SBTi) as being consistent with the levels required by the Paris Agreement and based on scientific evidence. In addition, we became the first J-REIT to join RE100, a global initiative comprising companies committed to using 100% renewable energy in their business operations. We are therefore proactively advancing the adoption of renewable electricity at our buildings.

CO₂ Emissions*1
(vs FY2019)

Reduce by **80%**

Carbon Intensity

12 kg-CO₂/m² or lower

Renewable Energy Rate

90%

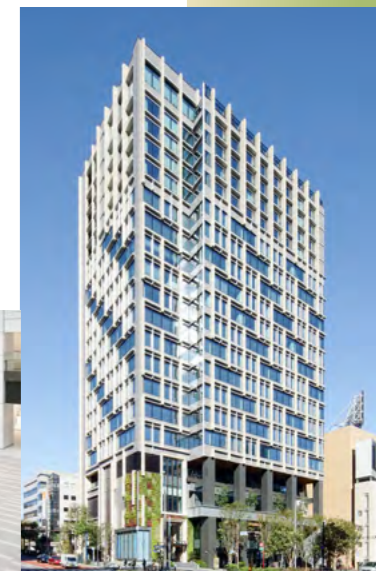
Waste Recycling Rate

90% or higher

Water Consumption*2
(vs FY2019)

Reduce by **20%**

*1 Absolute emissions
*2 Intensity (m³/m²) basis



Message from Our President

Pursuing the Best for All Our Fellow Stakeholders and Maximizing Unitholder Value



The “flight to quality” trend in the global office market is gaining strength. Demand for office space is concentrating on higher-quality properties. This trend was prompted by the accelerated adoption of digital technology due to the COVID-19 pandemic, which led to changes in the functions expected of offices. Hybrid workstyles combining working in the office and working from home have become established, with offices now viewed as increasingly vital places for communication among employees. We have seen a growing emphasis on aspects of offices that had not attracted much attention previously, such as equipment for holding online meetings and break spaces for employees to refresh themselves. On the flip side, it is no longer necessary to install desks for every employee or large cabinets to store paper documents. In these ways, the pandemic greatly changed what is expected of offices.


Another factor driving demand for higher-quality spaces is “sustainability.” The trend for environmentally friendly buildings, which had been progressing steadily for several years, shot to prominence following the pandemic. With many companies and organizations adopting sustainability policies, it is natural for office buildings that consider the environment to be tenants’ first choice. Major companies in particular, including foreign-owned ones, increasingly demand green building certification as a prerequisite for their office environment. The trend for well-equipped offices to be tenants’ first choice is also picking up momentum, reflecting an emphasis on ensuring the well-being of office workers. A recent survey found that buildings with modern amenities, such as lounges, rooftop terraces, fitness facilities, and day care centers, have higher rents and lower vacancy rates. In addition, measures to maintain the physical and mental health of those who work in office buildings—such as greening the inside of offices, creating café areas and spaces for employees to refresh themselves, increasing the number meeting spaces, and designing offices with spacious layouts—have become an increasingly important factor for office spaces. Amid acute labor shortages, there is a keen awareness that employee-friendly offices are essential for attracting outstanding talent, including those in the older demographic and those raising children.

Meanwhile, government efforts to reduce greenhouse gas (GHG) emissions and address climate change are intensifying. In Europe, which has taken the lead in this field, buildings in various countries must obtain Energy Performance Certificates, and moves are underway to restrict transactions—including buying, selling, and leasing—based on rating level. In the United States, GHG emissions standards in Manhattan, New York, for example, are becoming progressively stricter and new buildings must install solar power systems and take greening measures under city regulations. In Japan, the Cap-and-Trade Program, which is based on the Tokyo Environmental Security Ordinance, mandates approximately 1,200 businesses to reduce their overall CO₂ emissions. Consideration for the environment is therefore becoming a requirement for the continued existence of buildings.

In 2018, we established our ESG Office (currently, Sustainability Management Department). This was a pioneering move in the industry as a J-REIT asset management company. Since then, we have taken a variety of measures to enhance sustainability, and I strongly believe that we have also consistently been the front-runner in terms of obtaining certifications and disclosing information. Until a few years ago, we were often asked how these proactive initiatives to enhance our sustainability would lead to economic returns. Recently, however, we are asked this less and less. This change highlights that the times have caught up with our initiatives. The core mission of JRE is to provide high-quality office space while offering long-term investment opportunities and maximizing unitholder value. We aim to pursue the best for all our fellow stakeholders, including tenants of buildings, those involved in property management, neighboring communities, and colleagues who lead the management of our assets, by enhancing sustainability in relation to our business activities, which will, in turn, maximize unitholder value. I hope this sustainability report will help all our fellow stakeholders deepen their understanding of our endeavors.

Shojiro Kajima

President & CEO, Japan Real Estate Asset Management Co., Ltd.

 For the full text, please visit the ESG website. <https://jre-esg.com/en/esg/message.html>

ESG HIGHLIGHTS

Percentage of green building-Certified properties

76.4%

(Gross floor area of owned building basis)

CASBEE Certification

S Rank

Kitanomaru Square
Front Place Nihonbashi
Tamachi Front Building
JRE Yoyogi 1Chome Building
JRE Higashi Nibancho Square
JRE Nagoya Hirokoji Place

CDP Climate Change Program

Obtained an **“A-”** score **“A”** rating

MSCI ESG Ratings

“A” rating

Sustainalytics ESG Risk Ratings

Received a score of **11.4** (Low Risk)

GRESB Real Estate Assessment

★★★★

4 Stars

ISS ESG Corporate Rating

Prime Status

Basic Policy and Management Structure of ESG Issues

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, Japan Real Estate Asset Management Co.,Ltd. (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 actions to contribute to local communities.

Sustainability Policy	<p>1 Climate change initiative (promoting decarbonization and strengthening resilience)</p> <p>In order to make the move toward a decarbonized society, we will reduce greenhouse gas (GHG) emissions through proactively introducing energy efficient equipment and renewable energy. Also, we will strengthen the resilience of our portfolio against the growing frequency and severity of natural disasters.</p>	<p>3 Contribution to conserving biodiversity and ecosystem</p> <p>We will conserve biodiversity and ecosystem in such a way as to select and manage native plant species.</p>	<p>We will also create an employee-friendly workplace considering employee's health and well-being.</p> <p>6 Enhancement of governance systems</p> <p>We will enhance our governance systems with an aim to maximizing our unitholders' value through complying with laws, regulations, and rules as well as ensuring appropriate management of conflicts of interest.</p> <p>7 Stakeholder engagement through information disclosure and ESG evaluations</p> <p>We will endeavor to disclose ESG related information, based on the various ESG reporting frameworks, to each of our stakeholders, including our investors, thereby promoting constructive dialogue with them.</p>
	<p>2 Contribution to resource conservation including water and resource recycling</p> <p>We will protect and conserve water through introducing water saving equipment as well as promoting water reuse. For the sustainable use of resources, we will reduce waste (3Rs: Reduce, Reuse, Recycle) including plastic consumption.</p>	<p>4 Enhancement of tenants' health and well-being and safety</p> <p>We will realize "offices of tenants' choice" through collaborating with our stakeholders such as property management companies.</p>	
	<p>5 Creating a workplace where a diverse workforce can thrive</p> <p>We will provide education and training programs for officers and employees to raise ESG awareness and build capacity, as well as support a diverse human workforce and flexible work styles to meet individual lifestyles.</p>		

As stated above, we will develop sustainability promotion systems and reflect risks and opportunities that ESG presents in our business strategies.

Policy for Implementing the Sustainability Policy	<p>▶ Energy Conservation Policy</p> <p>▶ GHG Emissions Reduction Policy</p> <p>Based on our Sustainability Policy, we have set targets for reducing energy consumption and GHG emissions to improve the performance of our real estate portfolio. To achieve these goals, we will implement initiatives such as improving building operations, updating to energy efficient equipment, and informing tenants about energy conservation.</p>	<p>▶ Basic Concepts of Health and Well-being of JRE-AM's Officers and Employees</p> <p>Our human capital, such as officers or employees, is one of the most important operation sources for us to realize sustainable growth. Based on this idea, we will practice corporate management that enables the co-enrichment of JRE-AM and employees through initiatives to improve the physical and mental health of employees, and to promote work-life balance and improve job satisfaction.</p>	<p>▶ Diversity, Equity, and Inclusion (DEI) Promotion Policy</p> <p>We strive to create a workplace where all employees can equally access opportunities to thrive, thereby enabling them to demonstrate their talents to the fullest extent, by uniting individuals and organizations to promote DEI. In addition to helping us attract competent personnel, we believe that promoting DEI leads to business innovations, sophisticated risk management, and a more efficient and vibrant organization as a whole.</p>
	<p>▶ Green Procurement Policy</p> <p>We have established a "Green Procurement Policy" to promote sustainability initiatives in the supply chain. This policy serves as a guideline for the selection criteria of products to be procured and the selection and evaluation criteria for suppliers.</p>	<p>▶ Basic Concepts of Health and Well-being of Tenant Workers</p> <p>We strive to enhance value and competitiveness of JRE's assets through providing office buildings promoting health and well-being for tenant workers and increasing their productivity and satisfaction.</p>	<p>Based on this idea, we aim to maximize value arising from diverse values and individuality by fostering an open corporate culture.</p>

Materiality

Based on the Sustainability Policy, JRE and JRE-AM have determined materiality in order to achieve a sustainable society under our corporate social responsibility, recognizing the importance of consideration for ESG. We will annually disclose the progress of KPIs linked to each objective and work toward contributing to the Sustainable Development Goals (SDGs) as well as achieving medium- to long-term growth of JRE through our responses to materiality.



	Materiality, Objectives, and Targets	Supporting SDGs	
Environment	<p>Climate Change Initiative</p> <p>Objective</p> <ul style="list-style-type: none"> • Manage and reduce CO₂ emissions • Manage and reduce energy use 	<p>KPI</p> <ul style="list-style-type: none"> • CO₂ emissions: 80% reduction by FY2030 (compared with FY2019) • CO₂ intensity: 12kg-CO₂/m² or below • Renewable energy rate: 85% by FY2025 / 90% by FY2030 / 100% by FY2050 	
	<p>Conservation of Water Resources</p> <p>Objective</p> <ul style="list-style-type: none"> • Manage and reduce water consumption 	<p>KPI</p> <ul style="list-style-type: none"> • Water consumption intensity: 20% reduction by FY2030 compared with FY2019. 	
	<p>Recycling and Conservation of Resources</p> <p>Objective</p> <ul style="list-style-type: none"> • Reduce and reuse waste • Improve resource efficiency through reuse and recycling 	<p>KPI</p> <ul style="list-style-type: none"> • Waste recycling rate: 90% or more by FY2030 	
	<p>Environmental Consideration of Portfolio</p> <p>Objective</p> <ul style="list-style-type: none"> • Raise the proportion of "green" properties in our portfolio • Promote sustainable investment (Effective use of ESG criteria for property acquisition) 	<p>KPI</p> <ul style="list-style-type: none"> • Maintain more than 90% of our properties are green building-certified • Own 5 to 10 Net Zero Energy Buildings by FY2030 	
Social	<p>Tenant Engagement</p> <p>Objective</p> <ul style="list-style-type: none"> • Collaborate with tenants on ESG through promoting green leases • Realize "offices of tenants' choice" through building management considering tenants' health and well-being 	<p>KPI</p> <ul style="list-style-type: none"> • Percentage of buildings with green leases • Percentage of buildings receiving environmental data feedback 	
	<p>Human Resources Development and Diversity Promotion</p> <p>Objective</p> <ul style="list-style-type: none"> • Improve employees' professional and practical skills and help them become professionals in the fields of REITs and real estate asset management through providing continuous specialized training programs and professional qualifications encouragement • Promote the diversity of our workforce which helps us attract competent personnel as well as encourages business innovations 	<p>KPI</p> <ul style="list-style-type: none"> • Number of training programs by external lecturers • Training hours per employee • Number of employees with qualifications • Ratio of female senior management & Female employee ratio/Number of employees aged 60 + years/Number of foreign employees 	
	<p>Employee Health and Well-being at JRE-AM</p> <p>Objective</p> <ul style="list-style-type: none"> • Strive to provide comfortable office environment and more generous employee benefits, enabling competent personnel to demonstrate their capabilities fully and to motivate them to stay with JRE-AM for a long time. 	<p>KPI</p> <ul style="list-style-type: none"> • Manage and improve employees' data regarding health and well-being / welfare and benefits 	
Governance	<p>Enhancing Governance Systems at Both JRE and JRE-AM</p> <p>Objective</p> <ul style="list-style-type: none"> • Operate the Board of Directors ensuring independence and diversity, which is composed of the directors appointed by the General Meeting of Unitholders • Pursue improvement of management performance through appropriate investment decision and appropriate asset management • Perform the asset management services in a fair way through compliance and efforts to prevent conflicts of interest • Promote investment management that prioritizes the unitholders' interests by introducing asset management fees linked to management performance 	<p>KPI</p> <ul style="list-style-type: none"> • Compliance/human rights/business ethics trainings attendance rate • Implementation of risk assessments • Implementation of internal audits • JRE's ① outside director ratio ② female director ratio ③ Board of Directors' meeting attendance ratio • JRE-AM's female director ratio 	
	<p>Information Disclosure and Stakeholder Engagement</p> <p>Objective</p> <ul style="list-style-type: none"> • Promote information disclosure and dialogue with stakeholders 	<p>KPI</p> <ul style="list-style-type: none"> • Issuance of annual sustainability report • Maintaining positive evaluations for ESG Ratings 	

For more information, please see our website.
<https://jre-esg.com/en/esg/policy.html#anchor02>

