

4. Periodic disclosure for financial products referred to in *Article 8, paragraph 1, 2 and 2a, of Regulation (EU) 2019/2088* and *Article 6, first paragraph, of Regulation (EU) 2020/852*

Product name: Japan Real Estate Investment Corporation

Legal entity identifier: 3538003YAIR3CBGJJ928

*Japan Real Estate Investment Corporation (“JRE”) has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan, and relies on Japan Real Estate Asset Management Co., Ltd. (the “Asset Manager”) to manage and operate the properties in the portfolio. The Asset Manager and JRE are hereinafter referred to collectively as “we,” “us” or “our” unless noted otherwise. References to “fiscal year” or “FY” are to the 12 months began or beginning April 1 of the year specified in line with the fiscal year of the Asset Manager, unless noted otherwise.*

### Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ____% <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It made sustainable investments with a social objective: ____%	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

*To what extent were the environmental and/or social characteristics promoted by this financial product met?*

We are committed to pursuing social sustainability, making socially responsible investments, and maximizing unitholder value by being mindful of the environment, contributing to society, and enhancing governance. We view environmental, social, and governance (“ESG”)-related initiatives as essential for a business to be both sustainable and stable, and are committed to implementing these initiatives in cooperation with its stakeholders. More specifically, we are committed to improving the environmental performance of our real estate portfolio while generating greater returns on our office investments, achieving sustainable development alongside all of our stakeholders, including unitholders, tenants, employees, suppliers and local communities, to contribute to sustainable society, and maximizing unitholder value. Our basic policy is to strictly observe legal requirements and relevant social norms, and under this basic policy, we have established a Sustainability Policy to implement the initiatives described below.

- *Environmental Initiative.* 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 energy consumption and greenhouse gas emissions in order to improve the environmental performance of its real estate portfolio. In order to achieve these targets, the Asset Manager implements measures to improve the operational performance of buildings, conduct energy efficiency retrofits, and engage tenant on energy efficiency based on its “Energy Conservation Policy”, which stipulates operational policies for improving energy efficiency of the real estate portfolio, and “GHG Emissions Reduction Policy”, which aims to create a decarbonized society.

- *Environmental Consideration of Portfolio.* To track the environmental performance of our properties, we rely on certifications issued by third-party organizations, such as the Development Bank of Japan's ("DBJ") Green Building Certification, Comprehensive Assessment System for Built Environment Efficiency ("CASBEE") certification, Building Energy-efficiency Labeling System ("BELS") certification, Net Zero Energy Building ("ZEB") certification and other equivalent certifications.
- *Tenant Engagement.* To increase the satisfaction of tenants in each building, we periodically carry out tenant satisfaction surveys. JRE is also implementing various initiatives to enhance the sustainability of each building in collaboration with tenants, such as distribution of sustainability guides. Sustainability guides introduce activities to improve the office environment, such as creating open spaces to promote communications among workers and introducing sustainable daily efforts to reduce electricity and water consumption. Regarding lease agreements, we include Green Lease provisions in our lease agreements that require tenants to achieve certain operational improvements and install energy-efficient retrofits. Specifically, Green Leases include provisions requiring each party to cooperate with the other party on measures to achieve sustainability targets and obtain environmental certifications, and to share energy-consumption and water usage data. We conduct periodic surveys of property managers of all of our properties based on the questions from Global Real Estate Sustainability Benchmark ("GRESB"), and we analyze sustainability efforts based on survey results, which are shared with the property managers. The survey includes questions on whether a property manager has introduced any measures to reduce energy consumption, water usage and waste, whether it has implemented any sustainability measures and conducted any satisfaction survey for tenants and whether it has engaged in any social activities with local communities. As for property level energy, water usage, and waste-related data, we utilize a system to give online feedback regarding such data.
- *Employee Health and Well-being at the Asset Manager.* We believe that the physical and mental health of employees and the creation of an accommodating work environment are key to maintaining and improving our business performance. As an example of related initiatives, we conduct annual anonymous surveys of all employees on a wide range of topics, including the work environment, benefits and educational support. The survey results are reported to the Asset Manager's President & CEO and are used for improving our activities. In addition, the HR department interviews employees to gather their opinions on how to improve operational efficiency. Furthermore, all employees can consult with the General Manager of the Asset Manager's Compliance Department, a law firm, or an outside specialist on matters such as risks/problems at work, grievances and improvement requests as well as whistleblowing on illegal or unethical behaviour by officers and employees. Every employee can seek any of the foregoing consultations anonymously, and whistleblowers are given protection under the Whistleblower Protection Act of Japan. If deemed necessary, such matters of consultations are reported to the President & CEO, who will conduct an investigation and take measures necessary for resolution of the issue. In addition, we have implemented various measures, including creating a productive and employee-friendly workplace and promoting diverse work styles, to promote the physical and mental health of employees, help them achieve good work-life balance, and increase employees' motivation.
- *International Initiatives and External Evaluations.* We attach great importance to ESG-conscious investing in order to continuously improve the value of assets under management, and are a signatory or participant in various international initiatives, such as PRI, RE100 and, as a member of Mitsubishi Estate Group, the United Nations Global Compact (UNGC). Also, JRE's updated CO<sub>2</sub> emissions reduction target has been approved by the Science Based Targets initiatives (SBTi), which is a global joint initiative by CDP, the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Furthermore, several of the Asset Manager's ESG initiatives have been evaluated highly by external organizations in Japan and overseas. Going forward, we will maximize long-term returns by strengthening our environmental, social, and governance initiatives.

