

Think bold today for a brighter tomorrow.



ESG Report

February 2022



MC-UBS Group Brand Message

Think bold today for a brighter tomorrow.

The Logo



Symbol mark

The logo evokes the idea of buildings and land while representing both the "M" of Mitsubishi Corporation and the "U" of UBS A.G. The logo expresses the focus of our group, born from the combined expertise and experience of the two firms in real estate and finance.

Mission, Vision & Core Values

MISSION

"Always Create New Value for People, the Community, and the World"

Through real estate investment management, we create new demand in our society and new value that exceed people's expectations.

VISION

We strive to be the leading group of professionals, trusted by people, the community, and the world.

CORE VALUES

- M** **Mastery**
We act proactively and professionally and adhere to the highest standards of compliance and discipline.
- C** **Challenge**
We always challenge the unprecedented.
- U** **Uniqueness**
We think outside the box and dare to be original.
- B** **Belief in ourselves**
We believe in ourselves and are committed to our "MCUBSR" values.
- S** **Stewardship and Sensitivity**
We take our dialogue with investors seriously, and fulfill our fiduciary duty. We are sensitive to changes in the world and respond to them appropriately.
- R** **Respect**
We respect our colleagues and partners so that we can all work with pride and a smile.

Certifications



2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

(Note) THE INCLUSION OF MITSUBISHI CORP.-UBS REALTY INC. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF MITSUBISHI CORP.-UBS REALTY INC. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

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Editorial Policy

Mitsubishi Corp.-UBS Realty Inc. (MCUBS) and Japan Metropolitan Fund Investment Corporation and Industrial & Infrastructure Fund Investment Corporation under management are actively engaged in practices that promote sustainability within the J-REIT industry, information on which they disclose to stakeholders. For this term, information pertaining to sustainability published on the websites of each management company and investment corporation has been consolidated in this document, *ESG Report February 2022*, in order to provide a clear explanation of our initiatives.

ESG Report February 2022 serves as an informative tool for stakeholders with a high level of interest in sustainability and therefore makes reference to GRI standards and SASB standards (real estate).

Going forward, we hope to gather opinions from those who read this report in order to further improve subsequent reports. In addition, we hope that this report can be used as an effective means to maintain a dialogue with our stakeholders.

Month of issuance: February 2022

Frequency of updates: Once annually

Reference guidelines: GRI standards,

SASB standards (real estate)

The GRI Guidelines and SASB Index will be posted at the end of March 2022 on website.

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Message from Management



Aims to improve unitholder value through investment management and contributes to solving global issues.

Message from President Okamoto

We at Mitsubishi Corp.-UBS Realty Inc. (MCUBS) aim to increase unitholder value by “creating, through real estate investment management, new demand in our society and new value that exceeds people’s expectations” under our mission of “always creating new value for people, the community, and the world.”

In 2021, the Japanese economy continued to be affected by COVID-19, and economic activities such as cross-border movement of people and goods were restricted. Although there were signs of improvement following the lifting of the state-of-emergency declaration at the end of September, the outlook for the economy has remained uncertain due in part to the emergence of a new COVID-19 variant.

However, while economic activities have stagnated with the spread of COVID-19, moves toward the

realization of a sustainable society have been accelerating worldwide. In October 2021, the 26th UN Climate Change Conference of the Parties (COP26) took place in Glasgow, UK. In the Conference, the parties agreed to pursue efforts to limit the increase in the global average temperature by 2100 to 1.5°C above pre-industrial levels, while all nations agreed to review and strengthen their emissions targets up to 2030 as necessary by 2022. Prime Minister Fumio Kishida attended the COP26 World Leaders Summit and stated that the decade up to 2030 will be critical. As Japan’s initiatives, he unveiled the country’s new greenhouse gas reduction target for 2030 and its commitment to provide additional funds of up to 10 billion U.S. dollars over the next five years to support the decarbonization of Asia and other regions. This has resulted in a further increase in the importance

of addressing climate change.

Japan Metropolitan Fund Investment Corporation and Industrial & Infrastructure Fund Investment Corporation—the investment corporations managed by MCUBS—have established new CO₂ reduction targets. These targets are to become carbon neutral by 2050 and reduce CO₂ emissions by 50% (on an emissions per unit basis (note)) compared with 2015 by 2030. To date, we have actively worked on environmental, social, and governance (ESG) initiatives, aiming for the realization of a sustainable society, based on the MCUBS sustainability vision of “aiming to improve unitholder value through investment management and contributing to solving global issues.” We recognize that while various countries across the world are accelerating their efforts to deal with climate change, both of the investment corporations

aiming for the realization of a sustainable society will contribute to the worldwide countermeasures against climate change and also help to increase unitholder value.

We will continue to contribute to creating a sustainable society by creating economic effects and employment, enhancing the health and well-being of tenants, and providing safe and secure spaces.

(note) Emissions per unit are calculated based on total floor area (after considerations for rate of occupancy).

February 2022
Katsuji Okamoto
President & CEO

Message from Chief Sustainability Officer Suzuki

We have established the Sustainability Committee as a body that approves resolutions and receives reports concerning sustainability policies, strategies, and other matters of MCUBS and the investment corporations it manages—Japan Metropolitan Fund Investment Corporation (JMF) and Industrial & Infrastructure Fund Investment Corporation (IIF).

In 2021, MCUBS, JMF, and IIF decided to aim for carbon neutrality in 2050 and established CO₂ reduction targets for 2030.

JMF issued Green Bonds in June and December, procuring funds of 8.5 billion yen and 5 billion yen, respectively.

IIF also issued its first Social Bonds in August, raising a total of 5 billion yen. Industrial properties, which are IIF’s investment targets, play an important social role, and we recognize that holding and managing these industrial properties stably for a long time will contribute to solving social issues.

In recent years, there has been a significant increase in the issuance of Social Bonds that limit the use of funds to projects contributing to solving social issues,

and these bonds are expected to help promote the resolution of social issues.

We will continue to advance ESG activities to enable us to bring benefits to all stakeholders in the form of contribution to eco-friendly initiatives and local communities, in addition to improved earnings, through positive ESG activities.



Naoki Suzuki
Deputy President and
Chief Sustainability Officer

Sustainability Strategy

MCUBS's Vision for Sustainability

Contribute to solve global-scale issues through achieving enhancements to unitholder value by investment management



Responsible Property Investment Policy

MCUBS believes that Responsible Property Investment (RPI) adds value to an investment by limiting the risks of regulatory non-compliance and losing its competitive position in the market, by making a property more appealing to tenants and purchasers and, in some cases, by reducing expenses and improving returns. Therefore, RPI is important strategy for us.

The concept of RPI for us is to make it a first priority is to deliver improved profitability of the investment corporations and also consider social and environmental issues from a long term perspective. We believe that Environmental, Social and Governance issues will have an impact and these issues should be considered in our asset management strategies.

Establishment of New CO₂ Emissions Reduction Targets Toward Carbon Neutrality by 2050

Considering that responding to climate change is an important social issue, MCUBS is a signatory to the Montreal Carbon Pledge and supports the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the Japan Climate Initiative (JCI). Japan Metropolitan Fund Investment Corporation and Industrial & Infrastructure Fund Investment Corporation—the investment corporations managed by MCUBS—are also working toward the realization of a sustainable society based on our sustainability vision of

“aiming to improve unitholder value through investment management and contributing to solving global issues.” They are also actively engaged in ESG initiatives, and are promoting environmentally friendly measures and energy-saving measures and more efficient use of energy in the properties held by them.

In June 2021, MCUBS and both of the investment corporations established new CO₂ emissions reduction targets toward realization of carbon neutrality by 2050.

Japan Metropolitan Fund Investment Corporation (JMF)

- Aim to reach carbon neutrality by 2050
- Reduce CO₂ emissions per unit by 50% by 2030 compared with 2015

Industrial & Infrastructure Fund Investment Corporation (IIF)

Mitsubishi Corp.-UBS Realty (MCUBS)

- Aim to reach carbon neutrality by 2050
- Reduce CO₂ emissions by 2030

Sustainability Promotion Structure

The Sustainability Committee

The Sustainability Committee is the body that approves resolutions concerning environmental, social, and governance (ESG) policy, strategy, and structure, based on the Environmental Charter and the Responsible Property

Investment Policy. It also functions as a body that shares information on the status of activities, evaluation results, and analysis of the sustainability of the investment corporations.

Chief Sustainability Officer

The Deputy President & Representative Director appoints as Chief sustainability Officer (CSO) to strengthen the sustainability promotion system. CSO as the committee chairman reports the matter confirmed

by the Sustainability Committee to the Board of Directors, chaired by the President & CEO and works to share awareness of issues and raise awareness levels.

Person in Charge of ESG System

We have established the person in charge at each Division and by playing the role of driving ESG target activities, we'll integrate ESG considerations into its investment and asset management processes.

Members of the Sustainability Committee

Committee chair: CSO

Committee members: President, COO, Head of Metropolitan Business Division, Head of Industrial Division, Head of Corporate Division, Head of Strategic Planning Office, Head of ESG Promotion Office

Secretariat: ESG Promotion Office

Frequency of Meetings

The Sustainability Committee meets approximately four times a year. In addition, subcommittee meetings are held at an appropriate frequency, where more detailed discussion takes place from a practical and operational standpoint.

Main Examination Items

- Sustainability policy, strategy, and structure
- Sustainability targets
- Membership and signing of environmental organizations
- ESG Report approval
- Activity report
- Eligible Green Projects

Organizational Chart of the Sustainability Committee



Collaboration with Mitsubishi Corporation and UBS AG

Our Sustainability Committee keeps in close communication with our sponsor, Mitsubishi Corporation. Starting with the adoption of a sustainability strategy based on Mitsubishi's Three Principles, this communication has led to the sharing of know-how and examples of successful initiatives between the Company and Mitsubishi Corporation.

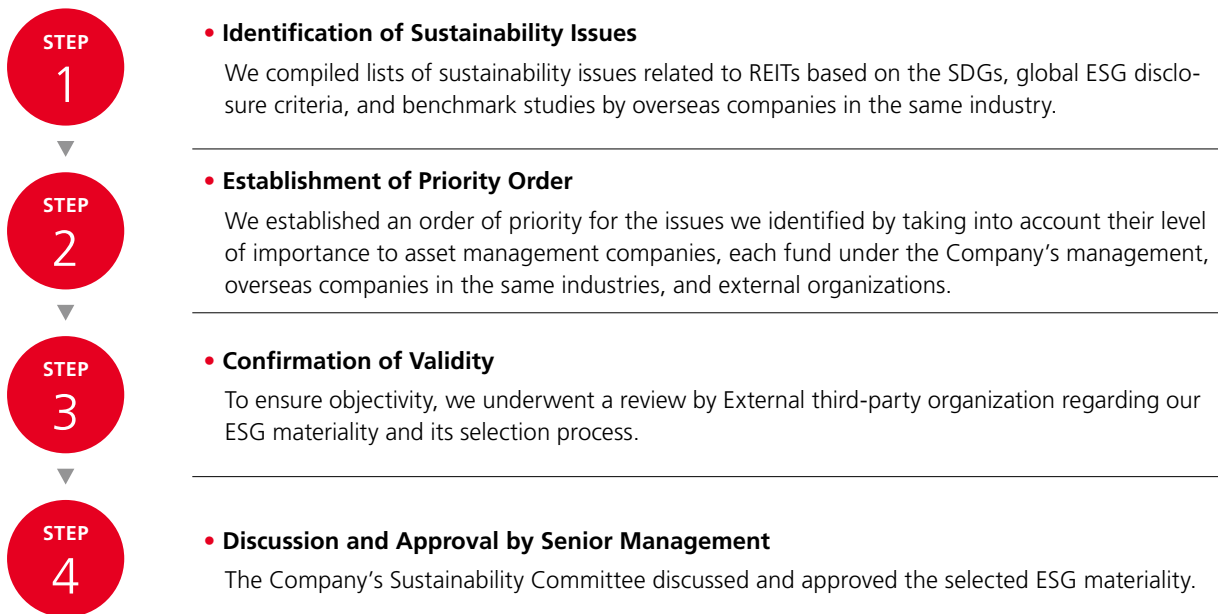
We share examples of advanced global initiatives and MCUBS's initiatives with our other sponsor, UBS AG, through UBS's Sustainability Committee and other means, which we then leverage within each other's sustainability activities.