Identifying Process for Materiality

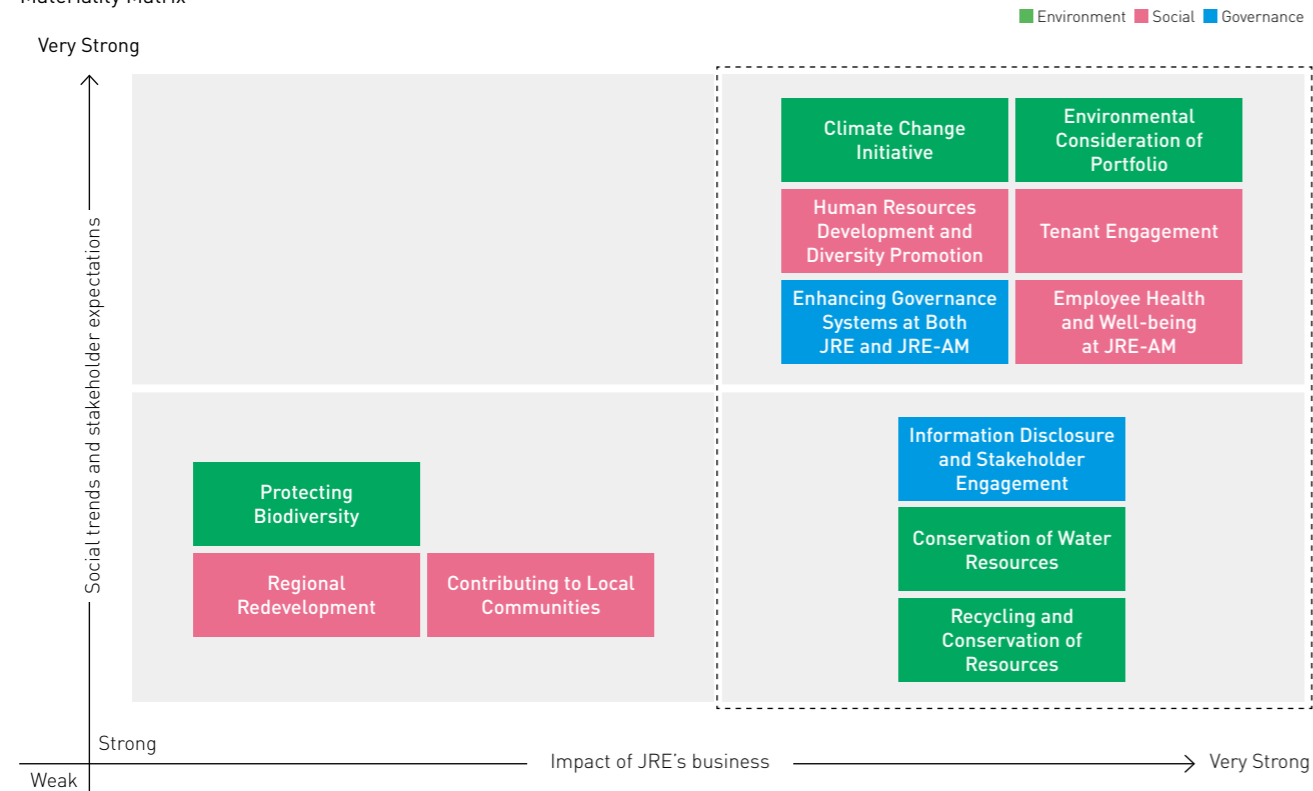
STEP 1 | Selection of Issues to Be Considered

We have selected and proposed a wide range of topics from the perspectives of a variety of stakeholders within and outside JRE. This selection was made in reference to the various guidelines and evaluation criteria specified by ESG rating agencies such as SASB Standards, GRI Guidelines, MSCI, FTSE, GRESB and CDP, as well as the status of initiatives undertaken by our peers in the same industry.

STEP 2 | Prioritization of Proposed Topics

We have prioritized the proposed topics and created a materiality matrix in terms of their importance to stakeholders and their impact and importance to JRE.

Materiality Matrix



STEP 3 | Discussion, Confirmation of Appropriateness and Approval on the Management Level

Having determined their priorities, we have discussed these issues at the Sustainability Committee and officially positioned them as JRE's Materiality based on the advice from two ESG experts. Finally, JRE's Materiality was approved at the Investment Management Council of JRE-AM and was reported to the Board of Directors of JRE.

Please see the following for details of a discussion in which experts offered advice from their specialist standpoints on behalf of stakeholders for setting up JRE's materiality.
<https://jre-esg.com/en/pdf/discussion.pdf>

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.

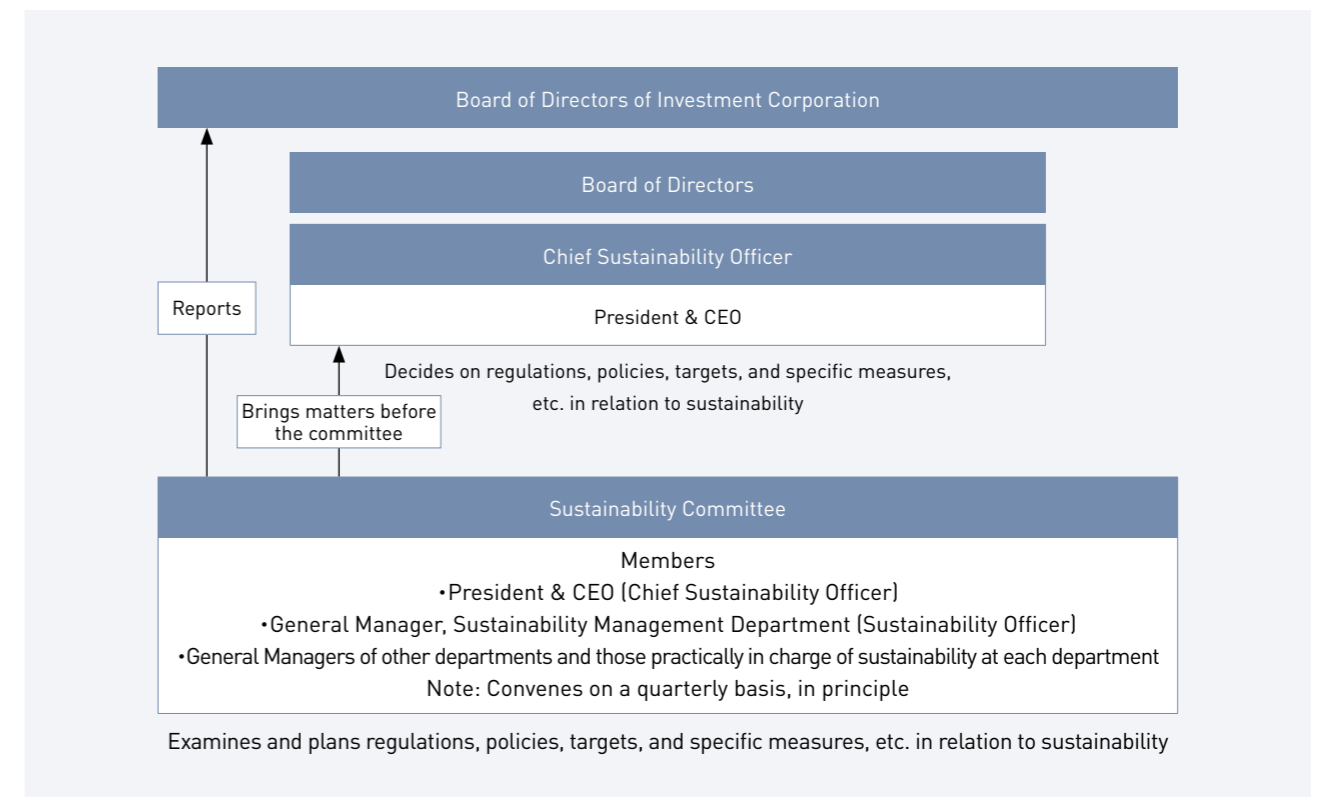
Members of the committee:

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

Meeting frequency and decision-making process:

The Sustainability Committee meets four times a year in principle. The committee strives to continuously improve sustainability initiatives by executing a PDCA cycle to examine and plan regulations, policies, targets, and specific measures in relation to sustainability, decide on and implement measures based on JRE-AM's job responsibilities and authority regarding the matters planned, report and evaluate the progress and analysis results, and then examine and plan improvement actions. In addition, the committee reports the regulations, policies, targets, and specific measures to JRE's Board of Directors once a year.

Sustainability Promotion Framework



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 ESG information disclosure while fostering mutual communication with various stakeholders.

Specifically, we refer to the Global Reporting Initiative (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 ESG website. We hope both this report and our ESG 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, 2023 and ended on March 31, 2024, but the report for the year does include some information outside this period.

History of JRE's ESG Initiatives

2018

- Established a **dedicated ESG team** "ESG Office*"
- Became a signatory to PRI
- Joined the United Nations Global Compact (UNGC)

* currently Sustainability Management Department



2020

- Announced KPIs for FY2030, including CO₂ emissions reduction targets
- Selected as GRESB's Office Asia Regional Listed "Sector Leader"
- Won the ESG Finance Award



2022

- Formulated the Materiality
- Updated CO₂ emissions reduction targets
- Near-term targets approved by SBTi
- Became the **first J-REIT** to join RE100
- Included in MSCI Japan ESG Select Leaders Index
- Selected as an "A List" company, the highest rating in the CDP's Climate Change Program
- Joined the Japan Climate Initiative (JCI)
- Acquired **second** ZEB Certification



2023

- Acquired **third** and **fourth** ZEB Certifications
- Disclosed the quantitative analysis results of financial impact based on the TCFD recommendations
- Introduced Internal Carbon Pricing
- Established the Sustainability-Linked Loan Framework



2018

2019

2020

2021

2022

2023

2024

2019

- Became a signatory to the Principles for Financial Action for the 21st Century
- Became the **first J-REIT** to support the TCFD and disclose information following TCFD recommendations



2021

- Became the **first J-REIT** to implement sustainability-linked loans
- Acquired the **first** ZEB Certification
- Started introducing RE100-compliant renewable energy



2024

- Awarded
 - "4 Stars" in GRESB Real Estate Assessment
 - "Green Star" for the 9th year in a row
- Net-zero targets approved by SBTi
- Awarded "Prime Status" in the ISS ESG Corporate Rating for the second time
- Received a score of 11.4 (Low Risk) in the Sustainalytics ESG Risk Ratings



External Evaluation and Certifications

GRESB Real Estate Ratings

In the 2024 GRESB Real Estate Assessment, JRE received a "4 Stars GRESB Rating" (five-level rating) based on a relative evaluation of its overall scores. It also received a "Green Star" rating for the ninth consecutive year, meaning that JRE has demonstrated an excellent ESG management system and performance record.

Assessment Type	Content of the Assessment	Rating
GRESB Real Estate Assessment	Evaluates ESG performance in terms of "management & policy" and "asset portfolio performance"	Green Star Highest rating Obtained for the ninth consecutive year
	Relative assessment based on the total score (GRESB Rating)	★★★★★ 4 Stars 

What is GRESB?

GRESB is an annual benchmarking assessment to measure ESG (Environmental, Social and Governance) integration of real estate companies and funds, as well as the name of the organization which runs the assessment. It was founded in 2009 by a group of major European pension funds who played leading roles in launching the Principles for Responsible Investment (PRI).

Participation in the CDP's Climate Change Program

JRE received an "A-" score and was recognized at the highest Leadership Level in the 2023 CDP Climate Change Program.



What is CDP?

CDP is a global non-profit charity that runs the world's environmental disclosure system and assesses over 23,000 companies on their environmental transparency and actions. An assessment questionnaire spanning topics such as governance, risk management, business strategy, and targets and performance is used to score companies among eight levels: Leadership (A/A-), Management (B/B-), Awareness (C/C-), and Disclosure (D/D-). JRE has participated in the CDP Climate Change Program since 2018.

Inclusion in MSCI Japan ESG Select Leaders Index

JRE has been selected as a constituent of the MSCI Japan ESG Select Leaders Index since 2022.

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Disclaimer

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About the MSCI Japan ESG Select Leaders Index

The MSCI Japan ESG Select Leaders Index is an index that represents companies with high ESG performance selected based on the data from the MSCI Japan IMI Index.

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

In March 2024, JRE was awarded "Prime Status" by the ISS in strong recognition for its eco efficiency, climate change strategy, and environmental management. "Prime Status" companies are regarded as sustainability leaders in their industries.



Efforts to Acquire Environmental Certifications

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

As of the end of March 2024, 76.4% of our portfolio has been green certified, obtaining one or more certifications out of DBJ Green Building Certification, CASBEE Certification, and BELS Certification. In addition, as of the end of March 2024, JRE Higashi-Gotanda 1Chome Building, Daido Seimei Niigata Building, and JRE Kayabacho 2Chome Building had received ZEB Ready Certification and JRE Yoyogi 1Chome Building had received ZEB Oriented Certification based on the designs and renovation plans for the buildings, assuming that the renovations will be carried out in the future. Moreover, in fiscal 2023 Kitanomaru Square, Front Place Nihonbashi, Tamachi Front Building, and JRE Yoyogi 1Chome Building received the S Rank under CASBEE Real Estate Certification.



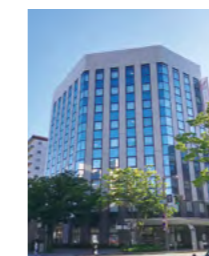
As of the end of March 2024

	Number of Properties	Gross floor area of owned building basis (m ²)	Portfolio coverage (Gross floor area of owned building basis)
DBJ Green Building Certification	★★★★★	1	4,264.56
	★★★★	10	399,807.04
	★★★	18	489,044.13
	Subtotal	29	893,115.73
CASBEE Certification	S	10	113,343.09
	A	5	42,607.43
	Subtotal	15 ^{*1}	155,950.52
	BELS	★★★★★	5 (of which, 4 ZEBs)
★★★		3	46,907.13
★★		2	53,184.66
★		8	124,298.05
Subtotal		18	253,556.49
Total	62 ^{**2}	1,078,633.80 ^{*3}	76.4% ^{*3}

*1 Counts number of certifications obtained *2 Includes "DBJ Green Building" Certification, CASBEE Certification, and "BELS" Certification. Total number of certifications obtained. *3 Excludes duplication of DBJ Green Building, CASBEE Certification, and BELS for the same property.



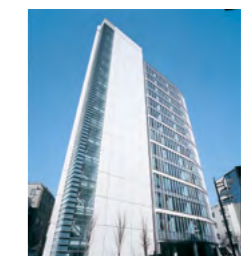
JRE Higashi-Gotanda 1Chome Building



Daido Seimei Niigata Building



JRE Kayabacho 2Chome Building



JRE Yoyogi 1Chome Building



ENVIRONMENT

Based on the Sustainability Policy items "1. Climate change initiative (promoting decarbonization and strengthening resilience)" and "2. Contribution to resource conservation including water and resource recycling," JRE leverages a variety of environmental measures to raise the environmental performance of its real estate portfolio.

- 14 Setting New Targets for CO₂ Emissions Reduction for 2030 and Declaration of Net-Zero by 2050
- 15 Environmental Measures
- 17 Climate Change
- 25 Green Finance



→ Setting New Targets for CO₂ Emissions Reduction for 2030 and Declaration of Net-Zero by 2050

In 2022, JRE formulated the following targets based on data verified by external experts. Our CO₂ emissions reduction targets were approved as near-term targets by the SBTi in the same year and as net-zero targets in 2024. In addition, we became the first J-REIT to join the RE100 as we aim to source 100% of our electricity from renewable energy.

JRE will further promote initiatives to realize a decarbonized society by proactively introducing renewable electricity in addition to renovating its buildings and making efforts to own more ZEBs (net zero energy buildings).