- *How did the sustainability indicators perform?*

We use the following indicators to measure the attainment of the environmental or social characteristics we promote:

- *Environmental Initiative*

- *Climate Change Initiatives.* We aim to achieve a 80% reduction in total CO<sub>2</sub> emissions from our portfolio by FY2030 compared with the 2019 level and net zero CO<sub>2</sub> emissions from our portfolio by FY2050. We recognize that reduction of greenhouse gas (“GHG”) emissions is of critical importance to ensure the sustainability of our business. We have been working to reduce energy consumption and GHG emissions of our portfolio by installing eco-friendly equipment such as LED lighting, which reduces electronic usage, and energy-saving air conditioning systems. The percentage of progress in installing LED light bulbs in certain common areas for the entire portfolio was 55% as of March 31, 2022 and 57% as of March 31, 2023 on a gross floor area basis. In addition, we have accelerated the use of electricity 100% from renewable energy sources, and the number of properties in which we had introduced 100% renewable electricity was 58 as of September 30, 2022 but had grown to 59 as of March 31, 2023. We reduced total CO<sub>2</sub> emissions from our portfolio by 31.01% in the fiscal year ended March 31, 2022, and 71.02% in the fiscal year ended March 31, 2023, as compared with the 2019 level. As for energy consumption, we reduced total energy consumption from our portfolio by 7.86% in the fiscal year ended March 31, 2022, and 9.10% in the fiscal year ended March 31, 2023, as compared with the 2019 level.

- *Water Saving Initiatives.* We aim to achieve 20% reduction in water use (intensity) in our portfolio by FY2030 compared with the 2019 level. Some of the buildings we own are equipped with facilities for reusing rainwater and greywater, as we endeavour to reduce the consumption of tap water. We reduced water use (intensity) by our properties by 29.63% in the fiscal year ended March 31, 2022, and 23.38% in the fiscal year ended March 31, 2023, as compared with the 2019 level.

- *Waste Management Initiatives.* We aim to achieve a more than 90% waste recycling rate in our portfolio by FY2030. We have reduced waste and promoted efficient use of resources through the promotion of reuse and recycling at our properties. In the fiscal year ended March 31, 2022, we achieved a 55.3% waste recycling rate in our portfolio and in the fiscal year ended March 31, 2023, we achieved a 55.0% waste recycling rate in our portfolio.

- *Renewable energy.* We are making efforts to accelerate the use of electricity from renewable energy recognized by RE100 (where “RE” stands for renewable electricity), which is a global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100% renewable electricity. In May 2022, JRE joined the international initiative RE100 as the first J-REIT. We aim to make 90% of electricity (of Scope 2) used at our buildings renewable energy by FY2030 and 100% by FY2050. While as of the end of FY2021 the renewable energy rate (Scope 2) of our portfolio was 16.4%, the renewable energy rate of our portfolio had increased to 72.9% as of the end of FY2022.

- *Environmental Consideration of Portfolio.* As of September 30, 2022, 74.5% of our properties were green-certified based on gross floor area of owned buildings. As of March 31, 2023, 76.3% of our properties were green-certified based on gross floor area of owned buildings. Three of our properties with BELS certification are also certified as ZEB Ready (energy savings of greater than 50%) and one property is certified as ZEB Oriented (gross floor area 10,000 m<sup>2</sup> or more and energy savings beyond the regulation for each application).

- *Tenant Engagement*

- *Including “Green Lease” provisions in our agreements.* JRE has increasingly entered into Green Leases. While, as of March 31, 2022, floor area percentage for buildings leased under a green lease agreement that contains a cost recovery clause was 58.4%, such percentage had increased by 11.2% to 69.6% as of March 31, 2023. (The figures for Green Leases include properties disposed during each fiscal year based on the SASB standards).