ESG Materiality and the SDGs

Through the meetings of the Sustainability Committee, MCUBS has examined its vision and targets for sustainability and carried out efforts toward their realization. As the level of interest toward ESG is rising, we have identified and visualized ESG material issues related to sustainability (materiality). By doing so, we have further clarified the dialogue we hold with global stakeholders and the efforts we pursue in collaboration with other organizations. These issues were identified based on MCUBS’s Corporate Philosophy and Environmental Charter but also incorporate the ideas of the Sustainable Development Goals (SDGs), globally shared goals promoted by the United Nations.

ESG Materiality Selection Process



Through the ESG materiality selection process detailed above, we identified the ESG materiality shown on pages 7 to 8. We also organize opportunities and risks about it, and set new KPIs.

First, as a real estate asset management company, it is absolutely essential that MCUBS ensures the quality of the buildings it manages through certifications and other means and addresses issues related to climate change and energy efficiency. Also, we will strive to improve building comfort and convenience and to raise the awareness of tenant employees about ESG, and strive to increase satisfaction to achieve this goal.
























Next, in addition to responding to climate change and energy efficiency, we must work together with our tenants and local community members to address the issues of efficient water use and waste disposal. By doing so, we will work to establish partnerships and build green communities.

Going forward, after further clarifying the level of priority of these issues and working to visualize them, we will strive to achieve their resolution while promoting dialogue with all of our stakeholders.

List of Sustainability Issues




- Response to sustainability certifications
- Building resilience
- Response to climate change
- Energy efficiency
- Ensuring of health and well-being of and convenience for people (tenants)
- Employee cultivation and level of satisfaction
- Efficient water use
- Waste disposal
- Partnership with tenants
- Collaboration with local communities
- Biodiversity in areas surrounding our buildings
- Employee diversity
- Compliance
- Supply chain management

ESG Materiality and KPIs





Level of Importance ★★																								
Most important ESG materiality	Target and KPI	Risk and Opportunity	Closely related SDGs																					
Response to sustainability certifications	<p>Improving proportion of environmental certifications</p> <ul style="list-style-type: none"> JMF • Acquiring certifications for 75% or more of the total portfolio (Total floor area basis) IIF • Acquiring certifications for 60% or more of the total portfolio IIF • Acquiring certifications for 70% or more of Logistics facilities (Target year: 2023) 	<p>Risk</p> <ul style="list-style-type: none"> Decline in assessment among tenants and investors who base their assessments on sustainability <p>Opportunity</p> <ul style="list-style-type: none"> Improve environmental performance of properties Expand the range of investors 	 																					
	<p>Improving sustainability activities through participation in GRESB and other external evaluation institutions</p> <ul style="list-style-type: none"> JMF • GRESB: Acquiring “5 Star” JMF • CDP: Acquiring more than “B” score IIF • MSCI: Acquiring more than “A” rank IIF • GRESB: Acquiring “5 Star” 			Building resilience	<p>Implementing disaster prevention measures</p> <ul style="list-style-type: none"> JMF • Preparing emergency supplies at 100% of the properties where such supplies can be kept JMF • Developing an emergency communication network that covers 100% of properties JMF • Collecting engineering reports (ERs) regularly for 100% of properties IIF • Completion of construction of emergency call tree 	<p>Risk</p> <ul style="list-style-type: none"> Increase in expenses for recovery, compensation, etc., after natural disasters <p>Opportunity</p> <ul style="list-style-type: none"> Increase in property competitiveness 	 	<p>Reduction in CO₂ emission</p> <ul style="list-style-type: none"> JMF • Reduction in CO₂ emission per unit* by 50% compared with 2015 (Target year: 2030) IIF • Reduction in CO₂ emission per unit* by 50% compared with 2015 (Target year: 2030) 	Response to climate change	<p>Reduction in CO₂ emission</p> <ul style="list-style-type: none"> JMF • Reduction in CO₂ emission per unit* by 50% compared with 2015 (Target year: 2030) IIF • Reduction in CO₂ emission per unit* by 50% compared with 2015 (Target year: 2030) 	<p>Risk</p> <ul style="list-style-type: none"> Drop in tenant sales & increase in property damages due to physical impact of climate change Decline in assessment by tenants & investors <p>Opportunity</p> <ul style="list-style-type: none"> Cost reduction with efficient energy use 		<p>Improvement in energy consumption</p> <ul style="list-style-type: none"> JMF • Reduction in energy consumption per unit* by 20% compared with 2015 (Target year: 2030) IIF • Reduction in energy consumption per unit* by 30% compared with 2015 (Target year: 2030) <p>Introduction of renewable energy use</p> <ul style="list-style-type: none"> JMF • Increasing the share of renewable energy in electricity used in business activities to 20% (Target year: 2030) IIF • Shifting to electricity sourced from renewable energy at directly managed properties (Target year: 2030) 	Energy efficiency	<p>Improvement in energy consumption</p> <ul style="list-style-type: none"> JMF • Reduction in energy consumption per unit* by 20% compared with 2015 (Target year: 2030) IIF • Reduction in energy consumption per unit* by 30% compared with 2015 (Target year: 2030) <p>Introduction of renewable energy use</p> <ul style="list-style-type: none"> JMF • Increasing the share of renewable energy in electricity used in business activities to 20% (Target year: 2030) IIF • Shifting to electricity sourced from renewable energy at directly managed properties (Target year: 2030) 	<p>Risk</p> <ul style="list-style-type: none"> Increase in energy-related expenses Reinforcement of environmental regulations <p>Opportunity</p> <ul style="list-style-type: none"> Cost reduction with efficient energy use 		<p>Improvement in tenant employee space</p> <ul style="list-style-type: none"> JMF • Improving communication space and refresh space at the time of renewal <p>Visualization of health and comfort</p> <ul style="list-style-type: none"> JMF • Considering acquisition of wellness certification <p>Implementation of employee satisfaction survey</p> <ul style="list-style-type: none"> MCUBS • Survey conducted annually 	Ensuring of health and well-being of and convenience for people (tenants)	<p>Improvement in tenant employee space</p> <ul style="list-style-type: none"> JMF • Improving communication space and refresh space at the time of renewal <p>Visualization of health and comfort</p> <ul style="list-style-type: none"> JMF • Considering acquisition of wellness certification <p>Implementation of employee satisfaction survey</p> <ul style="list-style-type: none"> MCUBS • Survey conducted annually 	<p>Risk</p> <ul style="list-style-type: none"> Decline in property competitiveness Manpower outflow due to declining work conditions <p>Opportunity</p> <ul style="list-style-type: none"> Improved sustainability assessment by assessment bodies and investors Improvement in employee satisfaction and tenant assessment & satisfaction 		<p>Employee participation in compliance training</p> <ul style="list-style-type: none"> MCUBS • 100% 	Employee cultivation
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* Calculated based on the total floor space (after considerations for occupancy rate)

ESG Materiality and KPIs

Level of Importance ★★			
Important ESG materiality	Target and KPI	Risk and Opportunity	Closely related SDSs
Efficient water use	<p>Reduction in water consumption</p> <p>IIF • Keeping water use per unit* at the same level as 2015 (Target year: 2030)</p>	<p>Risk</p> <ul style="list-style-type: none"> • Impact of shortage or quality decline of water resources on surrounding areas • Rise in cost with increase in water consumption volume <p>Opportunity</p> <ul style="list-style-type: none"> • Cost reduction with reduction in water consumption 	
Waste disposal	<p>Reduction in wastes</p> <p>JMF • Implementing comprehensive waste management (waste amount, waste treatment operators, final treatment sites) at 100% of directly managed properties (Target year: 2023)</p>	<p>Risk</p> <ul style="list-style-type: none"> • Reputation risk caused by increase in wastes • Increase in processing cost <p>Opportunity</p> <ul style="list-style-type: none"> • Processing cost reduction with reduction in wastes 	
Collaboration with local communities	<p>Providing land to community events</p> <p>IIF • Existing Property : Maintenance for the actual condition</p> <p>IIF • New Property : Consideration of the plan based on the negotiation with tenants</p>	<p>Risk</p> <ul style="list-style-type: none"> • Degradation of the environment surrounding the real asset • Decline in reputation in the neighboring area <p>Opportunity</p> <ul style="list-style-type: none"> • Revitalization of neighboring areas • Improvement of corporate image 	

* Calculated based on the total floor space (after considerations for occupancy rate)

Level of Importance ★			
Important ESG materiality	Target and KPI	Risk and Opportunity	Closely related SDSs
Efficient water use	<p>Reduction in water consumption</p> <p>JMF • Implementation of reducing water consumption</p>	<p>Risk</p> <ul style="list-style-type: none"> • Impact of shortage or quality decline of water resources on surrounding areas • Rise in cost with increase in water consumption volume <p>Opportunity</p> <ul style="list-style-type: none"> • Cost reduction with reduction in water consumption 	
Partnership with tenants	<p>Introduction of green lease</p> <p>JMF • Proposal to introduce green lease to tenants</p> <hr/> <p>Execution of tenant satisfaction survey</p> <p>JMF • Conducting tenant satisfaction surveys at 100% of directly managed properties</p> <hr/> <p>Promoting environmental consideration to tenants</p> <p>JMF • Proposing (environmentally friendly) interior design criteria</p>	<p>Risk</p> <ul style="list-style-type: none"> • Greater tenant burden regarding safety and the environment • Decline in tenant satisfaction <p>Opportunity</p> <ul style="list-style-type: none"> • Devolution into property attractive to the tenant • Generation of stable revenues 	 
Collaboration with local communities	<p>Support for social welfare organizations</p> <p>JMF • Cooperating for UNICEF fundraising and campaign for United Nations Refugee Support Activities</p> <hr/> <p>Providing land to community events</p> <p>JMF • Conducting programs that contribute to communities at 100% of directly managed properties where events can be conducted</p>	<p>Risk</p> <ul style="list-style-type: none"> • Degradation of the environment surrounding the property • Decline in reputation in the neighboring area <p>Opportunity</p> <ul style="list-style-type: none"> • Revitalization of neighboring areas • Improvement of corporate image 	

Supported Initiatives

Principles for Responsible Investment (PRI)

Signatory since August 2013
First J-REIT asset manager

In solidarity with the fundamental ideas of the PRI, MCUBS became a signatory in August 2013. MCUBS is the first J-REIT asset manager to become a signatory of the PRI.



Principles for Financial Action toward a Sustainable Society (Principles for Financial Action for the 21st Century)

Signatory since June 2013

In solidarity with these principles put forth by the Ministry of the Environment, MCUBS became a signatory in June 2013.



Montreal Carbon Pledge

Signatory since September 30, 2015
First J-REIT asset manager

MCUBS became the first J-REIT asset manager to sign the Montreal Carbon Pledge on September 30, 2015.