Target year	CO ₂ emissions reduction target
FY2030	80% reduction (vs FY2019)
FY2050	Net zero

→ **Near-term targets approved by SBTi**

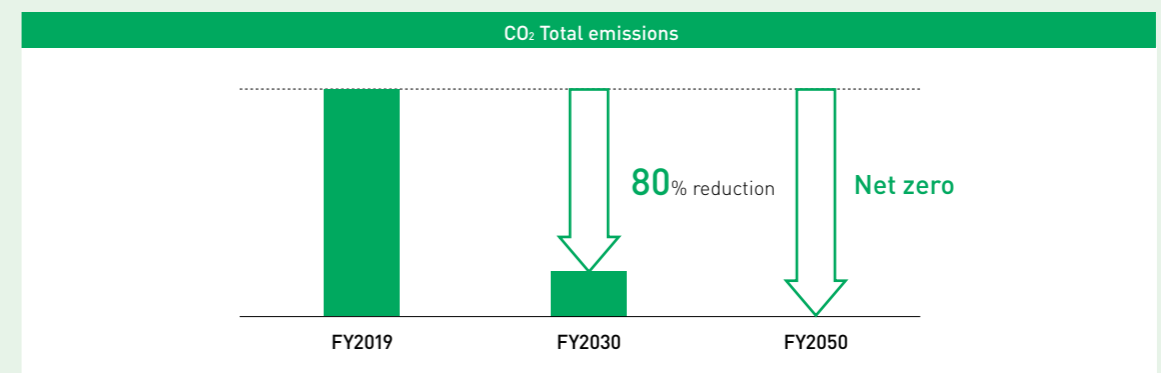
→ **Net-zero targets approved by SBTi**



Target year	Renewable energy rate
FY2025	85%
FY2030	90%
FY2050	100%

→ **RE100**

Joined RE100



	FY2019 (Base year)	FY2021	FY2022	FY2023	% change (vs FY2019)
▶ Total CO₂ Emissions					
Total (Scope 1 + Scope 2 + Scope 3) (t-CO ₂)	102,942	71,019	31,038	25,483	-75.25%
Intensity (Scope 1 + Scope 2 + Scope 3) (kg-CO ₂ /m ²)	77.7	51.8	23.1	19.0	-75.49%
▶ Renewable Energy Rate (Scope 2) (%)	1.6	16.4	70.9	79.7	—
▶ Water Consumption (m³/m²)	0.669	0.471	0.519	0.584	-12.79%
▶ Waste Recycling rate* (%)	56.1	55.3	55.7	55.3	—

* Recycling / Total waste

Note: As we examined the data accuracy, some of the above data may differ from the previously disclosed data.

→ Environmental Measures

■ Contributions to the Environment through Real Estate Investment Management

Environment Management Systems (EMS)

Grasping Accurate Data and Executing a PDCA Cycle

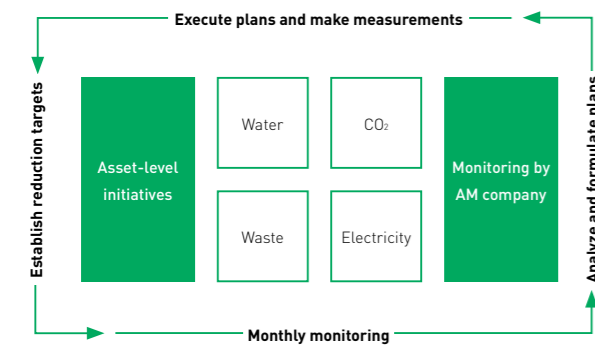
JRE measures and gains an understanding of the energy consumption, water consumption, and waste of each building on a monthly basis. We outsource data calculation and data analysis to a company specializing in EMS to execute its PDCA cycle. If there is a large difference in the aggregated data from the previous month or year, we investigate the cause by conducting interviews with the property management companies 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 and ISAE 3410 (International Standard on Assurance Engagements) 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



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.

Incorporating ESG Criteria for Property Acquisition

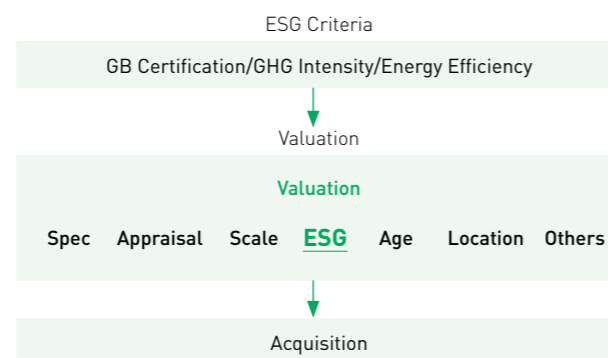
JRE has newly added the following factors to the assessment criteria (such as location and building specifications) it applies when acquiring properties.

ESG criteria to be incorporated

- Green building certifications
- Environmental performance including CO₂ emissions

In establishing the abovementioned framework, JRE has obtained a second-party opinion from CSR Design Green Investment Advisory, Co., Ltd.

Process of Real Estate Investment



Environmental Risk Assessment at the Time of Acquisition

When acquiring real estate properties, JRE conducts on-site inspections and also investigates 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 a contribution to conserving biodiversity and the ecosystem. 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. In fiscal 2023, Otemachi Park Building's Hotoria Plaza was certified as an Other Effective area-based Conservation Measures (OECM) site.



Otemachi Park Building



For more information, please click below (available only in Japanese).
https://www.mec.co.jp/news/mec231006_hotoria/mec231006_hotoria.pdf

Accelerated Use of Electricity Made from Renewable Energy (RE100 Compatible)

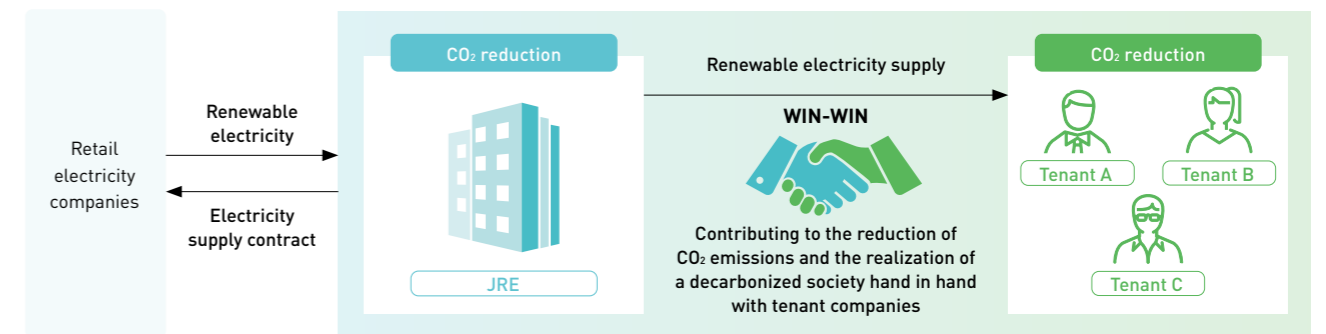
JRE is accelerating the use of electricity that is made from renewable energy recognized by RE100* ("renewable electricity"). Doing so reduces a building's CO₂ emissions to zero, including the CO₂ emissions of tenant areas, in principle.

As of September 2024, JRE has completed the switch to renewable electricity at its properties of 100% operational control. JRE proactively introduces renewable electricity into the buildings other than 100% operational control and further accelerates the reduction of CO₂ emissions.

* RE100 is the global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100% renewable electricity.



JRE's Switch to Renewable Electricity (Outline)



Introduction of Renewable Energy

JRE promotes the reduction of CO₂ through the utilization of renewable energy from solar generation at some of the office buildings we own.



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Toyosu Front

■ Green Procurement Policy

JRE-AM has set the Green Procurement Policy as one of the Key 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 makes contracts with professional firms to conduct regular energy assessment of a selection of our properties, utilizing the results to understand the current level of their energy performance and to formulate improvement plans for the future.

→ Climate Change

Climate Change Initiatives

JRE believes that climate change is more than just an environmental issue. We also believe that it has 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 have a strong influence on business.

* The IPCC Special Report on Warming of 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 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

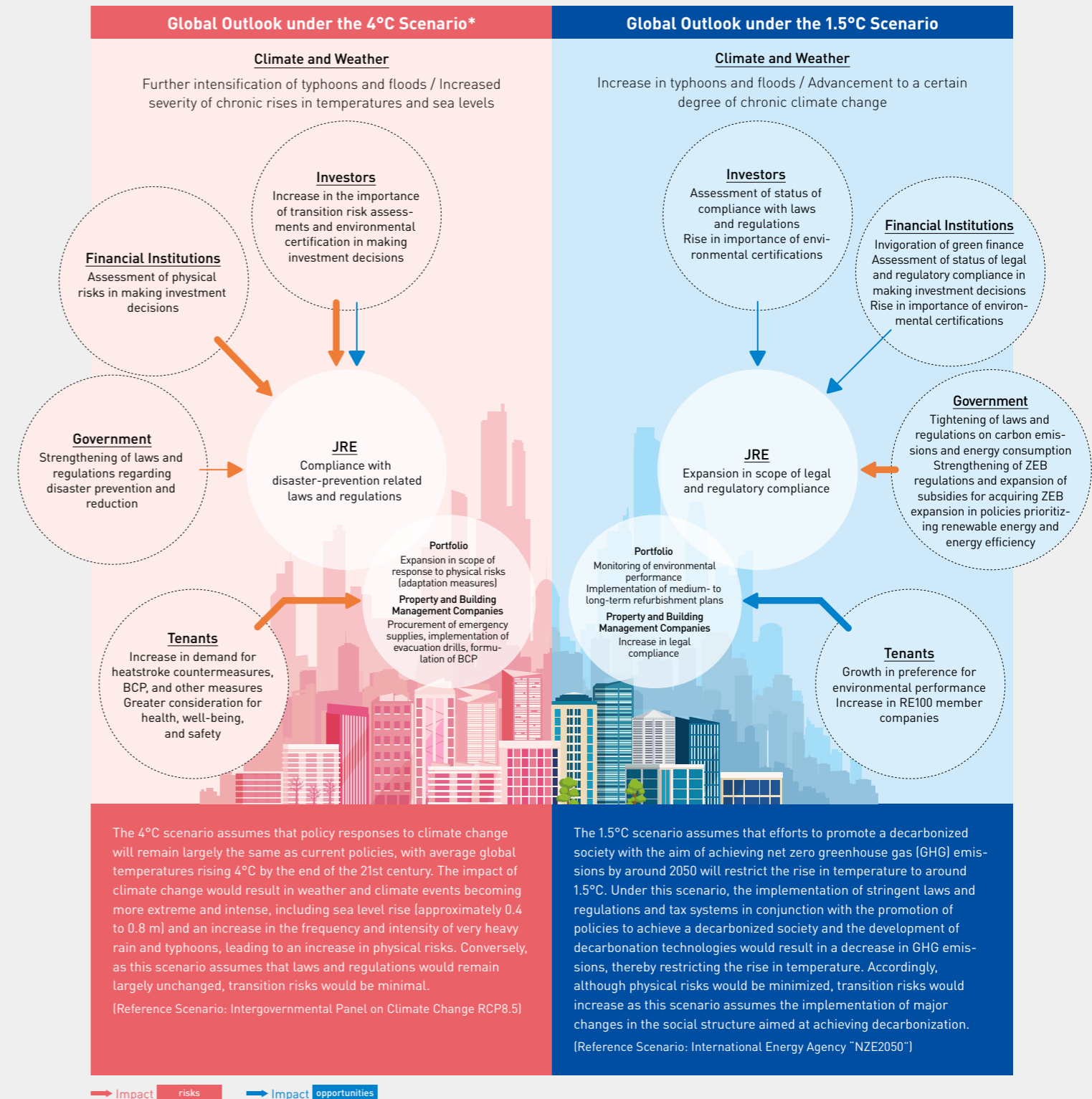
JRE-AM convenes its Sustainability Committee, chaired by the President & CEO of JRE-AM. The committee determines risks and opportunities related to climate change and investigates and decides on strategies to address these risks and opportunities.



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Scenario Analysis

Using scenarios published by international organizations and other entities that predict the impact of global warming and climate change and of the changes that may occur in the business environment as a result of long-term policy trends in relation to climate change, JRE has examined how its businesses could be affected.



* Reference material: Prediction for Japan by the Japan Meteorological Agency based on Representative Concentration Pathway (RCP) 8.5 (as at the end of the 21st century)

Climate change	Compared with the end of the 20th century
Annual average temperature	Rise of approx. 4.5°C
Occurrence of very heavy rain (200 mm per day) (days per year)	Approx. 2.3 times
Occurrence of violent showers (50 mm per hour) (times per year)	Approx. 2.3 times
Sea level	Rise of approx. 0.71 m

Climate change	Compared with the end of the 20th century
Sea-surface temperature	Rise of approx. 3.58°C
Typhoons	Increase in intensity

Source: Climate Change in Japan 2020 - Report on Observations and Projections Assessment on Atmosphere, Land, and Oceans, Ministry of Education, Culture, sports, Science and technology (MEXT) and the Japan Meteorological Agency (JMA)

Examination of Financial Impact Based on Scenario Analysis

JRE examined the magnitude of the financial impact of risks and opportunities that it identified for the aforementioned 4°C and 1.5°C scenarios. Our qualitative financial impact analysis analyzed the impact for 2030 (medium-term prospects) and 2050 (long-term prospects), while our quantitative financial impact analysis analyzed the impact by envisaging circumstances in 2050 based on the level of operating income in FY2021. The results are outlined in the following table.