- *Sustainability program for tenants.* We conduct periodic satisfaction surveys to solicit feedback from tenants to maintain a high level of tenant satisfaction and use such feedback to improve our buildings' sustainability. Our survey on tenant satisfaction covered 26.4% of our properties calculated based on the number of buildings as of May 2021, 56.2% as of May 2022, more than double the previous percentage, and 56.0% as of May 2023. We believe that this improvement is thanks to advances in the understanding of property managers as a result of our ongoing engagement efforts, such as ESG seminars for property managers.

- *Employee Health and Well-being at the Asset Manager.* As described above, we conduct annual anonymous surveys of all employees on a wide range of topics, including the work environment, benefits and educational support. During the fiscal period ended on March 31, 2023, we conducted the latest survey and achieved a score of 4.2 (on a 5-point scale) for the employee satisfaction level, almost the same level as the previous score of 4.4, with a 100% response rate.

- *International Initiatives and External Evaluations*

- *PRI Assessment.* The Asset Manager is a PRI (Principles for Responsible Investment) signatory, which is required to report annually on the status of its ESG integration practices for evaluation, and received “4 Stars” in the “Investment and Stewardship Policy” module and the highest rating “5 Stars” in the “Real Estate” module in 2021.

- *MSCI Japan ESG Select Leaders Index.* The MSCI Japan ESG Select Leaders Index is an index to represent companies with high ESG performance selected based on the data from the MSCI Japan IMI Index. JRE was selected as a constituent of the MSCI Japan ESG Select Leaders Index as of June 1, 2022. In addition, in 2023, JRE received a rating of “A” in the MSCI ESG Ratings assessment where companies are rated on a seven-tier scale ranging from “AAA” (highest) to “CCC” (lowest) according to their exposure to industry—specific ESG risks and their ability to manage those ESG risks.

- *GRESB Real Estate Rating.* GRESB was founded in 2009 by a group of major European pension funds who played leading roles in launching PRI. In the 2022 GRESB Real Estate Assessment, JRE received for the fifth consecutive year “5 Stars,” which is the highest GRESB rating (out of “5 Stars”), and also received for the seventh consecutive year “Green Star” based on its excellent ESG management system and performance record.

- *Carbon Disclosure Project (“CDP”) score.* Since 2003, CDP has sent questionnaires every year to major companies to assess corporate actions on climate change. JRE received the “A-” designation and was recognized at the highest Leadership Level in the 2021 CDP Climate Change Program. By way of update, after the end of fiscal year ended September 30, 2022, JRE has received the highest score of “A” securing a place on its annual “A List” for the first time.

- *...and compared to previous periods?*

See above.

- *What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?*

Not applicable.

- *How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?*

Not applicable.

*How did this financial product consider principal adverse impacts on sustainability factors?*

We collect on an ongoing basis select information on our existing portfolio regarding the principal adverse impact indicators, including exposure to fossil fuels through investment assets, exposure to energy-inefficient investment assets, GHG emissions and energy consumption intensity. We monitor these indicators and aim to manage the risk connected to principal adverse impacts from our investment decisions in several ways, including general screening criteria and due diligence. As we actively conduct due diligence review of properties before acquisition and promote environmental and social initiatives as described above, we believe that any principal adverse impacts are substantially mitigated

- *Exposure to fossil fuels through assets.* We do not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.
- *Exposure to energy-inefficient investment assets.* We consider properties other than the properties that have received any of the green building certifications and energy-saving certifications (“Green Assets”) to be energy-inefficient. As of March 31, 2023, 76.3% of our properties were Green Assets and 23.7% of our properties were not Green Assets. As described in more detail above, we implement as appropriate measures to reduce the environmental impact of these properties, including by obtaining environmental certifications.
- *Energy consumption intensity.* The amounts of energy consumption of our properties per square meter are 0.165 MWh in FY2021 and 0.166 MWh in FY2022. The amounts of Scope 1 GHG emission of our properties were 3,011 t-CO<sub>2</sub> in FY2021 and 2,786 t-CO<sub>2</sub> in FY 2022. Scope 2 GHG emissions of our properties were 32,350 t-CO<sub>2</sub> in FY2021 and 14,380 t-CO<sub>2</sub> in FY2022. Scope 3 GHG emissions of our properties were 35,658 t-CO<sub>2</sub> in FY2021 and 12,670 t-CO<sub>2</sub> in FY2022.

We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact to risk and value creation for our unitholders. To this end, we consider the principal adverse impacts of our investment decisions on the above sustainability factors throughout all major steps of the investment decision and management process throughout the lifecycle of the properties in our portfolio.