United Nations Global Compact (UN Global Compact)

Signatory since October 2016
First J-REIT asset manager

MCUBS became the first J-REIT asset manager to sign up to the UN Global Compact in October 2016. As a signatory and respecting the principles of the UN Global Compact, MCUBS has further strengthened its corporate governance in the areas of human rights, labor, the environment, and anti-corruption, based on its corporate mission to “always create new value for people, the community, and the world.”



Task Force on Climate-related Financial Disclosures (TCFD)

Signatory since August 2019

MCUBS supports the spirit of the recommendations published in June 2017 by the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board, and in August 2019, MCUBS declared that support.

Recognizing that climate change is an important environmental issue that significantly affects our business activities, we will aim to take measures in line with the TCFD framework.



Japan Climate Initiative (JCI)

MCUBS participated in Japan Climate Initiative (JCI) in May 2020 in support of the JCI's declaration “Joining the front line of global trend for decarbonization from Japan.”

JCI was established in July 2018 as a network of Japanese companies, local governments, organizations, NGOs, etc. that are actively engaged in climate change countermeasures toward the realization of a decarbonized society aimed at by the Paris Agreement.



The investment group of UNEP FI, which MCUBS signed up in October 2016, was transferred to Principles for Responsible Investment (PRI) on January 1, 2022.



ENVIRONMENTAL

Environmental Charter

MCUBS formulated the Environmental Charter, which sets out our environmental principles and action plans, in June 2013.

Environmental Charter

At MCUBS, we consider the Earth itself to be our most important stakeholder and are continuously working toward the realization of a sustainable society through our business activities.

- We will strive to reduce greenhouse gas emissions by continuously implementing new efficiency measures and embracing new technologies.
 - We will promote the sustainable use of natural resources including energy, minerals, food stocks, and water throughout our global business operations.
 - We recognize the critical importance of what ecosystems can provide and are committed to protecting ecosystems and mitigating any potential impacts on biodiversity.
 - We will strive to create and enhance environmental benefits by undertaking conservation activities and reducing our environmental footprint.
 - We will continue to actively engage and work with our various stakeholders openly and transparently and disclose information on the environmental impacts of our business operations in an appropriate and timely manner.
 - We will conduct all of our activities in compliance with environmental laws while adhering to international rules and social standards.
-



Climate Change and Resilience

Developments Related to Climate Change

The Paris Agreement is an international framework on climate change adopted in 2015. Its long-term goal is stated as holding the increase in the global average temperature to well below 2°C above pre-industrial levels and sharing efforts to limit the temperature increase to 1.5°C, and to achieve effectively zero greenhouse gas emissions.

Actions related to climate change accelerated in 2021. For example, the U.S.-hosted Leaders Summit on Climate was held, and climate change was discussed as the most important issue in the G7 Summit. In addition, the Intergovernmental Panel on Climate Change (IPCC)

affirmed in its latest report released in August that “it is unequivocal that human influence has warmed the atmosphere.” Thus, it was revealed that significant reductions in greenhouse gas emissions are urgently needed to achieve the Paris Agreement goals. Under such circumstances, the 26th Climate Change Conference of the Parties (COP26) was held. The final agreement clearly states that the conference “reaffirms the goal to pursue efforts to limit the temperature increase to 1.5°C,” indicating that not only governments but also industries will need to consider measures for the 1.5°C target going forward.

Policy on Initiatives for ESG Including Climate Change

In June 2013, MCUBS established the Environmental Charter and the Responsible Property Investment Policy. With regard to climate change, the Environmental Charter clearly states that “we will strive to reduce greenhouse gas emissions by continually implementing new efficiency measures and embracing new technologies.” In addition, the Responsible Property Investment Policy shows our recognition that, due to climate change and other environmental changes and growing demands

for social responsibility, new laws and regulations and costs related to them will continue to increase, requiring us to step up our initiatives to address these issues and incorporate such initiatives into our investment strategies going forward. Under the conviction that ESG factors will increasingly affect our financial results, we will integrate these factors into the investment and management processes for the investment corporations’ assets.

Recognition Regarding Climate Change

MCUBS recognizes that climate change is an important environmental issue that significantly impacts our business activities. Global warming is becoming more severe with increasing economic activities, and various researches have made clear that this leads to abnormal weather such as torrential rains, floods, and droughts.

Our mission is “creating, through real estate investment management, new demand in our society and new value that exceeds people’s expectations.” To achieve our mission, it is necessary to create a sustainable society, and we recognize that the shift to a

low-carbon society is a social responsibility required from long-term management.

MCUBS expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)* in August 2019 and has been advancing initiatives based on the recommendations.

* In its final report, the TCFD recommends that climate-related risks and opportunities be disclosed with respect to four areas: governance, strategy, risk management, and metrics and targets.



Information Disclosure Based on TCFD Recommendations

Governance

System of Supervision by the Board of Directors

The matters resolved by and reported to the Sustainability Committee chaired by the Chief Sustainability Officer (CSO), who is the Deputy President, are overseen and supervised by being

reported as needed to the Board of Directors, which meets about once every two months and is chaired by the President of MCUBS, as well as the Board of Directors of each investment corporation.

Climate Change and Resilience

The Sustainability Committee

The Sustainability Committee is chaired by the CSO (Deputy President). The President, COO, fund managers, and other members meet once every quarter and work under a system where sustainability-related matters proposed by the investment corporations and asset

management company are reported and investigated.

The Committee identifies material risks and opportunities related to climate change and plays a central role in sustainability activities by resolving policies, strategies, systems, and sustainability goals and monitoring performance.

Risk Management

Organizational Process of Identifying and Evaluating Risks

With regard to climate change-related risks and opportunities for the entire organization, we first examine their impact on our portfolio and the possibility of their occurrence, and then identify the risks and opportunities closely related to each investment corporation and

examine their impact. The identified risks and opportunities and their impact are reported to and discussed at the Sustainability Committee and the identification and evaluations of risks and opportunities are confirmed.

Process of Managing Risks of Climate Change and Organizational Initiatives

The Sustainability Committee checks the status of progress on responses to the risks and opportunities identified and evaluated for each investment corporation. In addition, MCUBS holds meetings of subcommittees under the Committee at an appropriate frequency, where more detailed discussion takes place from a practical and operational standpoint. The subcommittees meet as appropriate to enhance their recognition and awareness of issues through consideration of individual

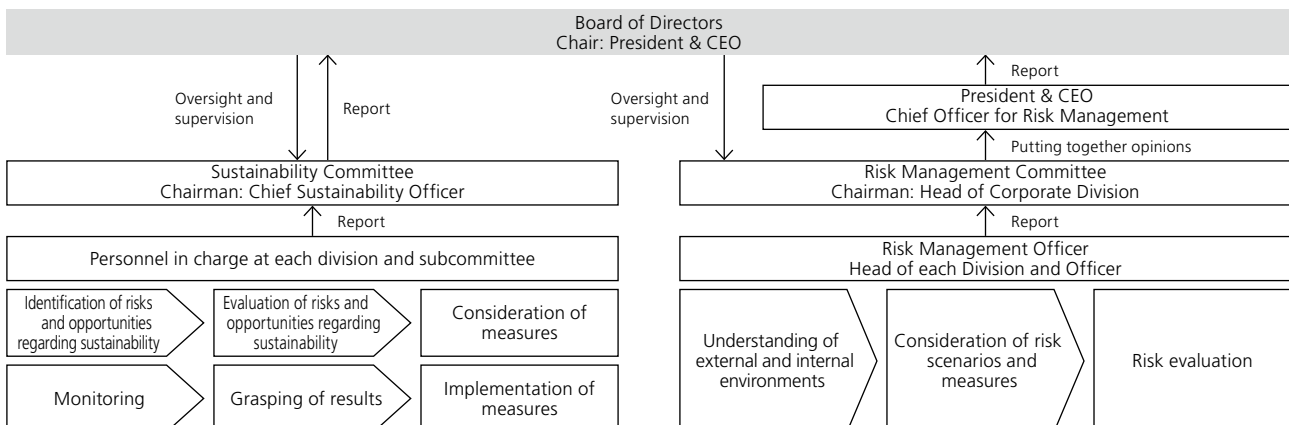
issues and sharing of information.

Moreover, we collect and monitor monthly environmental data for properties of each investment corporation. To work on initiatives for environmental matters, including metrics and targets and efforts to address climate change, and collect environmental data, we have established an environmental management system and strive to continually strengthen and improve our initiatives by implementing a PDCA cycle.

Integration into Overall Risk Management

MCUBS operates the Risk Management Committee, in which senior management personnel serve as members. The Committee grasps and investigates matters related to major risks and formulates countermeasures and management policies. It checks the risk status of each division once every two months using a Risk Control

Matrix (RCM), thereby implementing evaluation and management. Using this RCM, MCUBS evaluates latent risks and risks associated with climate change and other sustainability measures across the organization. Details discussed at the Committee are reported to the Board of Directors.



Strategy

Risks and Opportunities of Climate Change

The TCFD recommendations classify climate change risks into “transition risks” and “physical risks.” Responses to climate change are likely to provide not only risks but also business opportunities through new economic activities and the creation of social value. MCUBS considers that responding to climate change is an important social issue that significantly impacts our business activities. To

ensure the achievement of the mid- and long-term goals established in June 2021, we will review the portfolio of each investment corporation, and with the discussion at COP26 in mind, we will advance our scenario analysis centered on 1.5°C and 4°C scenarios, referring to the International Energy Agency (IEA) Report, IPCC Assessment Reports, and other documents.

Risks

Risk Category Based on TCFD	Narrow Classification	Period	Understanding of Issues
Transition risks			
Policies, and legal	<ul style="list-style-type: none"> Reinforced energy regulations including mandatory energy-saving performance Costs incurred from the expansion of emissions trading systems and introduction of a carbon tax Higher costs to respond to regulations 	Medium term Long term	<ul style="list-style-type: none"> Energy efficiency Renewable energy Quantification of the risk of higher costs to respond to future regulations Environmental management systems (EMS)
Technology	<ul style="list-style-type: none"> Improved energy efficiency through the use of facilities with high energy-saving performance Higher costs from introduction of facilities with high energy-saving performance 	Medium term Long term	<ul style="list-style-type: none"> Adoption of advanced technologies
Markets	<ul style="list-style-type: none"> Competitive advantage at properties with high environmental performance Decrease in asset value Decrease in share price 	Short term Medium term Long term	<ul style="list-style-type: none"> Green building certification Environmental performance of buildings Engagement
Society	<ul style="list-style-type: none"> Increased social demands to curtail GHG emissions Socioeconomic changes from expanded ESG investment, etc. 	Medium term Long term	<ul style="list-style-type: none"> Introduction of renewable energy Quantification of future increases in operating costs Sustainability finance
Reputation	<ul style="list-style-type: none"> Decline in reputation due to delayed measures to respond to climate change 	Short term Medium term Long term	<ul style="list-style-type: none"> Monitoring status of target achievement Gaining tenant cooperation ESG risk management systems
Physical risks			
Acute	<ul style="list-style-type: none"> Increased severity of typhoons, floods, etc. 	Short term Medium term Long term	<ul style="list-style-type: none"> Building resilience Quantification of future climate disaster risks Increase in insurance premiums
Chronic	<ul style="list-style-type: none"> Climate change such as higher temperatures and sea level rise 	Long term	<ul style="list-style-type: none"> DD process when selecting properties Flooding damage from temperature increase (sea level rise) Higher future operating costs and quantification of risks

Opportunities

- Enhancement of energy efficiency through technological development
- A variety of funding methods (Green Bonds, sustainability finance, etc.)