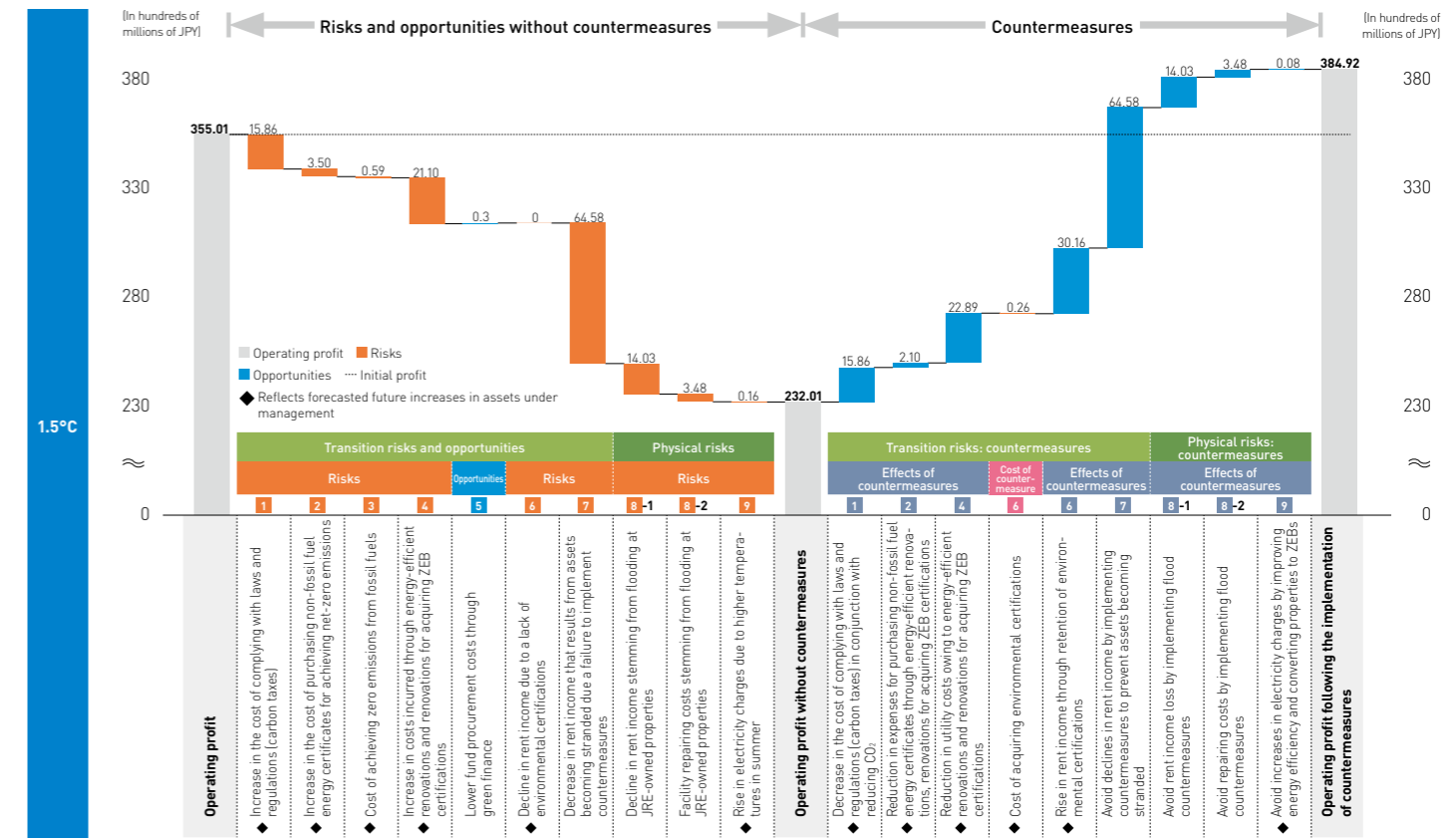
Estimated Result of Risks and Opportunities

Category	Risk and Opportunity Factors	Change in Cash Flow	Classification	* in hundreds of millions		Explanation of Calculation	
				4°C Scenario	1.5°C Scenario		
				Long Term 2050	Long Term 2050		
Transition Risks and Opportunities	Policy and Legal	Introduction of CO ₂ emission regulations Adoption of carbon taxes	Risks	-0.21	-15.86	Significant increase in carbon taxes under the 1.5°C scenario	
			Effects of Countermeasures	0	15.86	Avoid the imposition of carbon taxes by conducting energy-efficient renovations, introducing renewable electricity, and achieving zero emissions from fossil fuels	
		Technology	Spread of low-carbon technology (Improvement of environmental performance of existing properties)	Risks	0	-3.50	Procure all electricity used in business activities from renewable energy (by non-fossil fuel energy certificates) under the 1.5°C scenario
				Effects of Countermeasures	0	2.10	Reduce the cost of procuring non-fossil fuel energy certificates by implementing further energy-efficient renovations under the 1.5°C scenario
	Achieve zero emissions from fossil fuels		Risks	0	-0.59	Achieve zero emissions from fossil fuels (by carbon credits)	
			Effects of Countermeasures	0	(1.98)	Avoid the imposition of carbon taxes *Included in the effects of countermeasures (see [1])	
	Market and Reputation	Changes in social values regarding environmental performance	Lower fund procurement costs through green finance	Opportunities	0	0.30	Secure preferential interest rates by procurement of funds through sustainability-linked loans and achieving sustainability performance targets (SPTs)
			Rise in value of environmental performance	Risks	0	0	Achieve environmental certification acquisition rates of 100% under the 1.5°C scenario
		Changes in tenants' environmental performance needs	Variations in rent income depending on the acquisition of environmental certifications	Cost of Countermeasures	0	-0.26	Cost of acquiring environmental certifications
Decrease in rent income that results from assets becoming stranded due to a failure to implement countermeasures			Risks	0	-64.58	Decline in rent income that results from assets becoming stranded due to a failure to take action (calculated using the results of CRREM analysis)	
			Effects of Countermeasures	0	64.58	Avoid declines in rent income by introducing renewable electricity and achieving zero emissions from fossil fuels to prevent assets becoming stranded	
Physical Risks and Opportunities	Acute	Increase in typhoons, concentrated heavy rains, floods, and building inundation	Risks	-16.37	-14.03	Decline in rent income in the event of flood damage on the maximum expected scale	
			Effects of Countermeasures	16.37	14.03	Avoid damage to facilities by implementing planned flood countermeasures	
		Facility repairing costs stemming from flooding at JRE-owned properties (in the event of damage on the expected scale)	Risks	-4.07	-3.48	Expected flood damage repairing costs in the event of flood damage on the maximum expected scale	
			Effects of Countermeasures	4.07	3.48	Avoid damage to facilities by implementing planned flood countermeasures	
	Chronic	Advancement of rise in annual average temperatures	Risks	-0.36	-0.16	Increase in electricity consumption due to a rise in annual average temperatures	
			Effects of Countermeasures	0	0.08	Reduce electricity consumption by implementing energy-efficient renovations and renovations for acquiring ZEB certifications	

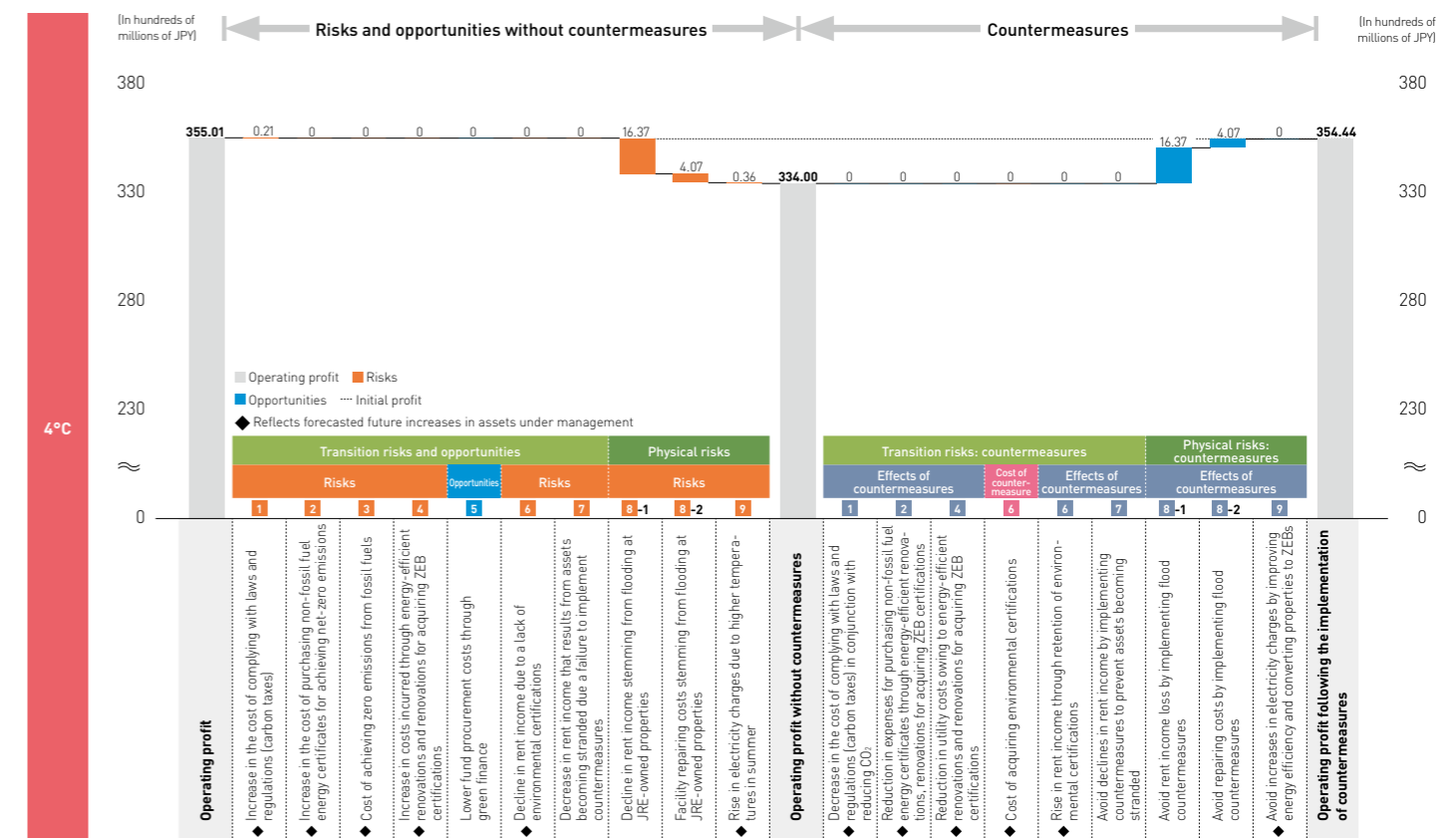
◆ Reflects forecasted future increases in assets under management
 Note 1: Figures for risks include costs for implementing proactive countermeasures, such as converting properties to ZEBs
 Note 2: This estimate is an analysis of part of JRE's business and does not assess the overall impact. We will continue to examine the approach to assumptions in estimated items and expand estimated items based on the policy trends in the world and Japan in order to further deepen our analysis.
 Note 3: This estimate is made based on JRE's actual performance and refers various parameters such as scenarios and reference materials presented by major organizations. The amount of financial impact is an annual basis. No assurances are provided on the accuracy thereof. Furthermore, the assumed measures are estimated assumptions, and no plans or decisions have been made to execute them.

Estimated Business Impact

The effects of JRE's countermeasures including ZEB initiative and energy-efficient renovations increased operating profit despite the significant impacts of transition risks.



JRE's inundation countermeasures avoided the significant impacts of inundation risks, thereby maintaining operating profit.



Analysis using CRREM's risk assessment tool

Overview of CRREM

CRREM (Carbon Risk Real Estate Monitor) calculates and publishes GHG emissions pathways (carbon reduction pathways) up to 2050 consistent with the 2°C and 1.5°C targets of the Paris Agreement for each use of real estate in a total of 44 countries (as of August 2024) in Europe, North America and the Asia-Pacific region including Japan. This tool is expected to be utilized for operational improvement by comparing the property data analyzed and pathways to calculate the timing of assets becoming stranded and carbon costs for each property, and to grasp the scale of renovation required to address these issues.

JRE has targeted the properties owned by JRE (as of March 2022) and analyzed the potential stranded asset risk of the portfolio using CRREM's risk assessment tool. The analysis is based on the Asia-Pacific version of the tool (ver. 1.22) and global pathways (ver. 2.01). JRE will use this analysis to make our business strategies, including renovation, disposition of properties and other initiatives.



Climate Change-Related Risks, Opportunities, and JRE's Response

Transition Risks

► 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 80% compared to fiscal 2019 by fiscal 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 fiscal 2030, JRE aims to reduce the average carbon intensity of its entire portfolio to 12kg-CO₂/m² as well as own 5-10 net 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.

Physical Risks

"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 waterproofed 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.



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

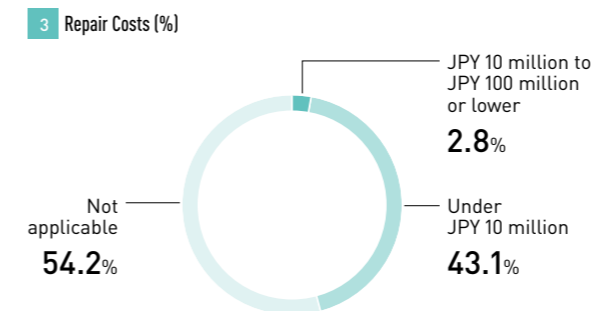
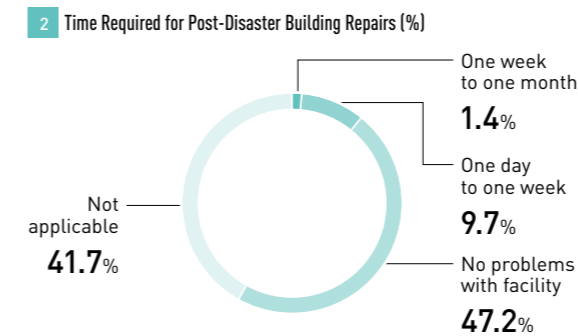
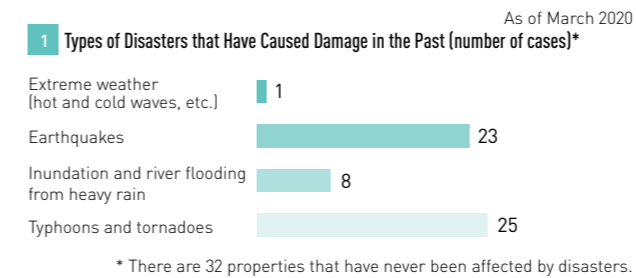
Japan is a country that experiences numerous natural disasters.

In recent 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 East Iburi Earthquake (earthquake, landslides, wide-ranging power outages), Typhoon Faxai (strong winds, house damage, long-term power outages) and Typhoon Hagibis (heavy rain, river collapse, inundation) in 2019, and the 2024 Noto Peninsula Earthquake.

JRE's portfolio has not been exempt from these disasters and several properties have been affected by 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 have been restored within one week in almost all cases, with repair costs under JPY 10.0 million. ^{2 3}

In addition, there is only one example of a building becoming inoperable (closed, etc.) due to a disaster.



Note: 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.

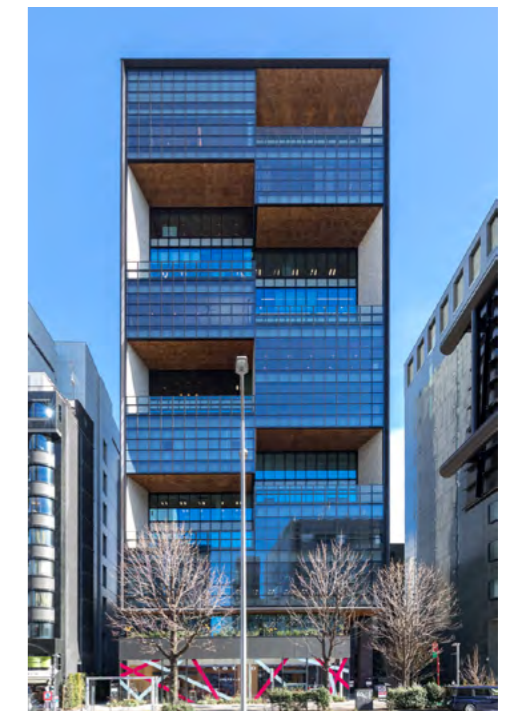
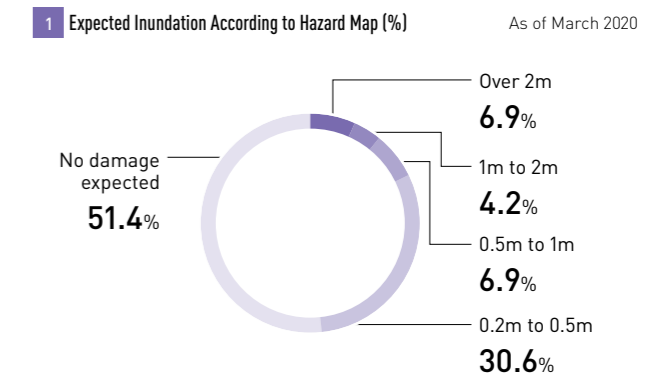
Future Risk Forecast

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 ¹ shows the estimated status of inundation damage in the hazard map of the JRE portfolio. Over 80% of buildings within JRE's portfolio (82% of buildings based on total number of buildings) fall under the category of "No inundation damage expected" or "inundation of 0.2m to 0.5m (minor damage expected)."