We believe that climate change is more than an environmental issue, which has a major impact on social and industrial infrastructure, and therefore on our business activities. To maintain sustainable and stable earnings over the long term and overcome the oncoming changes from climate change, we will need to evaluate the risks and opportunities presented by climate change, and reflect such evaluation in our operational policies and asset management. Based on the foregoing, JRE has examined the magnitude of the financial impact of risks and opportunities presented by climate change for scenarios involving temperature increases between 4°C and 1.5°C, which are 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. We examined the impact of each scenario for 2030 (medium-term prospects) and 2050 (long-term prospects) for qualitative financial impact analysis. As for quantitative financial impact analysis, we assumed as of 2050 based on the FY2021 operating profit.

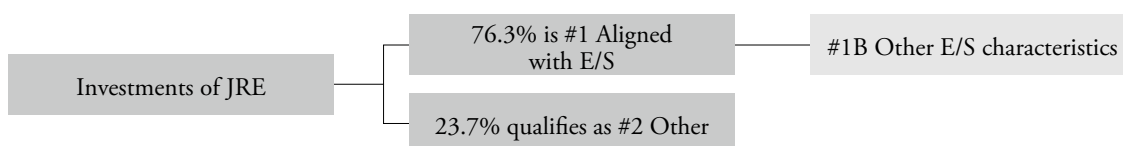
*What were the top investments of this financial product?*

Largest investments	Sector	% Assets (based on acquisition price)	Country
Office properties	Real estate	100	Japan

*What was the proportion of sustainability-related investments?*

As of March 31, 2023, 76.3% of the properties in the portfolio were Green Assets, and 23.7% were nonqualified assets based on gross floor area of owned buildings.

● *What was the asset allocation?*



● *In which economic sectors were the investments made?*

JRE invests in office buildings in major cities nationwide in Japan with the goal of stable growth in value over a medium- to long-term period.

*To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?*

Not applicable.

● *Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy.*

Not applicable. JRE does not invest in real estate assets involved in fossil gas and/or nuclear energy related activities.

● *What was the share of investments made in transitional and enabling activities?*

Not applicable.

● *How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?*

Not applicable.

*What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?*

Not applicable.

*What was the share of socially sustainable investments?*

Not applicable.

*What investments were included under “other,” what was their purpose and were there any minimum environmental or social safeguards?*

As of March 31, 2023, based on gross floor area of owned buildings, 23.7% of our properties were not Green Assets. However, we implement as appropriate measures to reduce their environmental impact following acquisition, including by obtaining environmental certifications, installing environmentally-friendly equipment, using renewable energy and undertaking appropriate renovations.

*What actions have been taken to meet the environmental and/or social characteristics during the reference period?*

As described in greater detail above, we implement various environmental initiatives at our properties including the following:

- *Environmental Initiative*
- *Environmental Consideration of Portfolio*
- *Tenant Engagement*
- *Employee Health and Well-being at the Asset Manager*
- *International Initiatives and External Evaluations*

*How did this financial product perform compared to the reference benchmark?*

Not applicable.

- *How does the reference benchmark differ from a broad market index?*

Not applicable.

- *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?*

Not applicable.

- *How did this financial product perform compared with the reference benchmark?*

Not applicable.

- *How did this financial product perform compared with the broad market index?*

Not applicable.

## Note Regarding the EU Taxonomy Regulation

As set out above, JRE promotes certain environmental characteristics.

The Asset Manager is required, under Regulation (EU) 2020/852 (the “EU Taxonomy Regulation”), to disclose whether its assets are aligned with the environmental objectives formulated in the EU Taxonomy regulation. The EU Taxonomy Regulation is to be complemented by technical standards and screening criteria which are currently developed. The technical screening criteria for the first two environmental objectives (climate change mitigation and climate change adaptation) were adopted in December 2021. They apply as of January 1, 2022.

JRE invests in economic activities that are eligible under the EU Taxonomy Regulation in respect of climate change mitigation and/or climate change adaptation. This means that screening criteria for these investments have been or will be developed. The Asset Manager expressly states that in view of the fact that the regulations are still under development or have only recently been adopted and the fact that, as a result thereof, data on alignment of JRE’s investments with these environmental objectives and climate related goals in line with EU Taxonomy Regulation are not sufficiently available, the Asset Manager is not currently in a position to disclose on an accurate and reliable basis to what extent JRE’s investments technically qualify as Taxonomy-aligned or “environmentally sustainable” within the specific meaning of the EU Taxonomy Regulation. JRE’s investments may have a positive contribution to these environmental objectives and may therefore eventually be considered Taxonomy-aligned, but at this stage, the Asset Manager is required to state that there is no minimum proportion of JRE’s investments that qualify as such.

The Asset Manager further states that the “do no significant harm” principle applies only to those investments underlying the financial product that takes into account the EU criteria for environmentally sustainable economic activities. The investments underlying the other portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.