Responses to Climate Change Risk

To reduce the impact of the physical risk, we are taking measures to improve building resilience, such as the installation of waterproof boards and portable storage batteries. We are also actively responding to climate change

by introducing renewable energy. In addition, we are considering the utilization of the Carbon Risk Real Estate Monitor (CRREM) and use of other simulation tools in calculating the impact of climate change risk on our portfolio.

Indexes and Goals

JMF	IIF	MCUBS
<ul style="list-style-type: none"> Aim to reach carbon neutrality by 2050 Reduce CO₂ emissions per unit by 50% by 2030 compared with 2015 		<ul style="list-style-type: none"> Aim to reach carbon neutrality by 2050 Reduce CO₂ emissions by 2030



MCUBS

For results and progress since 2015, please refer to page 38, ESG Data “Environmental.” For other indexes and goals, please refer to page 7 and page 8 ESG Materiality and KPIs.

Environmental Approvals and Evaluations for Assets

At the MCUBS and each Investment Corporation, we make active efforts to achieve sustainability, and we also believe in the importance of acquiring positive ratings and appropriate certifications for these efforts. To meet the demand of investors, tenants, and other stakeholders worldwide, we acquire a wide range of domestic and overseas certifications, from performance assessments of individual buildings to evaluations of entire funds.






Conditions Regarding the Acquisition of Certifications

GRESB has established its position as a global standard as a valuation for entire investment corporation. The former Japan Retail Fund Investment Corporation, currently JMF, and IIF have been certified from the earliest stages, 2012 and 2013, respectively.

In addition, JMF and IIF were also rated as "A", the top rating in the GRESB Public Disclosure. In addition, the former Japan Retail Fund Investment Corporation, currently JMF, became the first J-REIT to participate in the CDP climate change program in 2016.

In 2021, JMF received 5 stars and IIF received 4 stars.

As of January 31, 2022

		JMF	IIF
GRESB		Real Estate Rating 5 stars Public Disclosure Rating A (fifth consecutive year)	Real Estate Rating 4 stars Public Disclosure Rating A (fourth consecutive year)
CDP Climate Change Program		A- (leadership level)	—
CASBEE Certifications for Real Estate, Buildings, & Wellness Office		S : 19 properties (first rating acquired in 2015) A : 7 properties (first rating acquired in 2018) B+ : 3 properties (first rating acquired in 2018)	S : 8 properties (first rating acquired in 2018) A : 14 properties (first rating acquired in 2017) B+ : 1 property (first rating acquired in 2020)
DBJ Green Building Certification		5 stars : 1 property (first rating acquired in 2015) 4 stars : 11 properties (first rating acquired in 2012) 3 stars : 5 properties (first rating acquired in 2014) 2 stars : 3 properties (first rating acquired in 2017) 1 stars : 4 properties (first rating acquired in 2017)	4 stars : 3 properties (first rating acquired in 2012) 3 stars : 2 properties (first rating acquired in 2014)
BELS Certification		4 stars : 1 property (first rating acquired in 2017) 3 stars : 2 properties (first rating acquired in 2016) 2 stars : 3 properties (first rating acquired in 2016)	5 stars : 7 properties (first rating acquired in 2016) 4 stars : 4 properties (first rating acquired in 2014) 3 stars : 1 property (first rating acquired in 2021) 2 stars : 3 properties (first rating acquired in 2016) * Including acquisition of ZEB Ready for two properties

Detailed examples of our environmental approval and evaluation



JMF https://jmf-reit_sustainability.disclosure.site/en/themes/132/
https://jmf-reit_sustainability.disclosure.site/en/themes/127/

IIF https://iif-reit_sustainability.disclosure.site/en/themes/86/
https://iif-reit_sustainability.disclosure.site/en/themes/79/

The Green Bond

In May 2018, as part of its efforts to maintain sustainability for the environment and society as a whole, JMF has issued the Green Bond, the first such issuance from a J-REIT. Through the issuance of the Green Bond, JMF conducts investment contributing to the implementation and realization of a sustainable environment and society.

About the Green Bond

The Green Bond Framework Overview

1. Project evaluation/selection

With regard to the Green Bond issuance process, which is based on the Green Bond Principles, MCUBS selects new or existing properties (“Eligible Green Projects”) from its portfolio, which satisfy the eligibility criteria*1 of MCUBS Sustainability Committee, as subject assets for the Green Bond.

*1 To be eligible for Green Bond proceeds, Eligible Green Projects must meet one of the following eligibility criteria:

- On the payment date of each investment corporation bond, buildings that have received 3, 4, or 5 stars under the DBJ Green Building Certification Program within two years preceding the Green Bond issuance date, and/or buildings that are expected to receive the certification after issuance. At the time of reporting, buildings that meet the same criteria as of the end of February of each year.
- On the payment date of each investment corporation bond, buildings that have received B+, A, or S rank under the CASBEE Certification Rank within two years preceding the Green Bond issuance date, and/or buildings that are expected to receive the certification after issuance. At the time of reporting, buildings that meet the same criteria as of the end of February of each year.

2. Use of proceeds

The Green Bond totaling the same amount will be allocated toward one or more of the following.

- The acquisition of existing and/or new Eligible Green Projects.
- The refinancing of existing debts that have already been allocated to Eligible Green Projects.
- The redemption of the issued investment corporation bonds (including Green Bonds) required to acquire Eligible Green Projects.

3. Management of Green Bond proceeds

JMF has an internal process in place to track and monitor the amount of outstanding Green Bond proceeds and the allocation thereof, which is in line with market practice. The maximum outstanding amount of the proceeds (“Debts of Eligible Green Projects”) is calculated by multiplying the total book value of Eligible Green Projects by JMF’s interest-bearing liabilities ratio.

The maximum outstanding amount of Green Bond proceeds is ¥143.2 billion, and JMF currently issues ¥23.5 billion (as of the end of December 2021).

Second-Party Opinion

JMF has obtained a second-party opinion from Sustainalytics, an ESG rating agency, for the eligibility of Green Bond*2 proceeds. For more information, please refer to the second-party opinion.

*2 Green Bond eligibility entails a Green Bond framework that aligns with the four pillars (use of proceeds, project evaluation and selection, management of proceeds, and reporting) of the Green Bond Principles 2017.



JMF

https://jmf-reit_sustainability.disclosure.site/data/themes_135/sustain_secop202105_en.pdf

The Green Bonds Summary

	The 1st JRF Green Bond (The 12th Unsecured Investment Corporation Bonds)	The 2nd JRF Green Bond (The 13th Unsecured Investment Corporation Bonds)	The 1st JMF Green Bond (The 1st Unsecured Investment Corporation Bonds)	The 2nd JMF Green Bond (The 2nd Unsecured Investment Corporation Bonds)
Issued Amount (million yen)	8,000	7,000	8,500	5,000
Interest Rate	0.210%	0.200%	0.450%	0.140%
Issue Date	May 25, 2018	June 25, 2019	June 25, 2021	December 7, 2021
Maturity Date	May 25, 2023	June 25, 2024	June 25, 2031	December 7, 2026
Remarks	Unsecured, Unguaranteed	Unsecured, Unguaranteed	Unsecured, Unguaranteed	Unsecured, Unguaranteed
Second-Party Opinion	Sustainalytics	Sustainalytics	Sustainalytics	Sustainalytics

Green Bond details



JMF

https://jmf-reit_sustainability.disclosure.site/en/themes/135/

Energy

MCUBS and each Investment Corporation implement environmentally friendly and energy-saving measures and makes efforts toward more efficient energy use for the properties held by each investment corporation under management to show greater consideration for the environment and lessen its environmental impact. We collectively manage energy, fuel, and water consumption and analyze the accumulated data, which is both accurate and highly transparent to actively manage reduction of energy use.

Initiatives

Switching to Electricity Derived from Renewable Energy

JMF

Renewable energy has been newly introduced in seven properties. In five of those properties, 100% renewable energy has been implemented. Including these seven properties,

renewable energy has been introduced in a total of 14 properties, bringing the renewable energy as a percentage of electricity consumption included in the portfolio to 10.9%*.

	As of Feb., 2021	As of Jan., 2022	Target for 2030
Number of renewable energy installations	8 properties	19 properties	—
Percentage of renewable energy consumption to the entire portfolio electricity consumption	0.9%	10.9%	20.0%

* Calculated by dividing the amount of renewable energy under contract as of the end of January 2022 by the electricity consumption in FY2020.

Seven properties newly introduced renewable energy

- JMF-Bldg. Abeno 01
- G-Bldg. Minami Aoyama 02
- pivo Izumi Chuo (pivo bldg)
- G-Bldg. Kita Aoyama 01
- G-Bldg. Jingumae 06
- JMF-Bldg. Hiroo 01
- G-Bldg. Daikanyama 01



G-Bldg. Daikanyama 01



JMF-Bldg. Abeno 01

In cooperation with the neighboring Yokohama City Hall Building, this helps to increase community resilience by energy saving and also avoidance of power supply disruptions during local disasters. These initiatives have been rated highly, and we have received a new energy silver award, the Agency for National Resources and Energy Commissioner's Award (Community Coexistence Sector) Silver Award.



JMF-Bldg. Yokohama Bashamichi 01 (Left), Yokohama City Hall (Right)



https://www.nef.or.jp/award/kako/r02/s_01.html

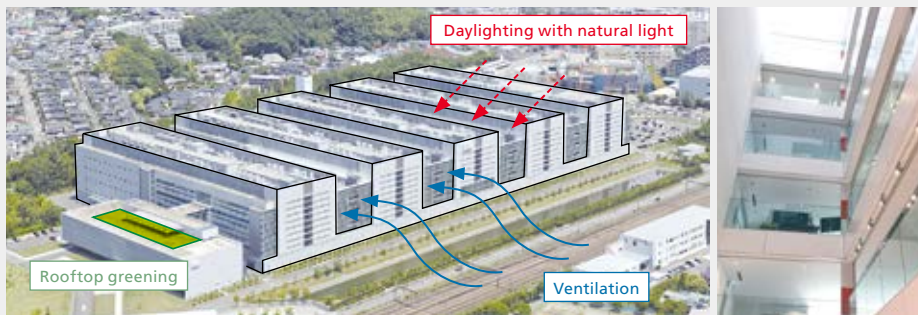
Initiatives

Sourcing of Renewable Energy in Line with RE100

IIF

IIF Shonan Health Innovation Park has environmentally friendly building design and is the first research facility to be selected by the Ministry of Land, Infrastructure, Transport and Tourism's Model Project for Promoting CO₂ Reduction in Housing and Building. Passive design that makes maximum use of natural energy has been adopted in addition to active technology for using energy efficiently. Also, electricity consumption is

reduced through usage of daylight and installation of motion sensors, and use is made of exhaust heat from experiments. In addition, as a new initiative, the facility switched to electricity derived from renewable resources in electricity procurement in line with RE100 standards from August 1, 2021, thus contributing to IIF's newly established CO₂ emissions reduction targets toward carbon neutrality by 2050.



Natural lighting with top light

Solar Power

JMF

The amount of energy generated from solar power on the roof is displayed in real time to enable office workers within the building to personally experience the effect of renewable energy.



JMF-Bldg. Toyochō 01

IIF

Solar panels are installed on the roofs of facility buildings to save energy by using renewable sources.