The remaining 18% of buildings are susceptible to 0.5m 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.



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

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**, **financial strategy**, and **external growth**.

Internal Growth Opportunities

▶ Effective CAPEX (capital expenditure) control/ internal carbon pricing

1. Effective CAPEX Control

JRE-AM has a dedicated engineering team (Construction Management Office), which is engaged in efficiently controlling the CAPEX and refurbishment works of over 70 properties. Furthermore, we collaborate with the engineering team of Mitsubishi Jisho Design 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 has introduced an Internal Carbon Pricing (ICP) system which promotes reduction of environmental burden by converting the amount of CO₂ emissions to cost virtually. JRE will further accelerate energy-efficient investments that lead to achieving Net Zero by 2050.

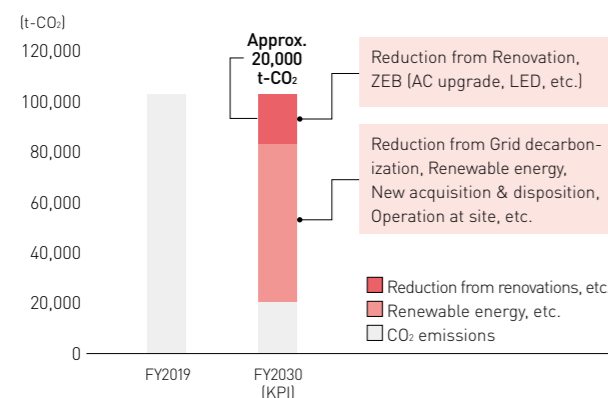
Overview of JRE's ICP System

Internal Carbon Price	JPY 20,000 / t-CO ₂
Target	Energy-efficient renovations that reduce CO ₂ emissions (air conditioning and LED upgrades, etc.)
Method	When the amount of CO ₂ emissions reduced by energy-efficient renovations (air conditioning and LED upgrades, etc.) is clear, we apply our internal carbon price to that amount as a reference to decide whether to undertake these renovations.

3. Roadmap for CO₂ Emissions Reduction by FY2030

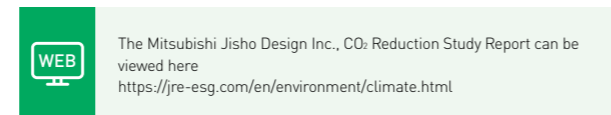
CO₂ Emissions Reduction Pathway

JRE aims for 80% reduction compared to FY2019 of CO₂ emissions by FY2030. The breakdown of the reductions is shown in the bar chart below. We expect 20,000t-CO₂ reduction mainly from renovation works of existing buildings and ZEBs.



The reduction through renovations and ZEB properties above is supported by the engineering study conducted by Mitsubishi Jisho Design Inc. We conducted theoretical scenario analysis supported

by the extensive track record of renovations of Mitsubishi Jisho Design Inc., as well as studies based on the on-site inspections.



When carrying out renovation work on individual properties, 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

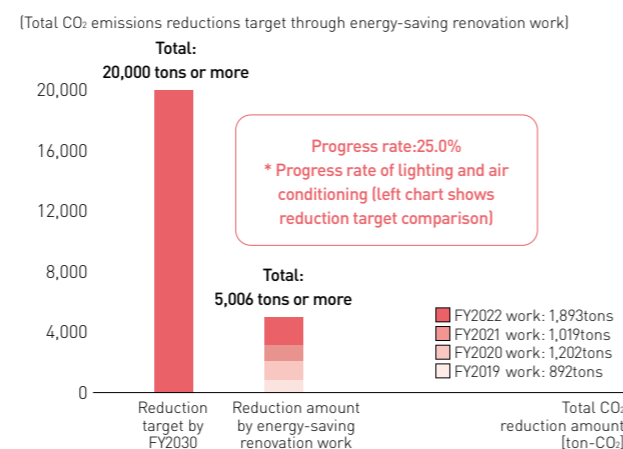
While improving the energy efficiency of individual buildings serves as an advance response to the transition risk of reducing GHG emissions, it also serves as an opportunity to improve profitability by increasing net operating income (NOI) via savings of utility costs and raising appeal for environmentally 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 26 for more details.

JRE calculates CO₂ emissions reductions through energy-saving renovation work conducted in each fiscal year and promotes asset-level renovation projects. We monitor the progress on emissions reductions against the road map by calculating total emissions reductions from FY2019.

Emissions reductions from energy-saving renovation work through FY2023 are as follows.



▶ Future ZEB Achievements in JRE's Portfolio

JRE aims to own 5-10 ZEBs by 2030 (including Nearly ZEB, ZEB Ready, and ZEB Oriented buildings). In collaboration with Mitsubishi Jisho Design Inc., we have started to verify the future possibility to make the existing properties into ZEBs through renovations. We acquired ZEB Ready Certification for JRE Higashi-Gotanda 1Chome Building in 2021, for Daido Seimei Niigata Building in 2022, and for JRE Kayabacho 2Chome Building in 2023, acquiring ZEB Oriented Certification for JRE Yoyogi 1Chome Building in the same year. These are the acquisitions of ZEB Certification by application at the design stage based on the assumption of renovation work in an existing building. JRE will continue to promote its ZEB initiatives in order to achieve its KPIs.

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. In order to obtain advantageous funding opportunities as a green investment and lending target, JRE is actively utilizing green finance as follows.

- Procurement of funds through sustainability-linked loans
- Issuance of green bonds

To ensure that our green commitment can be objectively verified, we are making use of DBJ Green Building certification,

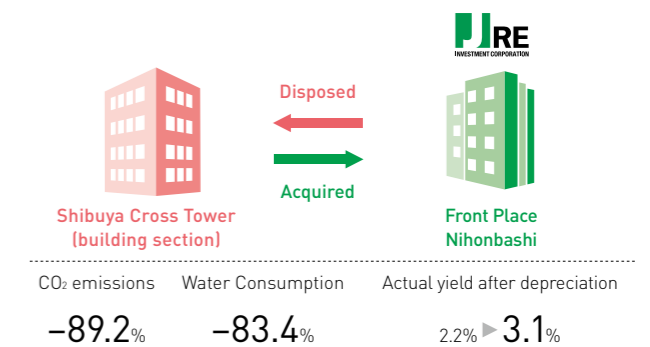
BELS certification, and other certifications, establishing a system for evaluating and measuring positive impacts on the environment and society, and also actively reporting to external parties.

Please refer to page 25 for more details.

External Growth Opportunities

With the cooperation of JRE-AM's sponsor, Mitsubishi Estate 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.

Example of Property Replacement with Sponsor:



Converting JRE Higashi-Gotanda 1Chome Building into a ZEB-Compliant Office Building JRE Receives the Incentive Prize at the Heat Pump & Thermal Storage Technology Center of Japan Awards

JRE received the Incentive Prize in the category of good practice in improving the operation and maintenance of heat pump and thermal storage systems at the 2024 Heat Pump & Thermal Storage Technology Center of Japan Awards in recognition not only of its efforts in installing high-efficiency equipment, but also optimizing the capacity of the air conditioning system (downsizing) based on actual usage and making the renovation impact visible through a detailed fact-finding study and a prior assessment.



Examples of Value-Enhancement Renovations



JRE Kanda-Ogawamachi Building

- Refurbished the entrance using natural wood that gives a sense of warmth
- Used contactless equipment and antiviral materials in restrooms to accommodate changes in offices in the new normal

JRE Nagoya Hirokoji Place

- Refurbished the interiors of the first-floor entrance and elevator hall
- Installed dimmable lighting and wall-mounted decorative plants to create a visual impact

Kanazawa Park Building


- Renovated the fourth-floor lobby, creating a multipurpose space for meetings, dining, and other uses
- Enhanced the provision of single sofas, desks, and other furniture to cater to the diverse workstyles of tenants

→ Green Finance

Sustainability-Linked Loans

JRE announced the borrowing of funds, and several SLLs have been implemented since then, which will be procured through sustainability-linked loans (the "SLLs"), the first such arrangement in the J-REIT industry, in January 2021. Sustainability-linked loans are loan instruments that aim to facilitate and support environmentally and socially sustainable economic activity and growth. In this loan scheme, the borrower sets sustainability performance targets ("SPTs") based on its business management strategy, and the lender incentivizes the borrower's achievement of those objectives by aligning loan terms to the

borrower's performance against the relevant, predetermined SPTs. Moreover, the SLLs are designed in such a way that, based on the SPTs set, achievement confirmation shall be made several times and, if the predetermined levels are achieved upon each confirmation, a reduction in the interest rate will be offered.

 For more information, please see our website. <https://www.j-re.co.jp/en/cms/finance/debt.html>

Sustainability-Linked Loans Framework


JRE has established a Sustainability-Linked Loan Framework for the purpose of flexible SLL implementation, and has been implementing Sustainability-Linked Loan financing based on this framework.

The Framework sets the KPI, SPT, and loan characteristics as follows.

Item	Content	Details of Contents JRE Has Set
KPI	Sustainability Strategy Indicator	Reduction of CO ₂ emissions (Base year: FY2019)
SPT	Ambitious Target for KPI	Reduce CO ₂ emissions by 80% by FY2030 (Base year: FY2019 / Absolute CO ₂ emissions basis)
Loan Characteristics	Incentive Based on SPT Achievement	Reduction in the interest rate will be offered if SPT is achieved.

The Framework conforms to the Sustainability-Linked Loan Principles (revised 2023) ("SLLP") developed by the Asia Pacific Loan Market Association (APLMA), the Loan Market Association (LMA), and the Loan Syndications and Trading Association (LSTA), and the Guidelines for Green Loans and Sustainability-Linked Loans (2022 version) developed by the Ministry of the Environment of Japan.

We have obtained a second-party opinion from the Japan Credit Rating Agency, Ltd. (JCR) stating that the Framework complies with the SLLP and the Ministry of Environment Guidelines on Expectations for Sustainability Linked Loans.

 For more information, please see our website. <https://jre-esg.com/en/environment/greenbond.html>

Examples of SLL transactions under the Framework

▶ In FY2023, 10 SLLs were executed under the framework, double the number of FY2022

Loan Amount Total JPY 40.5 billion	Number of SLLs 10	Lenders 7 banks
--	------------------------------------	----------------------------------

• MUFG Bank, Ltd. • The Bank of Fukuoka, Ltd.
 • The Chugoku Bank, Limited • The Gunma Bank, Ltd.
 • Saitama Resona Bank, Limited • The Keiyo Bank, Ltd.
 • North Pacific Bank, Ltd.

Green Bonds

JRE issued Green Bonds in order to further promote our sustainability initiatives. Going forward, we will promote reduction of energy usage, 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.

* "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).

TOPICS JRE Shiba 2Chome Daimon Building

Refurbishment work of JRE Shiba 2Chome Daimon Building 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.

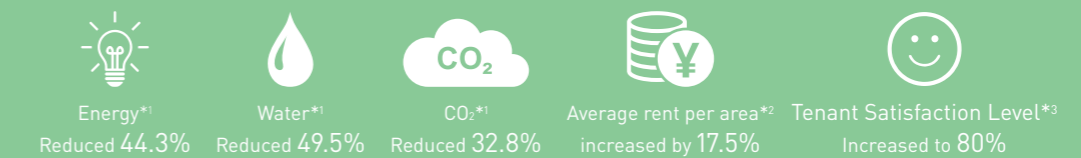
Overview of the Refurbishment

The refurbishment has been planned based on the concept of Positive Impact advocated by the United Nations Environment Programme Finance Initiative (UNEP FI).

- Adopted highly efficient air-conditioning units and LED lights to reduce environmental load
- Switched to individually controlled air-conditioning and renovated restrooms, etc., caring for tenant employees' health and comfort
- Enhanced the property's presence by innovating internal fittings of common areas to renew impression

Achieving Positive Impact

The impacts derived from the refurbishment were greater than initially expected. The results are as follows.



*1 Comparison of annual results for 2020 and 2017

*2 Comparison between 31 Mar. 2021 (unofficially confirmed basis) and 31 Mar. 2018 (actual results)

*3 In relation to offices, elevator hall, and restroom facilities after refurbishment

Overview of Refurbishments and Property

Project Name


JRE Shiba 2Chome Daimon Building Refurbishment Project

Property Overview

Name of property: JRE 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

Project System

Design supervision: Mitsubishi Jisho Design Inc.
 PM company: Tokio Marine & Nichido Facilities, Inc.
 Design and construction: OBAYASHI CORPORATION and others
 Construction period: April 2018–2021 (completion)

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



Elevator hall after renovation



Restroom after renovation



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 JRE-AM and employees through efforts to improve the physical and mental health of officers and employees.

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→ Diversity, Equity, and Inclusion

Basic Policy

JRE strives to create a workplace where all employees can equally access opportunities to thrive, thereby enabling them to demonstrate their talents to the fullest extent, by uniting individuals and organizations to promote diversity, equity, and inclusion (DEI). In addition to helping us attract competent personnel, we believe that promoting DEI leads to business innovations, sophisticated risk management, and a more efficient and vibrant organization as a whole. Based on this idea, we aim to maximize value arising from diverse values and individuality by fostering an open corporate culture.

Employees (Human Capital Development)

Talent Pipeline & Development Strategy

JRE-AM have access to professionals with extensive experience and expertise in real estate investment and asset management as seconded staff from our shareholder, Mitsubishi Estate 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 support for acquiring various qualifications and specialized training after joining JRE-AM.

In addition, we are developing an easy-to-work-in environment for employees that is mindful of their health and well-being.

We continually host junior employees (with fewer than ten years' experience) seconded from our sponsor who regularly recruits 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 JRE-AM, 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 shareholder. By participating in such programs, we expect each employee to develop as both a businessperson 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 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.

Advanced Leadership Development

At JRE-AM, managerial positions are given to those who display management potential and show a willingness to acquire specialized knowledge from both inside and outside JRE-AM. 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 shareholder.

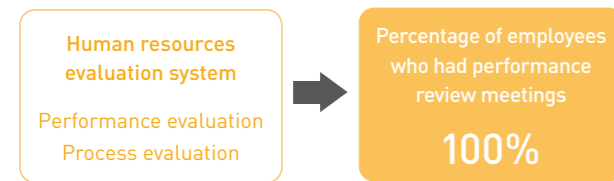
Examples of training programs by external lecturers in FY2023 (17 programs were conducted in total):

- | | |
|--|--|
| CASE 1 Compliance training for those engaged in investment management business (June 2023 and January 2024) | CASE 4 DEI Training (November 2023) |
| CASE 2 Internal Audit Training (June 2023) | CASE 5 Sustainability Training (January 2024) |
| CASE 3 Anti-Money Laundering Training (July 2023) | |

Fair Performance Evaluation and Remuneration

Targeting all employees, our employee evaluation system consists of a performance evaluation to evaluate them based on the degree of their target achievement and a process evaluation to evaluate them based on the individual's ability to perform various tasks, as well as various other perspectives, including compliance and ESG initiatives. At the beginning of the fiscal year, each employee set their 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. For the evaluation feedback, we make sure to provide accurate and specific information and help employees improve their skills by identifying expectations, priorities for growth, and areas for improvement for each of them.

For each year, bonuses are calculated based on fair performance evaluation for the corresponding year (variable remuneration) and final appraisal results, including promotions, are determined through official internal procedures.



Well-being

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.

Promoting 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 a Fully Flextime System that Abolishes Core Working Hours

We have introduced a flextime system for all employees. Under this system, 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 workstyle that takes into account a proper work-life balance.

Revision of the Personnel System

Based on Materiality, JRE-AM strives to improve its work environment and benefits package, enabling competent employees to fully demonstrate their capabilities and stay with it for a long time.

In FY2024, JRE-AM revamped its personnel system to retain and recruit skilled individuals.

Key points of the personnel system revision

Enhanced Evaluation Feedback

Annual → Biannual

Increase employee motivation
Improve employee retention

Extension of Retirement Age

Age 60 → Age 65

Create an environment where people can continue working
Create a place where diverse people can work together

Creating a Productive and Employee-Friendly Workplace

JRE-AM Office Environment

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

We have operated from our new office at Otemachi Park Building since 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 the 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

In the current office, we have adopted a free seating system for employees and have upgraded communication spaces within JRE-AM. 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. In addition, we are

working to make our offices more comfortable places to work. For example, we installed new "blue sky" LED lighting that replicates blue sky and natural light to create a spacious feel in a portion of our conference rooms. We believe that these offices will facilitate employee workstyle reforms and lead to improved productivity.

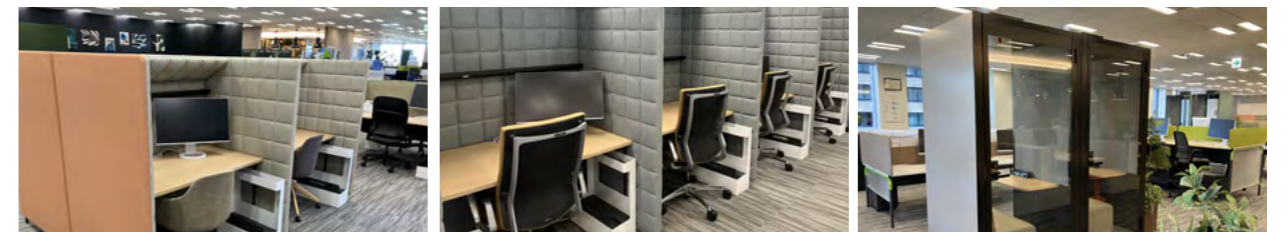
In October 2023, we renovated the office layout to further promote and strengthen internal communication, improve employee satisfaction, and foster synergy among employees. We strive to create an office environment for maximizing the performance of each employee by realizing an environment where they can make their own choices from a large number of options, an environment where they can be themselves, and a work position structure that respects individual work styles and personalities.



"blue sky" LED lighting



Communal spaces



Focus booths

Health Consultation Desk

We have made a contract with an industrial physician out of consideration for our employees' mental and physical health. The industrial physician provides health consultations and stress checks for employees who have concerns about their health or the amount of overtime they are working beyond certain standards set by law. The industrial physician also judges whether an employee needs a leave of absence or is able to return to work. Also, as a member of Mitsubishi Estate Group, all employees can access the health consultation desk of Mitsubishi Estate Co., Ltd. for not only work-related problems but also concerning issues that they are hesitant to discuss with other people, such as family or human relationship problems.

Establishment of the Health Committee

We have established the Health Committee, which meets once a month with the industrial physician to exchange opinions on the workplace environment and learn about health in order to prevent health problems and maintain and promote the health of employees and officers.

Creating Fair Work Environments

Communication with Employees

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

Employee Satisfaction Survey

At JRE-AM, we consider our employees to be our closest stakeholders, and we believe that improving their satisfaction is important for sustainable growth. For this reason, we regularly conduct annual surveys of all employees on a wide range of topics, including the work environment, ease of working including benefits, and educational support, in a way that prevents the identification of individuals. Through this survey, we strive to actively collect honest opinions and frank views. The results of this survey are fed back to the President & CEO and are used for improvement activities. In addition, the HR department conducts interviews with employees to gather their opinions on how to improve operational efficiency.

Employee satisfaction survey	FY2021	FY2022	FY2023
Employee satisfaction level (5-point scale)	4.4	4.2	4.3
Response rate	100%	100%	100%

* Employee satisfaction is the average of all items on a 5-point scale.

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 yearend 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 JRE-AM's competitiveness through open communication.

Comments from an Employee

Achieving a Work-Life Balance Thanks to Flexible Workstyles

I can choose a workstyle that meets my own needs by using the telework and flextime system.

The telework system was a big help when my family situation changed significantly following the birth of my second child. Telework enables me to take part in childcare immediately after work. For me, the appeal of the system is that it lets me secure time for work and time with my family, regardless of the circumstances, as it allows me to respond flexibly if one of the children suddenly becomes unwell. In addition, since many other employees also use the system, I can use it without constraint.

On days when I come in to work, I arrive before the rush

hour so that I can focus on my duties while there are few people in the office. On the other hand, I make a point of communicating proactively when the number of people in the office increases.

I feel that being able to choose a workstyle that suits you, whether at home or in the office, helps increase productivity.



Non-Financial Data Highlights

Category	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees	43	46	42	43	49
Of which female employees	21	24	20	20	23
Female employee ratio	48.8%	52.2%	47.6%	46.5%	46.9%
Number of directors (Includes part-time directors)	4	4	4	4	4
Of which female directors	0	0	1	1	1
Ratio of female directors	0%	0%	25%	25%	25%
Number of senior management (Chief manager or above)	14	17	13	12	9
Of which female senior management	2	3	2	1	1
Employees aged 60+ years	1	1	3	3	3
Foreign employees	1	2	2	2	2

→ Respect for Human Rights

Human Rights Initiatives

As a member of society, the Mitsubishi Estate Group, to which JRE-AM belongs, is keenly aware of the importance of respect for human rights. To fulfill our responsibility to respect the basic human rights of all stakeholders, not only those involved in Group businesses, we set up the Mitsubishi Estate Group Human Rights Policy on April 1, 2018. Respect for human rights is part of the Mitsubishi Estate Group Guidelines for Conduct, which all employees are expected to follow on a daily basis. These Guidelines stress the importance of respect for human rights and diversity, which means that employees show concern for human rights and the environment in the course of their business activities. The Human Rights Policy is intended to ensure that we, as a good corporation, understand that internationally-mandated human rights are a bare minimum that we must go beyond, that we reaffirm the importance of supporting, protecting, and respecting human rights and that we work to respect the fundamental human rights of every single person involved in the Group's businesses.

Mitsubishi Estate Group Code of Corporate Conduct (Excerpt)

Respecting Human Rights and Employee Diversity

We respect human rights and believe that diversity maximizes value.

- 1 We respect human rights at all times.
- 2 We reject discrimination and harassment in any form.
- 3 We strive to establish a creative and competitive organization that safeguards and respects the beliefs of the individual as reflected in the diverse communities in which we work and live.
- 4 We foster an open corporate culture in which all employees are encouraged to speak freely.

Mitsubishi Estate Group Human Rights Policy (Excerpt)

We uphold and respect international standards related to human rights. These include the International Bill of Human Rights, which sets out the fundamental human rights possessed by all the people of the world, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, which contains requirements concerning fundamental rights in the workplace.

We help ensure that respect for human rights is actively practiced in all business activities, and that such activities do not infringe on the human rights of other people. If such activities nevertheless result in a violation of the human rights of others, efforts shall be made to minimize the negative impact.

We carry out human rights due diligence in order to minimize any negative impact caused by human rights violations occurring as a result of the Group's business activities. We maintain a framework for human rights due diligence and make improvements to the framework on an ongoing basis or if problems arise in order to improve its efficacy.

Furthermore, in the event that the activities of a business partner or any other individual or organization affiliated with the Mitsubishi Estate Group directly have a negative impact on the human rights of others, even if we were not directly involved in fostering such a negative impact, we shall endeavor to make improvements together with stakeholders to ensure respect for human rights and eliminate all violations.

Employee hotlines & grievance reporting (Confidential)

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 on such matters as work problems, grievances, improvement requests, and whistleblowing on illegal/unethical behavior by officers and employees. Consultations and reports can be made confidentially, and whistleblowers are given protection under the Whistleblower Protection Act in accordance with JRE-AM's internal regulations.

The internal regulations stipulate that employees who have consulted with or made a report to the hotlines based on the internal regulations must not be subject to dismissal; disciplinary action; demotion; salary reduction; disadvantageous transfer, secondment, or reassignment; encouragement to resign; non-renewal of contract; claims for damages; de facto harassment; disadvantageous treatment in relation to retirement allowance and other benefits; or any other disadvantageous treatment on the basis of having consulted or made a report. Upon receiving a consultation or report, JRE-AM conducts an investigation and takes the measures necessary to resolve the issue while taking into consideration the protection of the whistleblower.

Furthermore, all employees at JRE-AM can also use the Mitsubishi

Estate Group helpline, which is operated externally. This helpline serves as a contact point for Mitsubishi Estate Group employees, and for temporary employees, part-time employees, and others engaged in part-time work at the Mitsubishi Estate Group, to consult with and report on matters that would be difficult to resolve through the regular reporting route. Employees can consult and report confidentially. The helpline also ensures the protection of those who consult with or report to it, for example, not disclosing matters related to privacy, such as the identity of said individuals or the details of their consultation or report, to anyone other than the parties involved.

Contact information for consulting and reporting hotlines and helplines is posted at office workspaces and on the in-house intranet to ensure that the information is widely known among employees.

Anti-harassment

We conduct harassment training regularly to raise awareness and provide employees with the tools and guidance they need to identify, prevent, and remove harassment from the workplace.

Furthermore, we keep everyone informed about the existence of the compliance hotline.

→ Initiatives for Local Communities

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 sponsor who is a developer.

Contribution to the Local Environment and Community Health

Akasaka Park Building hosts the "SpoGOMI" event, turning trash pickup into a fun sport. This event brings together tenant companies, the property management company, and the owner to beautify the local environment, promote participants' health, and strengthen community ties. Unlike conventional trash pickup, "SpoGOMI" is a social contribution activity that participants enjoy.



Support for Local Events, Local Groups

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 JRE 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.



Summer festival at Shiodome Building



Tokyo Opera City Concert Hall

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 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 they can turn to in the event of disaster, thereby contributing to local communities.



→ Initiatives for Tenants

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."

Sustainability Guide VOL.1
Theme Work Style Reform

Sustainability Guide VOL.2
Theme 1 Offices in the "New Normal" Era

Theme 2 Waste Recycling

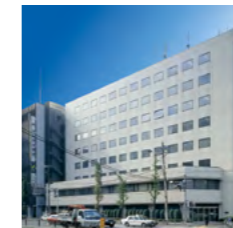


Survey on Tenant Satisfaction

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

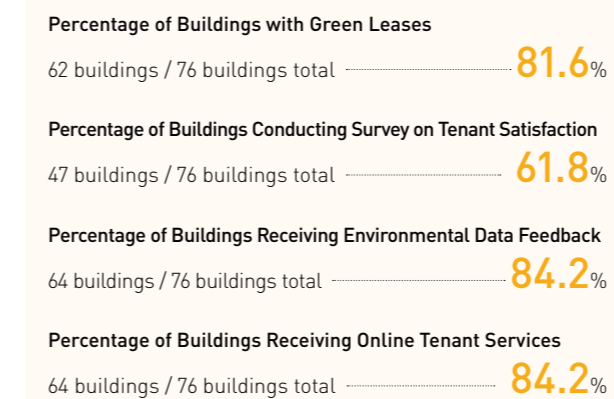
Example of tenant satisfaction survey

In a bid to increase the asset value, JRE conducted the renovation work for common areas in JRE Shiba 2Chome Daimon Building, including switching from central to individual air conditioning systems and upgrading them to more energy-saving ones, converting to LED lights in the building, and installing card access security systems, which led to increased satisfaction of its tenants in a survey on how they are satisfied with the building and its management.



Feedback of Environmental Data / Online Tenant Services on the Internet

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



[As of May 2024]

Note: The above percentages were calculated based on the number of buildings

Introduction of Green Leases

JRE works to reduce environmental impact in cooperation with tenants by promoting the incorporation of green lease clauses in leasing contracts. Green lease clauses incentivize tenants to work on improving environmental performance and to share data on the consumption of energy, water, and other resources, reduce the amount of waste generated in renovations, and use energy-efficient and environment-friendly equipment and materials.

We also promote green refurbishments that utilize green leases that contain a cost recovery clause. When carrying out green refurbishments, both the building owner and its tenants reap the benefits of reduced utility and other bills to realize a win-win relationship. For example, the owner receives a portion of the savings made on electricity bills through green refurbishments back as green lease payments for a certain period by incorporating a cost-recovery clause, thereby ensuring a fair distribution of the economic benefits of such refurbishments.

Kanazawa Park Building: Example of Installing LEDs Using a Green Lease Scheme

At the Kanazawa Park Building, the owner installed LED lighting at its own expense in tenant areas. The owner receives a portion of the savings made on electricity bills thanks to the installation as green lease payments for a certain period, thereby ensuring a fair distribution of the economic benefits of such refurbishments. Even if tenants make green lease payments, these can be more than offset through reductions in utility bills. Accordingly, both tenants and the owner enjoy economic benefits. In addition, we pay an incentive fee to the PM that acts as the contact point for negotiations with tenants, provides explanations on the scheme, and collects green lease fees. In these ways, we have established a win-win system for all three parties: tenants, the owner, and the PM company. With the owner recovering its investment and enhancing the value of its real estate, tenants reducing their electricity bills and improving their work environment, and the management company receiving fees, the installation of LED lighting at Kanazawa Park Building serves as an example of how to establish win-win relationships for all parties while enhancing property environmental performance through CO₂ emissions reductions.



Kanazawa Park Building

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.

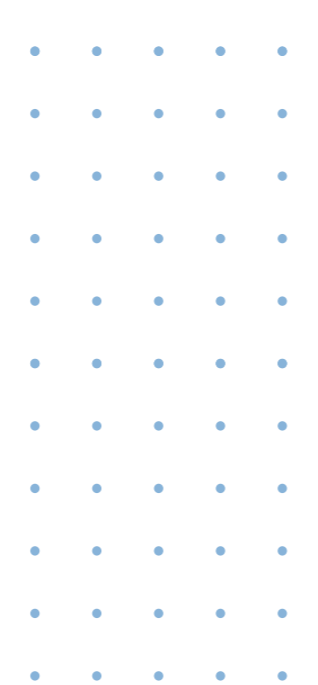
ESG Seminars for Stakeholders

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 JRE 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.