IIF Tosu Logistics Center

Green Lease

JMF

A "green lease" refers to an agreement made via a contract of memorandum between building owners and tenants to cooperate toward reducing environmental impact and making a more environmentally friendly facility through various means, including energy conservation on properties. Green leases are entered into on a voluntary basis, with both parties agreeing to uphold the terms of the arrangement. For example, JMF has borne the costs of installing LED lighting in its facilities, which allows tenants to enjoy lower energy fees, in exchange for the tenants paying JMF a fixed portion of the savings to JMF as a green lease payment.



Twin 21

Water

MCUBS and each Investment Corporation strive for sustainable resource use. We make active efforts to utilize water resources effectively as part of a greater effort toward sustainable resource use. JMF returns over 6,000m² of rainwater to groundwater every year through means such as permeable pavement, while IIF works with tenants to promote effective water use by utilizing on-site well water pumped from 100m underground, drawn using an automatic water supply apparatus.



Oyama Yuen Harvest Walk



IIF Mitaka Card Center Automatic water supply apparatus

Waste

MCUBS and each Investment Corporation are advancing an initiative to minimize the amount of waste produced by its properties. At Kyoto Family, which is owned by JMF, we have set up waste measuring equipment in an effort to reduce waste. At JMF-Bldg. Osaka Fukushima 01, we monitor the amount of waste generated and manage it appropriately while using composting, implementing monitoring of the amount of waste, waste recycling, separation and management, and periodic auditing of waste disposal, in order to use resources effectively and appropriately dispose of hazardous waste.



JMF-Bldg. Osaka Fukushima 01 Certificate of Appreciation from Osaka City



Kyoto Family Waste measuring equipment

Biodiversity

MCUBS and each Investment Corporation recognize the critical importance of what ecosystems can provide and is committed to protecting ecosystems and mitigating any potential impacts on biodiversity. We strive to put a green spaces environment in place in our properties and increase the kinds of plants and green spaces, while including local trees, etc. when planting.



Oyama Yuen Harvest Walk



Machinoma Omori



Pollution Prevention

MCUBS and each Investment Corporation strive to create and enhance environmental benefits by undertaking conservation activities and reducing its environmental footprint.

Assessments When Acquiring Real Estate Properties

When acquiring real estate properties, MCUBS takes various environmental factors into consideration before making investment decisions: property inspections, land history investigations, and other related research on environmental risk factors.

Recognizing that hazardous substances related to soil contamination and buildings (PCB, asbestos, etc.) are one of the risk factors in real estate transactions.

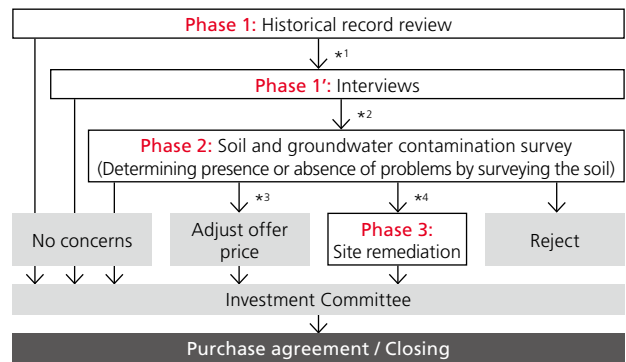
Adequate and reasonable measures are taken in light of socially accepted ideas and trustee obligations, and legal regulations, complaints, and other risk management are implemented in relation to hazardous substances related to soil contamination and buildings.

- 1 To accurately calculate the risk for the judgment materials for the acquisition of real estate
- 2 Minimize risk in acquiring real estate
- 3 Compliance with laws and regulations regarding soil contamination, etc. after acquisition of real estate (soil contamination countermeasures laws)

During soil and environmental investigations, third-party experts perform environmental pollution investigations. Prior to executing any purchase agreement, Investment Corporations will have experts conduct a soil and environmental contamination survey to assist it in assessing a property’s environmental risks. Investment Corporations will use the pre-investment assessment workflow chart indicated on the right to determine whether the investment would be appropriate.

Concerning soil contamination, its property acquisition manual stipulates that investment targets shall be, in principle, properties “that are very unlikely to have soil contamination or that cannot eliminate the possibility of having soil contamination but are very unlikely to carry environmental damage risk.”

Pre-Investment Assessment Workflow



- *1 If we are unable to determine solely from a review of historical records that there is no risk of soil contamination or that no other environmental contamination exists (for example, a manufacturing facility that utilized toxic or other hazardous substances in the past), we will conduct interviews with the seller.
- *2 If we are unable to determine from interviews with the seller that there is no risk of soil or other environmental contamination, we will conduct a soil and groundwater contamination survey.
- *3 If a contamination concern exists, but the necessary remediation would be technically or economically infeasible (for example, remediation is extremely difficult due to structures existing above the contaminated area), we will recommend a price adjustment.
- *4 If, after discussions with the seller, remediation is deemed technically and economically feasible, we will conduct site remediation or require the seller to do so.

TOPIC

Introduction of WOSH, a Portable Hand Washing Machine that Reuses Water

WOSH was introduced in mozo wonder city in March 2021. Installed in the kids space created as “kodomozo,” it enables the space to be used with peace of mind, even during the COVID-19 pandemic.

WOSH also contributes to the effective use of resources by hygienically reusing water. No plumbing is required, and it has the advantage of being able to be installed anywhere.



mozo wonder city



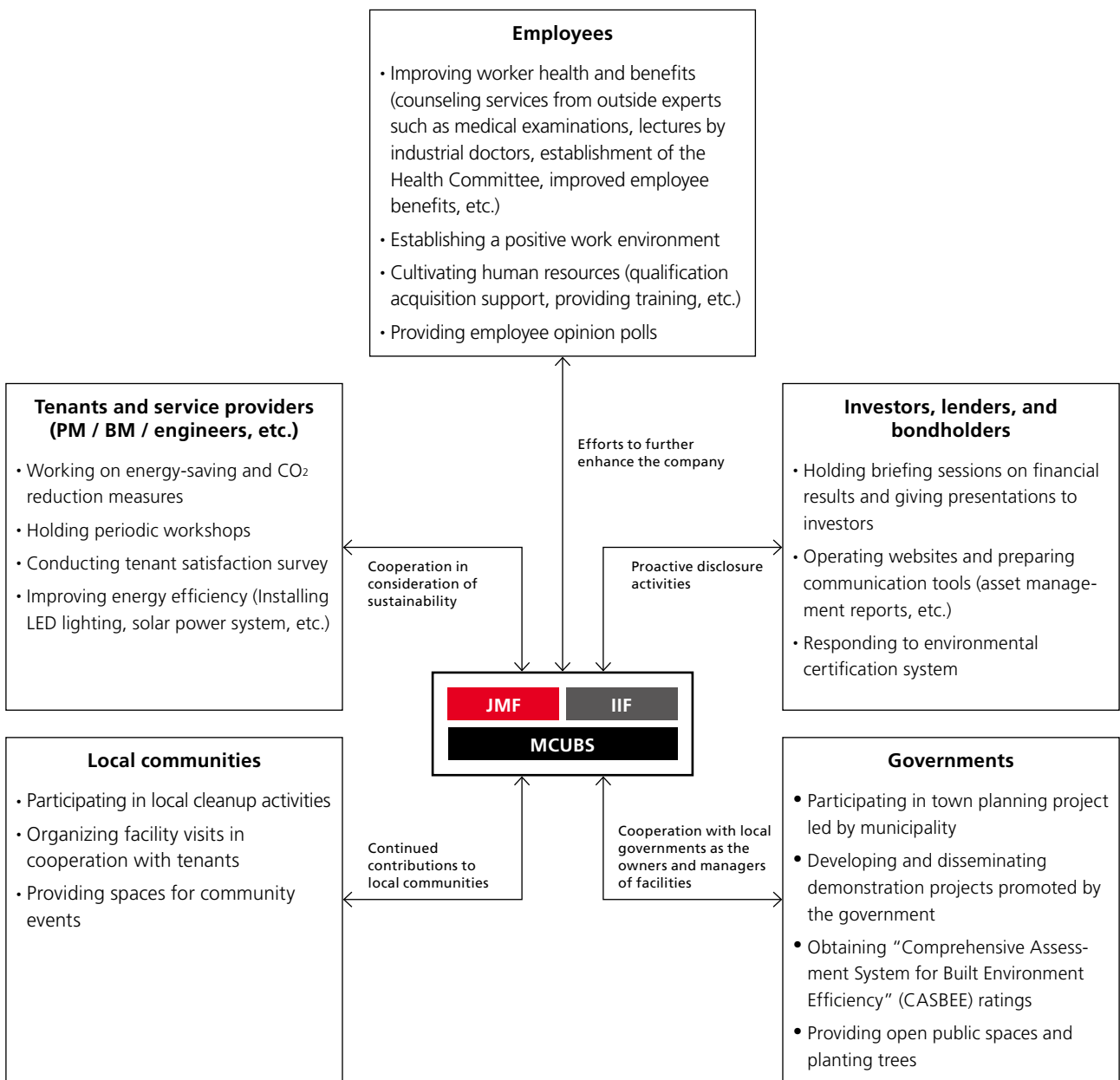
SOCIAL



Communication with Stakeholders

MCUBS and each Investment Corporation stakeholders cover a wide range of roles, from investors, lenders and bondholders, to tenants making use of its properties and service providers related to property management (PM) and building management (BM), to members of the surrounding community, and to various government administrations. Furthermore, we consider our employees to be stakeholders just as important as those mentioned above.

We believe that it is our mission to build long-lasting relationships with this wide variety of stakeholders and to continue sustainable management.



Detailed examples of our initiatives



- JMF** https://jmf-reit_sustainability.disclosure.site/en/themes/129/
- IIF** https://iif-reit_sustainability.disclosure.site/en/themes/82/

Creating a Positive Impact

Acquisition of OTA Techno CORE

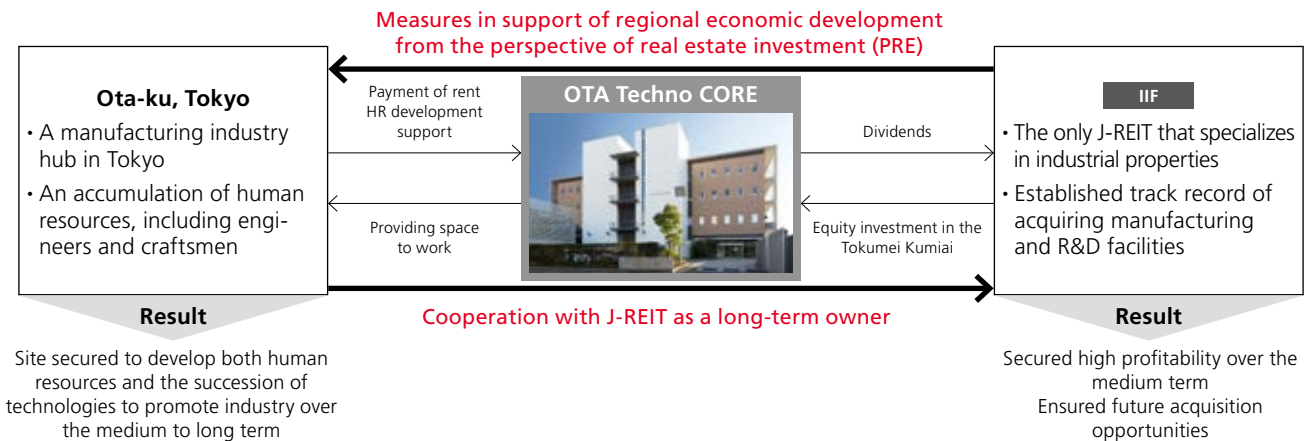
In February 2019, IIF has completed the acquisition of an impact investment project (a silent partnership, herein referred to as the "Tokumei Kumiai") related to the OTA Techno CORE building. This is the first case of a J-REIT making such an agreement based on the Principles for Positive Impact Finance.