An ESG seminar held in May 2019. The seminar was held online in 2024 with the participation of nearly 150 stakeholders.



GOVERNANCE

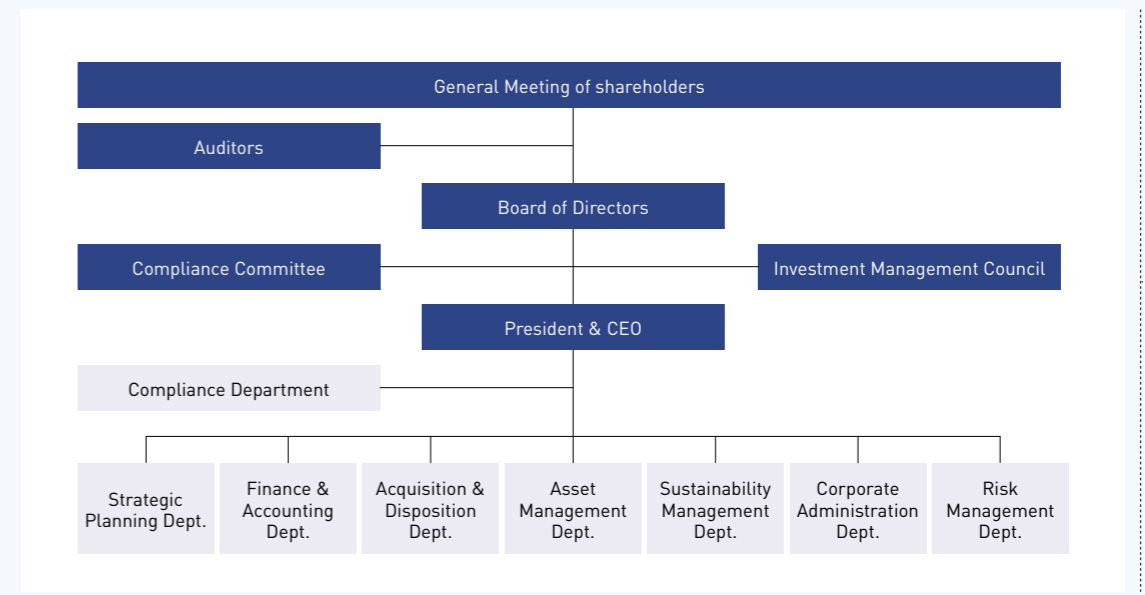
Our basic policy as an investment corporation and asset management company is not only to comply with laws and regulations, but to meet social demands as well. Taking care to have each employee perform their duties with high ethical standards and strict self-discipline raises our reputation among investors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

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- 37 Risk Management
 - 39 Compliance System



→ Management System

JRE entered into an entrustment contract for asset investments with JRE-AM. JRE has also entered into business consignment contracts with various trust banks for custodial business related to assets and general business. Under the management structure below, JRE-AM conducts asset investments such as acquisition and transfer of properties 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). https://www.j-re.co.jp/ja_cms/ir/library.html

→ Governance Structure of JRE

Status of Executive Director and Supervisory Directors

Candidates for investment corporation directors shall be elected at a general unitholders' meeting on the proviso that they do not fall under any of the grounds for disqualification stipulated in the Act on Investment Trusts and Investment Corporations and other applicable laws and regulations. The attendance rates of Executive Director and Supervisory Directors at the board of directors' meetings of the investment corporation (from April 2023 to March 2024) are as follows:

Title	Name	Attendance at Board of Directors Meetings	
		Sep. 2023 period	Mar. 2024 period
Executive Director	Jo Kato	100% (4 times / 4 times)	100% (4 times / 4 times)
Supervisory Director	Hiroaki Takano	100% (4 times / 4 times)	100% (4 times / 4 times)
Supervisory Director	Miyuki Aodai	100% (4 times / 4 times)	100% (4 times / 4 times)

→ 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	
<ul style="list-style-type: none"> Real estate investment risks (risks related to volatility in the real estate market, real estate credit risks, etc.) 	<ul style="list-style-type: none"> Other asset management risks (market risks, credit risks, operational risks, etc.)
2. Other risks	
<ul style="list-style-type: none"> 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) 	<ul style="list-style-type: none"> 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.



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

- 1 Recognize the external and internal environment**
Recognize changes in the external environment (market trends, regulatory and institutional trends, etc.) and internal environment (organizations, processes, systems, etc.) and reflect them in the following processes
- 2 Identify risks and review**
Identify risks comprehensively according to the operational processes and sub-processes of each department and review them using benchmarks such as supervisory guidelines and case studies
- 3 Assess specific risks**
Assess specific risks based on "impact" and "frequency of occurrence"
- 4 Assess controls**
Assess controls based on "impact" and "ability to control frequency of occurrence"
- 5 Assess residual risks**
Assess residual risks based on the results of assessing (3) and (4)

Compliance Risk Management through Three Lines Model

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

1st Line Self-Control by Front Divisions	<ul style="list-style-type: none"> A compliance manager has been appointed in each department to promote compliance, which includes daily compliance checks and assessments, formulation and practice of compliance programs*, and formulation and practice 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.
2nd Line Control by Risk Management and Compliance Divisions	<ul style="list-style-type: none"> 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 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.
3rd Line Review by Audit Divisions	<ul style="list-style-type: none"> Internal audits are conducted every year to inspect and verify the appropriateness and effectiveness of our system in terms of legal compliance, internal management, risk management, crisis management, and other matters from the perspective of ensuring investor protection and fair market formation as an asset management company.

* A concrete implementation plan for achieving proper compliance

Compliance System

Basic Principle of Compliance for the Investment Corporation (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 the Asset Management Company (JRE-AM)

- 1 Ensuring thorough compliance is one of its top priority issues, since JRE-AM 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 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.

Compliance Promotion Structure for the Asset Management Company

At JRE-AM, the Board of Directors, along with the Compliance Committee, Compliance Department, and compliance managers in each department, determine and verify various matters concerning compliance in accordance with their respective authorities and responsibilities.

Organization	Main roles
Board of Directors of the Asset Management Company	Oversees the companywide compliance and is fully responsible for all compliance issues. Main roles are below. 1. Formulate Basic Principle of Compliance for the Asset Management Company 2. Establish compliance organizational structure 3. Approve rules, manuals and programs regarding compliance
Compliance Committee	The committee's activities include deliberating over and deciding on system development and important matters (including verifying important transactions that involve key related parties) in relation to compliance. The committee consists of the President & CEO, General Manager of Compliance Department, General Manager of Risk Management Department, and one or more external experts.
Compliance Department	Drafts general compliance plans, practices compliance, and inspects, checks, and works to improve the level of compliance in each department.
Compliance Manager and Compliance Promoter in Each Department	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 practice of rules and manuals under jurisdiction of each department.

Employee hotlines & grievance reporting (Confidential)

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 on such matters as work problems, grievances, improvement requests, and whistleblowing on illegal/unethical behavior by officers and employees. Consultations and reports can be made confidentially, and whistleblowers are given protection under the Whistleblower Protection Act in accordance with JRE-AM's internal regulations. The internal regulations stipulate that employees who have consulted with or made a report to the hotlines must not be subject to dismissal; disciplinary action; demotion; salary reduction; disadvantageous transfer, secondment, or reassignment; encouragement to resign; non-renewal of contract; claims for damages; de facto harassment; disadvantageous treatment in relation to retirement allowance and other benefits; or any other disadvantageous treatment on the basis of having consulted or made a report. Upon receiving a consultation or report, JRE-AM conducts an investigation and takes the measures necessary to resolve the issue while taking into consideration the protection of the whistleblower.

Furthermore, all employees at JRE-AM can also use the Mitsubishi Estate Group helpline, which is operated externally. This helpline serves as a contact point for Mitsubishi Estate Group employees, and for temporary employees, part-time employees, and others engaged in part-time work at the Mitsubishi Estate Group, to consult with and report on matters that would be difficult to resolve through the regular reporting route. Employees can consult and report confidentially. The helpline also ensures the protection of those who consult with or report to it by, for example, not disclosing matters related to privacy, such as the identity of said individuals or the details of their consultation or report, to anyone other than the parties involved.

Contact information for consulting and reporting hotlines and helplines is posted at office workspaces and on the in-house intranet to ensure that the information is widely known among employees.

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



Preventing Fraud and Corruption at the Asset Management Company

The Mitsubishi Estate Group has declared that it will carry out equitable, transparent corporate activities with a primary emphasis on earning trust. The Group's Guidelines for Conduct forbid not just actions that could be construed as collusion with government officials or other actions considered illegal, but also entertainment and gift-giving that goes beyond the bounds of social convention.

When providing support related to the activities of political groups, the Group ensures it is appropriate in accordance with relevant laws and regulations such as the Political Funds Control Act and the Public Offices Election Act, as well as internal regulations such as at the Mitsubishi Estate Group Guidelines for Conduct.

Moreover, in 2013, the Group established the Mitsubishi Estate Group Basic Regulations on the Prevention of Corruption to put in place a system to prevent corruption across the organization. In 2018, the Group established and published the Mitsubishi Estate Group Anti-Corruption Guidelines. The Guidelines document expectations of business partners with the aim of ensuring compliance throughout the supply chain based on the cooperation of all of the Group's business partners. The Group provides training on corruption prevention to officers and employees and obtains pledges on the Guidelines on the Prevention of Corruption from officers and employees. The Group also holds annual lectures on corruption prevention, particularly for departments and Group companies engaged in international business.

In 2017, an external organization assessed the Mitsubishi Estate Group's corruption prevention system as a whole. The Group has been working to further strengthen the corruption prevention system by responding to the issues identified through the assessment.

JRE-AM observes the Mitsubishi Estate Group Basic Regulations on the Prevention of Corruption and the Mitsubishi Estate Group Anti-Corruption Guidelines, of which it is a part, and works toward preventing bribery when entertaining clients or giving gifts. Specifically, Rules for Entertainment and Gifts of JRE-AM makes the following stipulations, which are strictly enforced, such as detailed reporting and documentation of the details of entertainment or goods provided or received by officers and employees

- "JRE-AM's officers and employees shall not request, provide, or receive entertainment or gifts incompatible with sound business practices or common sense"
- "The giving or receiving of cash as a business gift is prohibited except for congratulatory or condolence expenses at weddings, funerals, or ceremonial occasions."

Moreover, with a high regard for the "Guideline to Prevent Bribery of Foreign Public Officials," formulated by the Ministry of Economy, Trade and Industry, JRE-AM has established the Rules for Entertainment and Gifts and conducts specific internal processes when dealing with public officials such as entertaining, giving gifts, inviting, donating, and utilizing their agencies, etc. The said Rules for Entertainment and Gifts of JRE-AM provides "Entertainment and gift-giving to public officials and others are prohibited. When entertainment or gift-giving is required for business purposes, regardless of the amount, prior approval must be obtained from the head of the department and the Director of Compliance Department, and after expenditure, approval for settlement must be obtained from the head of the department."

For Mitsubishi Estate Group Guidelines for Conduct, please click here. <https://www.mec.co.jp/en/company/charter/index.html>

For Mitsubishi Estate Group Anti-Corruption Guideline, please click here. https://mec.disclosure.site/e/sustainability/activities/governance/compliance/pdf/anti_corruption_guideline_201903.pdf

GRI Content Index

Statement of use	Japan Real Estate Investment Corporation has reported in accordance with the GRI Standards for the period 1/April/2023 to 31/March/2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	URL REASON OF OMISSION / EXPLANATION	
General disclosures				
GRI 2: General Disclosures 2021	2-1	Organizational details	Overview of JRE Corporate Data IR Library Annual Report Organizational Structure Organizational Structure	
		2-2	Entities included in the organization's sustainability reporting	Overview of JRE Corporate Data
		2-3	Reporting period, frequency and contact point	Disclosure of ESG-Related Information Reporting Scope and Period Inquiries
	2-4	Restatements of information	Basic Policy on ESG / Management Structure Sustainability Committee The previous year's data for the reporting year has been revised from the previously disclosed data as we examined the data accuracy.	
	2-5	External assurance	Environmental Initiatives	Environmental Performance
			Disclosure of ESG-Related Information	GRI Content Index / SASB Framework
	2-6	Activities, value chain and other business relationships	Portfolio List (Portfolio Overview)	Portfolio List
			IR Library	Annual Report
	2-7	Employees	Asset management company [JRE-AM] Web page>Employee Initiatives	Basic Employee Data JRE is prohibited from having any employees under the Japanese Act on Investment Trusts and Investment Corporations, and therefore commissions business operations to its asset management company, Japan Real Estate Asset Management Co., Ltd. [JRE-AM]. The information regarding employees of JRE-AM is disclosed here.
	2-8	Workers who are not employees	Asset management company [JRE-AM] Web page>Employee Initiatives	Basic Employee Data JRE is prohibited from having any employees under the Japanese Act on Investment Trusts and Investment Corporations, and therefore commissions business operations to its asset management company, Japan Real Estate Asset Management Co., Ltd. [JRE-AM]. The information regarding employees of JRE-AM is disclosed here.
	2-9	Governance structure and composition	Basic Policy on ESG / Management Structure	Sustainability Committee
			Governance Structure of JRE	Governance Structure of JRE
			Management System	Management System
Compliance System			Compliance System	
2-10	Nomination and selection of the highest governance body	IR Library	ARTICLES OF INCORPORATION OF JAPAN REAL ESTATE INVESTMENT CORPORATION	
2-11	Chair of the highest governance body	IR Library	ARTICLES OF INCORPORATION OF JAPAN REAL ESTATE INVESTMENT CORPORATION	
		Compliance System	Conflict of Interest Policy of Asset Management Company	
2-12	Role of the highest governance body in overseeing the management of impacts	Social Initiatives	Stakeholder Engagement Relationship with Local Communities	
		Asset management company [JRE-AM] Web page>Employee Initiatives	Employee Initiatives	
		Basic Policy on ESG / Management Structure Management System	Sustainability Committee Risk Management	
2-13	Delegation of responsibility for managing impacts	Basic Policy on ESG / Management Structure	Sustainability Committee	
		Management System	Management System	
		Compliance System	Compliance System	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	URL REASON OF OMISSION / EXPLANATION	
General disclosures				
GRI 2: General Disclosures 2021	2-14	Role of the highest governance body in sustainability reporting	Basic Policy on ESG / Management Structure Sustainability Committee	
	2-15	Conflicts of interest	Compliance System Conflict of Interest Policy of Asset Management Company	
	2-16	Communication of critical concerns	Basic Policy on ESG / Management Structure	Sustainability Committee
			Management System	Risk Management
			Compliance System	Conflict of Interest Policy of Asset Management Company No significant concerns were reported in the reporting period.
	2-17	Collective knowledge of the highest governance body	Basic Policy on ESG / Management Structure	Sustainability Committee
	2-18	Evaluation of the performance of the highest governance body	Basic Policy on ESG / Management Structure	Sustainability Committee
	2-19	Remuneration policies	Governance Structure of JRE	Governance Structure of JRE
	2-20	Process to determine remuneration	Governance Structure of JRE	Governance Structure of JRE
	2-21	Annual total compensation ratio		Information unavailable: As Japan Real Estate Investment Corporation has no employees, it is impossible to calculate the ratio of annual total compensation. It is not available such information of the asset management company at this time.
	2-22	Statement on sustainable development strategy	JRE Information	Message from Executive Director
			Basic Policy on ESG / Management Structure	Basic Policy on ESG / Management Structure
	2-23	Policy commitments	Climate Change Initiatives	Climate Change-Related Risks and JRE's Response
			Basic Policy on ESG / Management Structure	Basic Policy on ESG / Management Structure
			Compliance System	Basic Principle of Compliance for the Asset Management Company [JRE-AM]
			Asset management company [JRE-AM] Web page>Employee Initiatives	Human Rights Initiatives
	2-24	Embedding policy commitments	Basic Policy on ESG / Management Structure	Basic Policy on ESG / Management Structure
	2-25	Processes to remediate negative impacts	Asset management company [JRE-AM] Web page>Complaint Handling and Dispute Resolution	Complaint Handling and Dispute Resolution
	2-26	Mechanisms for seeking advice and raising concerns	Compliance System	Compliance Promotion Structure for the Asset Management Company
	2-27	Compliance with laws and regulations		No significant regulatory violations occurred during the reporting period.
2-28	Membership associations	Asset management company [JRE-AM] Web page>About JRE-AM	Memberships	
2-29	Approach to stakeholder engagement	Environmental Initiatives	Contributions to the Environment through Real Estate Investment Management Collaboration with Suppliers	
		Social Initiatives	Stakeholder Engagement Improving Tenant Satisfaction Relationship with Local Communities	
		Asset management company [JRE-AM] Web page>Employee Initiatives	Employee Initiatives	
2-30	Collective bargaining agreements		It is not applicable because the investment corporation does not have any employees. All employees except managerial positions of the asset management company are covered under a collective bargaining agreement.	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	URL REASON OF OMISSION / EXPLANATION
Material topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Basic Policy on ESG / Management Structure Materiality
	3-2	List of material topics	Basic Policy on ESG / Management Structure Materiality
			GRI Content Index SASB Framework
	3-3	Management of material topics	Basic Policy on ESG / Management Structure Materiality
			Asset management company (JRE-AM) Web page>Employee Initiatives Employee Initiatives
			Environmental Initiatives Environmental Performance Collaboration with Suppliers Contributions to the Environment through Real Estate Investment Management Climate Change-Related Risks and JRE's Response
			Social Initiatives Relationship with Local Communities Improving Tenant Satisfaction
			External Evaluations and Certifications Sustainability Certification
			Green Finance Sustainability-Linked Loans Green Bonds
			Asset management company (JRE-AM) Web page>Complaint Handling and Dispute Resolution Complaint Handling and Dispute Resolution
Basic Policy on ESG / Management Structure Sustainability Committee			
Climate Change Initiatives Governance			
External Evaluations and Certifications GRESB Real Estate Ratings			