Measures Based on the Sustainable Development Goals (SDGs) and the Principles for Positive Impact Finance

- The investment is in line with the materiality of the SDGs, which is emphasized by MCUBS and will contribute to the creation of a sustainable society.
- Furthermore, a third-party opinion has been obtained stating that the project is in accordance with the Principles for Positive Impact of the United Nations Environment Programme Finance Initiative (UNEP FI).



Measures for the Creation of a Sustainable Society



Positive Impact Investment Monitoring Policy

We perform regular monthly or annual measurements concerning the impact set at OTA Techno CORE in accordance with the following monitoring policy.

Impact Category	Details	KPI	Monitoring Methods	Timing & Specific Methods	FY2020 Results
Employment and a Comprehensive and Sound Economy (Positive impact)	Securing sites for human resource development and skill succession for industrial development over the medium to long-term	(1) Provision of inexpensive lease space to small and medium enterprises	(1) Change in contracted floor area	(1) Determination of contracted floor area by Management Report from Property Manager and monitoring of changes on an annual basis	(1) Lease area (end tenant) Leasable area (m ²) 6,122.38 Leased area (m ²) 6,122.38
		(2) Number of jobs maintained and created by tenant companies	(2) Number of employees in lease space	(2) (3) Collection of necessary information using a tenant questionnaire administered at the end of February of each year	Occupancy rate (%) * Excluding warehouse 100%
		(3) Number of innovations created or awards won by tenant companies	(3) Number of patents and awards of each type won		(2) No. of employees in leased premises 192 (3) Patents / various awards received 0
Climate (Negative impact)	Risk of rising CO ₂ emissions from inefficient energy use at properties	Energy consumption intensity, CO ₂ emissions intensity	Grasp of amount of electric power used	Observed of each tenant on a monthly basis using centralized metering devices. Changes in usage for the building as a whole are monitored on an annual basis.	Electricity consumption (kwh) 2,035,560
Soil (Negative impact)	Risk of contamination of nearby areas by hazardous waste released from plants of tenant companies	Hazardous waste release volume	Interviews of tenants on whether hazardous waste is released	Identification of hazardous waste items added to the industrial waste volume survey collected from each tenant at the end of April of each year for submission to the Bureau of Public Cleansing	Ascertained hazardous and non-hazardous waste: Waste oil (L) 10,400

Property details



IIF <https://www.iif-reit.com/english/portfolio/f-99.html>

Impact-Based Real Estate Investment Framework

UNEP FI has developed action-oriented framework based on four Investment Objectives for real estate investors to practice the Positive Impact Principles.

Positive Impact Real Estate Framework Investment Objectives

Clarity of Impact

Identifying and creating impact from investment activity

Additional Finance and / or Impact Flows

To underserved products and markets; supporting physical and social factors that contribute to long-term economic performance



Market and Sustainable Returns

No trade-off in financial results while generating economic, social, environmental benefits

Measurement of Impact

Positive and negative attributes and mitigating the negative; linking ex-ante and ex-post intent with impact

Source: POSITIVE IMPACT REAL ESTATE INVESTMENT FRAMEWORK

For each of the four Investment Objectives, the Framework offers a number of 'leading' questions and recommended actions to be considered by investment

practitioners. They are framing questions to support investors in the definition and development of their specific real estate impact-based investment approach:

INVESTMENT OBJECTIVES—Guideposts in defining and putting into practice an impact-based approach

Clarity of Impact

What impacts and outcomes I am aiming to deliver through my investment activities, and what is my theory of change to deliver these? Does my impact-based approach clearly determine and describe my intended impacts and outcomes?

Market and Sustainable Returns

Does my investment approach meet market norms and fiduciary standards while tangibly contributing to sustainable development?

Measurement of Impact

Do I have clear and transparent methodology (ies) to measure ex-ante and ex-post the expected outputs, and to report the intended outcomes?

Additionality Finance and / or Impact Flows

Has this approach enabled my institution to go beyond a 'business as usual' or 'best practice as usual' trajectory—has it yielded impact and finance flows which otherwise would not have been delivered? Does it cover underserved markets whether defined by geographical or impact categories?

source: UNEP FI POSITIVE IMPACT REAL ESTATE INVESTMENT FRAMEWORK November 2018



https://www.unepfi.org/wordpress/wp-content/uploads/2018/11/Positive-Impact-Initiative_Real-Estate-Investment-Framework_Nov-2018.pdf

The Social Bond

As part of initiatives to resolve social issues, IIF has issued the first social bonds for IIF in September 2021. IIF promotes further ESG initiatives and expands financing methods by expanding investor base who are proactive in ESG investment by implementation of social financing through the Social Bond issuance.

Key Points for issuing social bonds

1. Diversification of financing methods through the issuance of the IIF's first social bond
2. Establishment of a unique Social Finance Framework of J-REIT specializing in industrial properties
3. Promotion of further ESG initiatives by implementing impact investing aiming to acquire properties that contribute to solving social issues

About the Social Bond

1. Project evaluation / selection

Projects to use proceeds will be submitted to the Sustainability Committee after Planning and Coordination Department Industrial Division of MCUBS considers their eligibilities to meet the Eligible Social Criteria, and will be evaluated and selected by the Sustainability Committee based on the Eligible Social Criteria and the "Responsible Property Investment Policy."

2. Use of the proceeds

Proceeds from social financing including social bond based on the Social Finance Framework will be allocated towards acquisition funds to purchase Eligible Social Projects, repayment of debts and redemption of investment corporation bonds (includes refinancing of these debts and investment corporation bonds) related to acquire Eligible Social Projects.

3. Management of social financing proceeds

The amount of Eligible Social Projects in our portfolio is 92.9 billion yen in total as of July 31, 2021 (based on book value), comprised by 17 properties. The maximum outstanding amount

of social financing is "Debts of Eligible Social Projects" calculated by multiplying the total book value of Eligible Social Projects, 44.3 billion yen, by IIF's LTV ratio (47.7% as of July 31, 2021).

Third-party evaluation

IIF has received "Social 1 (F)" (the highest for JCR Social Finance Framework Evaluation) rating from Japan Credit Rating Agency, Ltd. (JCR), the third-party to evaluate social finance framework, for the Social Finance Framework.

Details of JCR Social Finance Framework Evaluation



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



IIF Shonan Health Innovation Park

The Social Bonds Summary

	The 1st IIF Social Bonds (The 5th Unsecured Investment Corporation Bonds)	The 2nd IIF Social Bonds (The 6th Unsecured Investment Corporation Bonds)
Issued Amount (million yen)*	3,000	2,000
Interest rate	0.390%	0.680%
Payment date	September 7, 2021	September 7, 2021
Redemption date	September 5, 2031	September 5, 2036
Remarks (million yen)	Unsecured, Unguaranteed	Unsecured, Unguaranteed

* The maximum amount to be issued in the Revised Shelf Registration Statement for the issuance of the Social Bonds submitted to the Kanto Local Finance Bureau on July 28, 2021 is 100 billion yen.

Detailed KPI in the eligible social criteria and impact reports



IIF

https://iif-reit_sustainability.disclosure.site/en/themes/91/



Communication with Local Communities

Each Investment Corporation works to create important bonds with local communities by implementing disaster prevention measures and performing activities that contribute to society at every one of its wide range of properties.

Initiatives by Fund

JMF

JMF carries out day-to-day management of its properties based on the Property Management Policy so that customers can shop safely, and is mindful of making contributions to society and local communities. We aim to provide facilities that exist as part of the local community by having our properties fulfill a role as hubs for disaster prevention activities in areas where disasters are prone to occur.

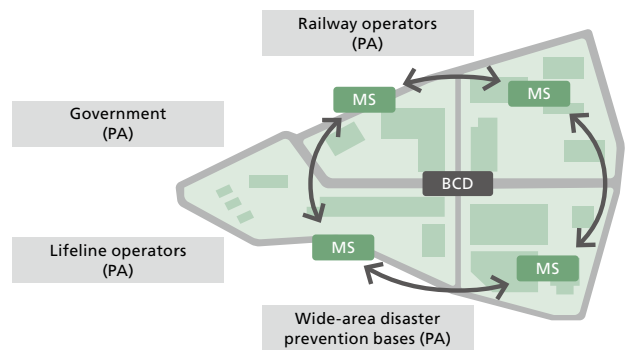
The Oyama Yuen Harvest Walk, owned by JMF, has been promoting the "Oyama City Community Bus "O-bus" Utilization Promotion Project" (hereinafter "the project") with Oyama City, Tochigi Prefecture and local companies, and received an award at the "12th EST Transportation Environment Award," sponsored by the EST Promotion Committee *1.

This initiative has been rated highly for increasing O-bus use, along with its impact on the revitalization of the city center and creation of a walkable city, through its systematic and strategic efforts to promote O-bus use in coordination and harmony with Oyama City's vision, such as its location optimization plan. From an environmental perspective, the project was well rated for its expected reduction of CO₂ emissions through the shift in use from personal vehicles to buses as well as the creation of a compact city in the future. In addition, through its efforts to propose a lifestyle using buses, the project was highly rated for the resulting transformation in the image of buses and increase in their use among citizens.



O-bus

We are also cooperating in public rescue and assistance and mutual help initiatives through public-private partnerships at Twin 21, located in Osaka Business Park (OBP). Based on plans for ensuring safe urban regeneration of the entire area, rules have been established for maintaining transportation during a disaster and evacuation drills have been carried out*2 in anticipation of people being unable to return home due to a large-scale earthquake. Through participating in such initiatives, we are working with the community and the government to reduce environmental impact and increase resilience.



OBP area future targets image



Implementation of disaster-preparedness drills

*1 The EST Promotion Committee aims to promote the use of Environmentally Sustainable Transport (EST). It takes into account economic sustainability (providing safe, convenient and comfortable transportation services as efficiently and stably as possible) and social sustainability (ensuring the availability of a certain standard of transportation services necessary for the social participation of all people, regardless of where they live), as well as environmental sustainability, and promotes initiatives to formulate and implement transportation and environmental policies from a long-term perspective.

*2 Evacuation drills were implemented remotely in FY2021.

Communication with Local Communities

JMF

At KAWASAKI Le FRONT, owned by JMF, we held the “Kawasaki Children’s SDGs Lab” as part of our FY2021 regional collaboration under the theme of “encouraging the children of Kawasaki to love their city.” The project was aimed at elementary school children in Kawasaki Ward, with the goal of showing them that environmental issues are issues that are close to them and that the small actions that each person can take immediately are connected to SDG activities. With the cooperation of

tenants, we held the “KAWASUI Kawasaki Aquarium Backyard Tour” and other initiatives.



KAWASAKI Le FRONT

IIF

IIF is making contributions to local communities through COVID-19 countermeasures. In April 2020 at IIF Shonan Health Innovation Park, owned by IIF, IIF provided (lent) the land as a site for construction of a temporary medical facility for addressing COVID-19 infections free of charge for a fixed term in response to a request from Kanagawa Prefecture made in conjunction with the declaration of state of emergency by the national government.

The adjacent Shonan Kamakura General Hospital was designated a priority healthcare institution (a facility that accept moderate patience) under the Kanagawa Model, and IIF received the request for cooperation so that the hospital could construct a temporary medical facility.

In 2021, we implemented workplace vaccinations for employees of tenants and affiliated companies, as well as their family members, who wished to be vaccinated against COVID-19. In addition, starting in September, part of the property has been offered as the city of Fujisawa’s mass vaccination site.

Furthermore, to ensure that local residents are aware of the functions performed by our properties in the area, we provide tours of our facilities and other services, hold events for local residents, and open some sites to the public* to enjoy the cherry blossoms planted on site as well as other seasonal events.

* Events have been cancelled as of the date of this document to prevent the spread of COVID-19.



IIF Shonan Health Innovation Park



IIF Shonan Health Innovation Park



Cherry Blossom Festival



Area Open to the Public



Health and Well-Being

MCUBS considers its employees to be its most important management resource and essential for carrying out its activities. We are actively working to create conditions where each and every employee can perform their work in a lively manner and to cultivate them accordingly. In addition, we regularly conduct employee opinion polls with the aim of building an even better company.

Work Environment

MCUBS is working to ensure that all employees can work with peace of mind and to improve the benefits it provides to them.

Health of Employees

Besides meeting the legal requirements in Japan for employee health and safety, including labor and risk management, MCUBS emphasizes the prevention of excessive work and understanding the appropriateness of working hours, and is enhancing its system for managing working hours through an original monitoring framework. In addition to an emphasis on measures aimed at reducing overtime, we require employees to take long-term leave and are taking steps to increase the rate that paid leave is used (with a target of 70%).

Moreover, we provide various wellness programs to maintain and improve the mental and physical health of our employees and their families. We have also established the in-house Health Committee comprising employees representing each division and the Human Resources Department. The committee meets once a month to exchange opinions on working conditions alongside industrial physicians and to gain health-related insight. Through these initiatives, we are supporting employees in the preservation of their health.

- Working time monitoring system
- Check and report on deviation in working hours (every month)
- Report on long working hours to secure health (professional employees / once per half month)
- Flextime system
- Teleworking (working from home, satellite offices)

- Annual paid leave (15 to 20 or 25 days granted, depending on the length of employment(the number of days granted by law is 10 to 20 days)
- A variety of special leave programs, including family care special paid leave
- Acquisition of paid leave in units of hours
- Mandatory acquisition of long-term consecutive leave

- Health checkup / complete medical checkup
- Influenza immunization shot
- Various counseling services (EAP) by external experts
- Health consultations by industrial physicians / health nurses
- Health Committee
- Conducting of stress checks

Improving Employee Benefits

In addition to completely supplying a social insurance system, we have introduced an original retirement pension system, have entered into general welfare group term life insurance, group long-term income

compensation insurance, member welfare services, a congratulatory and condolence payments system and ESOP (Employee investment unit ownership system) and other systems.

Diversity and Work-life Balance

MCUBS emphasizes diversity and work-life balance. We promote both of those aspects by, for example, offering support and welfare services to help all employees, regardless of whether men or women, who are starting families

and raising children. We ensure that we have an organizational climate enabling even male employees to naturally take childcare leave, and employees cooperate with each other in allocating the work of those who are on leave.

Work Environment

In January 2018, MCUBS renovated its office space and created an environment that allows employees to work comfortably and actively. Natural light enters the work space through windows and plants have been arranged throughout this new, bright office. We have upgraded communal spaces to promote communication with fellow co-workers and have incorporated rest areas where employees can relax and refresh themselves. We also

conduct environmental checks periodically to provide comfortable working conditions for employees.

Moreover, in an effort to reduce waste, we have gone 70% paperless and turned the reduced cabinet space into a communal space. We have improved our communication environment, enabling work to be carried out anywhere in the office, and have worked to reduce printing and paper costs through using electronics to host meetings.

Health and Well-Being

Measures for Health and Well-Being

Space and Interior



Interiors decorated with a clear concept, including spaces that incorporate nature

Rest



In-office cafeteria

Sound



Soundproofed spaces where people can concentrate on their work

Light



Office that actively incorporates natural light

Maintenance



Regular air quality inspections

Exercise



Furniture that is adjustable to various health-conscious configurations

Investment Corporation Initiatives

Investment corporations collaborate with tenants in working to improve the environment so that tenant employees are able to work comfortably.

Development of Productive Work Environments

JMF is putting effort into developing better working environments for tenant employees, such as renovating the employee lounge and creating a powder room for tenant employees at mozo wonder city.



Employee lounge



Powder room

Good use of Courtyard Area

At the IIF Mitaka Card Center, which is one of the properties owned by IIF, there is an interior courtyard which is used by tenant employees as a place for meetings and having lunch. IIF is putting effort into maintaining the courtyard, such as by changing the flowers and trees planted there.



Interior courtyard at IIF Mitaka Card Center



Human Capital Development

Basic Policy

Based on the concept that human resources are our most important asset, MCUBS supports autonomous career development by preparing various development programs so that each employee is able to grow and achieve self-fulfillment through working at MCUBS. As an organization consisting of diverse human resources

with different backgrounds, MCUBS strives to spread its “Mission, Vision & Core Values” so that employees with various specialties and different values can respect each other and utilize their individual strengths to achieve high performance.

Human Capital Development

For the purpose of proactive career development and enhancement of expertise, we have been implementing an internal recruitment system that allows employees to be challenged by the duties of their choice, as well as regular transfers by company order based on their own wishes. In addition, to meet the diversified needs for training and support for self-development, we have

established a training system that allows employees to take courses at their own request. In addition to the development of various training programs and the system to support the acquisition and maintenance of qualifications, we are also strengthening performance management to support growth and regular career discussions with supervisors.

Training for All Employees

With a cafeteria-style training program provided by an external training organization, all employees can participate in the training programs of their choice from among seminars (held more than 1,000 times annually) by professional lecturers according to their levels and fields. Moreover, employees serve as lecturers to implement the training aimed at enhancing company-wide

knowledge in specialized areas of their assigned duties. We also provide e-learning several times a year so that employees are aware of the latest information and can utilize it effectively.

Main examples of training

Compliance, IT securities, Sustainability, Finance, Engineering, etc.

Training for Managers

To develop employees in managerial positions, the employees are dispatched to various leadership programs, such as the Program for Leadership Development by Mitsubishi Corporation (training over a total of five days in which skills as a manager can be obtained in

coordination with overseas business schools). At the same time, we are actively developing leadership resources, for example, by holding various in-house training programs for managers by outside lecturers.

Support for Acquiring Further Qualifications

In order to cultivate professional human resources in real estate finance, MCUBS encourages employees to pursue higher qualifications by providing financial assistance and training opportunities. Specifically, MCUBS is actively utilizing the specialist qualification system by the Association for Real Estate Securitization (ARES), of which we are an official member. The Company covers the costs for employees to obtain the ARES Certified Master qualification. Moreover, employees are also encouraged to undergo training and participate in seminars after obtaining this qualification.

The Company also covers some or all of the costs of work-related training and tests for obtaining qualifications and maintaining them. As a result, many employees are taking on the challenge of improving their qualifications.

Details of each training and support system



https://mc-ubs_sustainability.disclosure.site/en/themes/90/



Communication with Tenants

JMF and IIF operate a wide variety of properties, including retail facilities, industrial facilities, and office buildings, which means our tenants are also diverse. We make efforts in consideration of our tenants' safety and the facility environment. Furthermore, we promote measures that consider the global environment as well.

Actions During the COVID-19 Pandemic

In facility operation during the COVID-19 pandemic, we have implemented social distancing in elevators to help avoid the "Three Cs" (Closed spaces, Crowded places, Close-contact settings). We have also adopted antibacterial and antiviral measures through aerial disinfection of locations with frequent opportunity for hand contact by customers and employees such as elevator buttons, escalator belts, as well as providing information on customer safety and security.



Nara Family



Attachment of stickers in places where antibacterial and antiviral measures have been implemented

In addition, to ensure the health and safety of tenants' employees, we continued to carry out daily health status confirmation, development of rapid communication systems, and installation of temperature measurement equipment at entrances.



mozo wonder city
Installation of temperature measurement equipment at all tenants' employee entrances

As a measure for assisting tenants during the COVID-19 pandemic with regard to applications for government financial support, we implemented free-of-charge support by certified public accountant offices involved in business cooperation with MCUBS. Also, to help attract prospective customers and increase sales, we assisted with preparation of coupons and accepted the burden of discount expenses. In addition, in order to develop community-based delivery business operators to create sales opportunities for restaurants, we accepted the burden of introduction expenses and delivery costs. In dealing with rent reduction amounts, we implemented individual support, taking into consideration the degree of impact on each tenant.

Initiatives by Fund

JMF

JMF services more than 1,400 tenants. Despite this large number, JMF proactively takes measures to save energy and reduce CO₂ emissions with our tenants. For example, JMF improves the environmental efficiency of properties. In some cases, it makes initial investments in energy-saving equipment and recovers the investment costs from the rent payments, while tenants save utility costs without any capital outlay. Therefore, a win-win

relationship is created between JMF and tenants.

Also, tenant satisfaction surveys are conducted once a year for office buildings. Based on the results of these surveys, efforts are made to create comfortable working spaces for those working in office buildings by improving the surrounding environments and enhancing the convenience of building facilities and equipment as well as safety.

IIF

By providing value to tenants, IIF continues to manage its portfolio using its "3C Management Cycle," which is designed to realize internal growth through stable,

long-term management that goes beyond the norm. The three "Cs" of the 3C Management Cycle are Communicate: acquire an accurate understanding of

tenant needs through close communication with tenants; Customize: strategically put forth customized proposals according to individual needs; and Create: employ a concept of portfolio management that creates unitholder value through long-term, superior property management while creating value that meets the needs of tenants.

In periodic tenant workshops held by IIF, sustainability themes are actively selected to promote responses to climate change and disaster countermeasures.

These activities serve as a foundation for IIF's cooperation with tenants in initiatives such as provision of portable batteries and conclusion of green lease agreements.

Communication with tenants details



IIF

https://iif-reit_sustainability.disclosure.site/en/themes/82/

TOPIC

Japan Association for UNHCR and UNICEF

MCUBS has received a letter of appreciation from the Japan Association for UNHCR (United Nations High Commissioner for Refugees), which closely coordinates with UNHCR Representation in Japan, for making JMF's vacant space from existing properties available to the Campaign for United Nations Refugee Support Activities free of charge. Similarly, we'll support UNICEFF campaigns.

MCUBS will continue to hold a high level of interest in reducing its environmental load and making contributions to local society.



Building Safety

MCUBS and each Investment Corporation are working to maintain the safety of its buildings by conducting building and earthquake risk assessments at the time of acquisition as well as collecting engineering reports on a regular basis.

Seismic Reinforcements JMF IIF

Each Investment Corporation conducts a building and earthquake risk assessment at the time of property acquisition, and calculates earthquake risk in held properties whenever standards are revised. When necessary, secondary assessments are performed as well. When results of those assessments conclude that earthquake-resistant reinforcement construction is required, we make environmentally conscious choices that will provide the necessary seismic retrofitting while minimizing waste. At the same time, we also work to reduce CO₂ emissions and energy consumption in the updated facility.

Measuring Air Environment JMF

Asbestos is a naturally occurring mineral fiber sometimes called *sekimen* or *ishiwata*, and breathing it is highly likely to be hazardous to health, thus implementation of some measures is required. JMF measures the air environment once a year to confirm the dispersal status of asbestos.

Social Contributions by Employees

MCUBS undertakes social contribution activities in partnership with sponsors. We will continue to deepen our employees' understanding about contributing to local communities, and support social welfare groups and other organizations.

Examples of Initiatives

Supporting Activities of Non-Profit Organizations —

MCUBS participated in the FIT for Charity Run* with UBS, and supports the activities of non-profit organizations that have high social significance but the need for the activities is not fully recognized.