Energy			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Environmental Initiatives Environmental Performance
	302-2	Energy consumption outside of the organization	Environmental Initiatives Environmental Performance
	302-3	Energy intensity	Environmental Initiatives Environmental Performance
	302-4	Reduction of energy consumption	Environmental Initiatives Environmental Performance Contributions to the Environment through Real Estate Investment Management
			Green Finance Sustainability-Linked Loans Green Bonds
302-5	Reductions in energy requirements of products and services	Environmental Initiatives Environmental Performance Contributions to the Environment through Real Estate Investment Management	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	URL REASON OF OMISSION / EXPLANATION
Water and effluents			
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Environmental Initiatives Environmental Performance
	303-2	Management of water discharge-related impacts	Not applicable: The wastewater discharged from all of our properties does not exceed the general wastewater standards set by the government and the local government.
	303-3	Water withdrawal	Environmental Initiatives Environmental Performance
	303-5	Water discharge	Environmental Initiatives Environmental Performance

Biodiversity			
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	Environmental Initiatives Contributions to the Environment through Real Estate Investment Management

Emissions			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environmental Initiatives Environmental Performance
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental Initiatives Environmental Performance
	305-3	Other indirect (Scope 3) GHG emissions	Environmental Initiatives Environmental Performance
	305-4	GHG emissions intensity	Environmental Initiatives Environmental Performance
	305-5	Reduction of GHG emissions	Environmental Initiatives Environmental Performance Contributions to the Environment through Real Estate Investment Management

Waste			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Environmental Performance>WEB information Waste
	306-2	Management of significant waste-related impacts	Environmental Initiatives Environmental Management Systems (EMS)
	306-3	Waste generated	Environmental Performance>WEB information Waste
	306-4	Waste diverted from disposal	Environmental Performance>WEB information Waste
	306-5	Waste directed to disposal	Environmental Performance>WEB information Waste

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	URL REASON OF OMISSION / EXPLANATION
Supplier environmental assessment			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	There were no new suppliers that were screened using environmental criteria.
	308-2	Negative environmental impacts in the supply chain and actions taken	No suppliers were identified that had a particularly significant negative impact in the reporting period.

Employment			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Asset management company [JRE-AM] Web page>Employee Initiatives Employee Initiatives
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Asset management company [JRE-AM] Web page>Employee Initiatives Employee Initiatives
	401-3	Parental leave	Asset management company [JRE-AM] Web page>Employee Initiatives Employee Initiatives

Occupational health and safety				
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Asset management company [JRE-AM] Web page>Employee Initiatives Employee Health and Well-being	
	403-3	Hazard identification, risk assessment, and incident investigation	Asset management company [JRE-AM] Web page>Employee Initiatives Employee Health and Well-being	
	403-6	Promotion of worker health	Social Initiatives Asset management company [JRE-AM] Web page>Employee Initiatives	Improving Tenant Satisfaction Employee Health and Well-being
		Workers covered by an occupational health and safety management system	Asset management company [JRE-AM] Web page>Employee Initiatives	Employee Health and Well-being
	403-10	Work-related ill health	Asset management company [JRE-AM] Web page>Employee Initiatives Employee Health and Well-being	

Training and education			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Asset management company [JRE-AM] Web page>Employee Initiatives Employee Initiatives
	404-2	Programs for upgrading employee skills and transition assistance programs	Asset management company [JRE-AM] Web page>Employee Initiatives Employee Initiatives
	404-3	Percentage of employees receiving regular performance and career development reviews	Asset management company [JRE-AM] Web page>Employee Initiatives Employee Initiatives

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	URL REASON OF OMISSION / EXPLANATION
Diversity and equal opportunity			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Asset management company [JRE-AM] Web page>Employee Initiatives Employee Initiatives
	405-2	Ratio of basic salary and remuneration of women to men	There is no institutional pay gap based on gender.

Local communities			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Social Initiatives Relationship with Local Communities
	413-2	Operations with significant actual and potential negative impacts on local communities	Portfolio Portfolio List (Portfolio Overview) No property was identified that had a particularly significant negative impact on the local community in the reporting period.

Supplier social assessment			
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	There were no new suppliers that were screened using social criteria.
	414-2	Negative social impacts in the supply chain and actions taken	No suppliers were identified that had a particularly significant negative impact in the reporting period.

Customer health and safety			
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Social Initiatives Improving Tenant Satisfaction
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no serious violations of laws and ordinances since we have taken appropriate actions as the engineering reports requested us to be careful not to let it become normal in our operations.

Others (G4 Construction and Real Estate Sector Disclosures)			
Sustainability Certifications			
Sustainability Certifications (CRE8)		Evaluations from External Parties	External Evaluations and Certifications Sustainability Certification

Customer Satisfaction			
Customer Satisfaction (PR5)		Results of surveys measuring customer satisfaction	Social Initiatives Improving Tenant Satisfaction

Activity Metrics

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Unit
IF-RE-000.A	Number of assets	73	72	75	76	77	assets
IF-RE-000.B	Leasable floor area	871,326	873,873	907,231	907,251	912,901	m ²
IF-RE-000.C	Percentage of indirectly managed assets	1.0	1.0	1.0	1.0	1.0	%
IF-RE-000.D	Average occupancy rate	99.7	97.9	97.0	95.5	96.6	%
<p>Note: Fiscal years refer to the period starting from April 1 and ending at March 31 of the following year. Fiscal 2023 represents the 44th and 45th fiscal year. The number of assets and the leasable area are the figures for the entire year and include properties sold during each fiscal period. Accordingly, they differ from the figures at the end of fiscal periods (excluding leasehold land assets). The average occupancy rate is the portfolio average of the year-end occupancy rate at the end of each fiscal year.</p>							

Disclosure Topic: Energy Management

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Unit
IF-RE-130a.1	Energy consumption data coverage	100	100	100	100	100	% (on a floor area basis)
IF-RE-130a.2	Total energy consumed by portfolio area with data coverage	246,064	231,097	226,719	228,073	239,340	MWh
	Percentage grid electricity	78.50	77.02	77.29	76.94	77.51	%
	Percentage renewable electricity	1.27	1.77	17.66	56.33	63.31	%
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage	-3.14	-7.90	-3.36	0.25	2.19	%
	Percentage of area with data coverage	93.64	91.00	94.70	84.29	88.15	% (on a floor area basis)
IF-RE-130a.4	Percentage of eligible portfolio that has an energy rating	20.69	21.34	21.16	19.85	17.96	% (on a floor area basis)
	Percentage of eligible portfolio that is certified to ENERGY STAR Not applicable as the ENERGY STAR Program does not cover real estate in Japan						
Reference information	Percentage of eligible portfolio with Green Building certification	74.30	75.65	74.19	74.99	74.32	% (on a floor area basis)
	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. Percentage of properties to have acquired environmental certifications (green building certification and energy rating) is 76.4% based on gross floor area.						
IF-RE-130a.5	<p>■ 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 13 for more information)</p> <p>Based on the Sustainability Policy items "1. Climate change initiative (promoting decarbonization and strengthening resilience)" and "2. Contribution to resource conservation including water, and resource recycling," JRE has set reduction targets for GHG emissions in order to improve the environmental performance of its real estate portfolio. In order to achieve these targets, JRE's asset management company, JRE-AM, 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 decarbonized society. 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. JRE has formulated targets for achieving net-zero GHG emissions by fiscal 2050. These targets have been validated by the Science Based Targets initiative (SBTi) as being consistent with the levels required by the Paris Agreement and based on scientific evidence. In addition, we became the first J-REIT to join RE100, a global initiative comprising companies committed to using 100% renewable energy in their business operations. We are therefore proactively advancing the adoption of renewable electricity at our buildings. Going forward, JRE will contribute to a shift to a decarbonized society through the reduction of GHG emissions while securing its preparedness for natural disasters and other phenomena arising from climate change.</p>						

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Unit
IF-RE-130a.5	<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> <p>JRE measures and gains an understanding of the energy consumption, water consumption, 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 air-conditioning upgrades.</p> <p>JRE has established selection criteria for 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.</p> <p>JRE makes contracts with professional firms to conduct energy assessments of a selection of its properties, utilizing the results to understand the current level of their energy performance and to formulate future policies.</p> <p>JRE has determined "Environmental Consideration of Portfolio" as one of its key ESG issues (materiality) and established the acquisition of environmental certifications (including green building certifications and energy-efficiency ratings) as a KPI. JRE will ensure that more than 90% of its properties obtain environmental certifications and will work to continuously operate office buildings that are the tenants' first choice.</p>						

Disclosure Topic: Water Management

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Unit
IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area	100	100	100	100	100	% (on a floor area basis)
<p>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.</p>							
IF-RE-140a.2	Total water withdrawn by portfolio area with data coverage	886,256	655,641	645,753	698,002	780,630	m ³
	As percentage of water withdrawal in regions with high or extremely high baseline water stress	0	0	0	0	0	%
IF-RE-140a.3	Like-for-life percentage change in water withdrawn for portfolio area with data coverage	-5.70	-26.89	-2.35	7.04	7.17	%
	Percentage of area with data coverage	93.64	91.00	94.70	84.29	88.15	% (on a floor area basis)
IF-RE-140a.4	<p>■ Description of water management risks and discussion of strategies and practices to mitigate those risks</p> <p>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.</p> <p>For this reason, JRE has "2. Contribution to resource conservation including water and resource recycling" in its Sustainability Policy. 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 fiscal 2013 as a long-term policy for reducing consumption for fiscal 2030. In fiscal 2021, together with the revision of the base year for CO₂ emissions reduction targets, we revised the base year for water usage targets.</p> <p>At JRE, we are employing the following strategies for managing water consumption in our portfolio:</p> <ul style="list-style-type: none"> • Implementation of technical evaluations (water-saving estimate) 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 						

Disclosure Topic: Management of Tenant Sustainability Impact

SASB Disclosure Code	Disclosure Metric	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Unit
IF-RE-410a.1	Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements	—	—	66.7	84.5	91.0	% (on a floor area basis)
	Associated leased floor area	—	—	134,037	163,112	148,812	m ²
	Reference information Percentage of total leasable floor area for buildings leased under a green lease agreement	42.3	67.9	75.0	78.2	83.9	% (on a floor area basis)
	Of which, floor area percentage for buildings leased under a green lease agreement that contains a cost recovery clause	54.9	53.1	58.4	69.6	83.9	% (on a floor area basis)
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	100	100	100	100	% (on a floor area basis)
	Percentage of tenants that are separately metered or submetered for water withdrawals	90.7	91.7	92.9	93.7	93.7	% (on a floor area basis)
IF-RE-410a.3	<p>■ Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants (Please refer to the "Tenants & Partners" section of this report beginning on page 33 for more information)</p> <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. 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 style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>VOL.1 Work Style Reform</p> <ul style="list-style-type: none"> • Toward a Sustainable Society • Our Thoughts • Case 1: Example of a Large-Scale Office • Case 2: Example of Small- and Medium-Sized Offices • Case 3: Creating New Spaces in the Current Office • What We Can Do Now </div> <div style="width: 45%;"> <p>VOL.2 Offices in the "New Normal" Era, Waste Recycling</p> <ul style="list-style-type: none"> • Case 1: Offices in the "New Normal" • Case 2: Waste Recycling • What We Can Do Now </div> </div> <p>In addition to the guide, we have the following engagements with our tenants:</p> <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 <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	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Unit
IF-RE-450a.1	Area of properties located in 100-year flood zones	551,331	676,024	691,570	775,641	708,757	m ²
<p>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 hazard maps (primarily the maximum expected scale) issued by local governments. Japanese hazard maps (maximum estimated scale) are developed for areas with an annual exceedance probability of 1 in 1,000 for flood damage. We have integrated risk evaluations since fiscal 2021 based on the maximum expected scale.</p>							
IF-RE-450a.2	<p>■ Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks</p> <p>Please refer to the ESG website "Climate Change Initiatives" page. https://jre-esg.com/en/environment/climate.html</p>						



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