* FIT for Charity was established by volunteers working for companies engaged in financial services and related industries and commenced its activities in 2005.



FIT for Charity Run

Volunteer Activities —

We participate in volunteer activities being conducted by Mitsubishi Corporation in support of disaster areas, and cooperate in supporting reconstruction.



Volunteer activities for reconstruction support

ESG Study Sessions and Briefing Sessions

ESG Study Sessions for Tenants and PM Companies —

JMF holds ESG study sessions with tenants and property management companies in order to deepen their understanding of sustainability initiatives. JMF are also working to raise ESG awareness by introducing JMF's efforts at events conducted by commercial facility operators.



ESG study session

ESG Briefings for Institutional Investors and Securities Companies —

MCUBS is putting efforts into helping investors to better understand our initiatives by holding joint briefing sessions on ESG initiatives involving JMF and IIF.



ESG briefing session

Example of the social initiatives for each fund



JMF

https://jmf-reit_sustainability.disclosure.site/en/themes/129/

IIF

https://iif-reit_sustainability.disclosure.site/en/themes/82/



C O R P O R A T E G O V E R N A N C E

As asset management company, MCUBS receives asset management consignments from JMF and IIF and are committed to upholding their fiduciary duties to investment corporations.

Corporate Governance

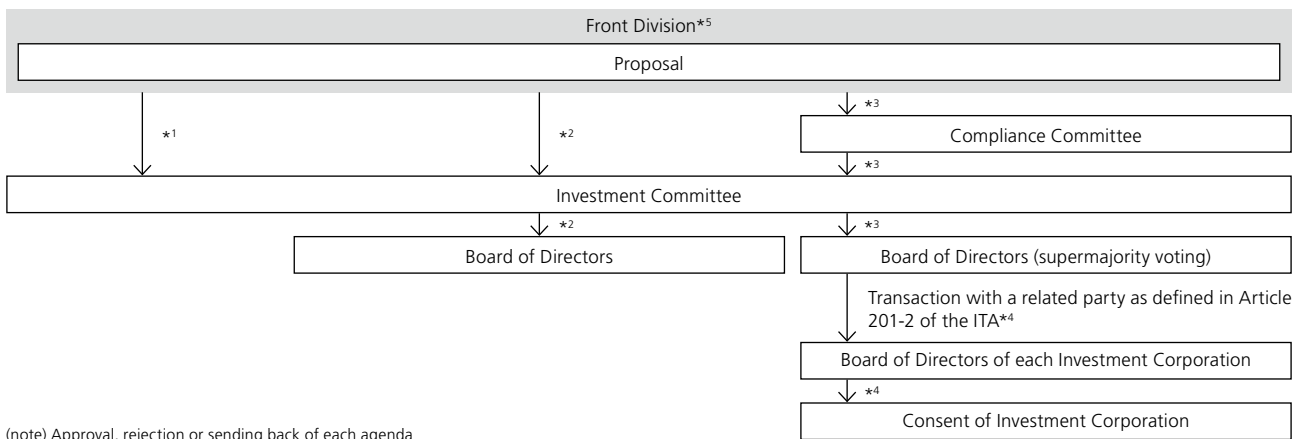
As an asset management company, MCUBS receives asset management consignments from each investment corporation, and is committed to upholding its fiduciary duty to investment corporations.

Decision-Making Process

Mitsubishi Corp.-UBS Realty Inc., the asset manager of JMF and IIF (hereinafter, the “Asset Manager”), has five committees: the Investment Committee, the Risk Management Committee (the Risk Management Committee acting as an advisory board to facilitate decision-making, not a decision-maker), the Compliance Committee, the Compensation Committee, and Sustainability Committee.

In the course of making decisions regarding investment policy and standards, operation and management policy and standards, budget and financing, as well as the acquisition, disposal, or operation and management of assets for each investment corporation, a proposal will be submitted to the Asset Manager’s Board of Directors for approval in accordance with rules of the

Board of Directors. Proposals relating to stakeholder transactions of the Asset Manager must first be approved by the Compliance Committee before they are submitted to the Investment Committee (excluding “Minor Transactions,” as stipulated in the Regulations for Transactions with Stakeholders). In addition, subsequent to approval by the Board of Directors of the Asset Manager, approval from our board of directors is required prior to a transaction involving the acquisition, disposal, or lending of securities or real estate between us and a related party (as defined in Article 201-1 of the Act (ITA)) of the Asset Manager, except certain of such transactions determined not to have a significant impact on each investment corporation under the Ordinance for Enforcement of the ITA.



(note) Approval, rejection or sending back of each agenda

*1 With regard to matters relating to the acquisition, disposition, operation and management of assets, the approval of the Investment Committee will be obtained based on the Guidelines for the Investment Committee.
 *2 With regard to the investment policy and standards, operation and management policy and standards, budget and financing, etc. for each Investment Corporation, the approval of the Investment Committee and the Board of Directors will be obtained in accordance with the Guidelines for the Investment Committee and the Rules for the Board of Directors.
 *3 With regard to matters relating to transactions with stakeholders stipulated in the Regulations for Transactions with Stakeholders, the approval of the Compliance Committee, the Investment Committee and the Board of Directors (supermajority voting) will be obtained in accordance with the Regulations for Transactions with Stakeholders, the Guidelines for the Compliance Committee, the Guidelines for the Investment Committee and the Rules for the Board of Directors. In the case of Minor Transactions, the approval at the Compliance Committee and the Board of Directors (supermajority voting) is not required.
 *4 With regard to matters relating to transactions with a related party as defined in Article 201-2 of the ITA, the approval of the Board of Directors of each Investment Corporation and the consent of Investment Corporation will be obtained. In the case of transactions determined not to have a significant impact on asset of the investment corporation under the Ordinance for Enforcement of the ITA, consent of each investment corporation based on the approval by its board of directors is not required.
 *5 Metropolitan Business Division or Industrial Division is referred to as the Front Division.

For information regarding corporate governance for each fund, please visit the websites below.



JMF
IIF

https://jmf-reit_sustainability.disclosure.site/en/themes/130/
https://iif-reit_sustainability.disclosure.site/en/themes/84/

Conflicts of Interest

MCUBS has implemented a management system as described below to ensure that conflicts of interest do not arise from the management of assets at JMF and IIF.

1. Separation of asset management divisions and support structure

We have established the Metropolitan Business Division and the Industrial Division as divisions that are engaged in asset management of JMF and IIF, thereby clarifying asset management responsibilities.

2. Securing of independence in investment decision-making

Decisions made on asset management of each investment corporation are examined solely from the perspective of whether or not such decisions are appropriate as decisions made by the Metropolitan Business Division and the Industrial Division, without taking into consideration the situation of other divisions of the investment corporations.

3. Rules on preferential investigation rights pertaining to investment information

With regard to information on sales of real estate obtained by MCUBS, we have established a rule requiring a determination as to which division, the Metropolitan Business Division or the Industrial Division, should conduct investigations in preference to the other division.

Establishment of a system to eliminate antisocial forces

To preempt violence from antisocial forces, clarify how we will respond as an organization and ensure that we will never have any relations or dealings with antisocial forces and use them, we also provide the "Basic Rules around How to Deal with Antisocial Forces" which stipulates that we will take a resolute attitude as an organization to antisocial forces, including coordinating with external specialized institutions, as our basic principle. Each division of the Asset Manager is expected to

confirm in advance that counterparts to transactions, etc. are not considered as antisocial forces, to report any questionable acts or behaviors when they are expected directly or indirectly to the Head of the Compliance Office and the President, and review social risks thoroughly to make a decision of whether the transaction can go ahead or not, in accordance with the Basic Rules as per their respective operations manuals for each division that are provided separately.

Governance of Investment Corporations

The organization of each investment corporation consists of executive directors, supervisory directors, an Officers Meeting, which is comprised of all directors, a General Meeting of Unitholders, which is comprised of investors, plus an accounting auditor.

The number of directors and their compensation is decided by each investment corporation, and monthly remuneration is determined by the Officers Meeting. Pursuant to the ITA, investment corporations are prohibited from having employees. Accordingly, none of our investment corporations have any employees.

Compliance

Basic Policy

MCUBS defines compliance not only as compliance with laws and regulations, but also as voluntary efforts to adapt to broader social expectations behind laws and regulations, and has established a compliance system

with the intention of conducting sincere and fair corporate activities and ensuring sound management based on self-discipline.

Compliance System and Its Practices	In accordance with the Compliance Rules, we have established the Compliance Committee and the Compliance Office to develop a company-wide cross-sectional compliance system.
Role of the Board of Directors in Compliance	The Board of Directors, chaired by the President & CEO, decides on the compliance program and other basic matters related to the promotion of company-wide compliance, and receives reports on the status of compliance promotion.
Compliance Committee	The Compliance Committee, chaired by the Head of the Compliance Office, who is also an executive officer, is comprised of senior management and outside attorneys, and meets once every two months in principle.
Code of Ethics	Our Code of Ethics consists of the Corporate Ethics Charter and the Code of Conduct for Executives and Employees. In addition to compliance with laws, regulations, and social norms, the Code of Conduct stipulates standards that must be observed, such as maintaining fair relationships and distinguishing between public and private matters.
Compliance Program	We formulate a compliance program each fiscal year, which is a practical plan for achieving compliance. The program is drafted by the Compliance Office, discussed by the Compliance Committee, and approved by the Board of Directors.
Compliance Manual	With the Core Values set out in our corporate philosophy as the broader concepts, the Compliance Manual provides the appropriate approach and code of conduct that all officers and employees (directors, auditors, and employees including contract workers and temporary employees) should adopt in the various situations that we face as an asset management company for real estate funds.
Compliance Training	In addition to mandatory compliance training at the time of joining the company, we conduct compliance training for all executives and employees including seconded employees, contract employees and temporary staff, four times a year, as well as a total of seven quarterly e-learning sessions on internal control.
Whistle-Blowing and Reporting	We have established an internal inquiry counter for all executives and employees as well as our business partners in order to receive consultations and reports regarding violations of laws and regulations, information management violations, various types of harassment, human rights, and the working environment. There is no time limit, and in addition to acceptance of reports from whistle-blowers, whistle-blowers are allowed to make reports anonymously. It is considered that the system will protect whistle-blowers from disadvantageous treatment in accordance with the Whistleblower Protection Act and our Whistle-blowing Rules.
Responding to Compliance Violations	For the purpose of accurate and fair treatment in the event of finding an act or a possibility of violation of laws and regulations and the Articles of Incorporation, etc. or for preventing occurrence of such an act, the Administrative Incident Handling Rules set forth specific actions.
Strengthening Compliance	All officers and employees of MCUBS pledge to comply with the Code of Conduct, etc., by submitting a compliance pledge form according to the characteristics of their positions every year. In addition, self-assessments are conducted semiannually to check the status of each department in management of compliance-related matters. Through these efforts, we are striving to ensure the awareness of compliance.

Anti-Corruption

In April 2001, MCUBS established “the Code of Ethics”, which consists of “the Corporate Ethics Charter” and “the Code of Conduct for Officers and Employees”, with the purpose of ensuring sound management based on high ethical standards, ensuring that the Company continues to earn the trust of society, and contributing to the development of society.

Detailed compliance for each fund



JMF https://jmf-reit_sustainability.disclosure.site/en/themes/130/
IIF https://iif-reit_sustainability.disclosure.site/en/themes/84/

Risk Management

MCUBS committed to the thorough implementation of these risks under the following organization structure.

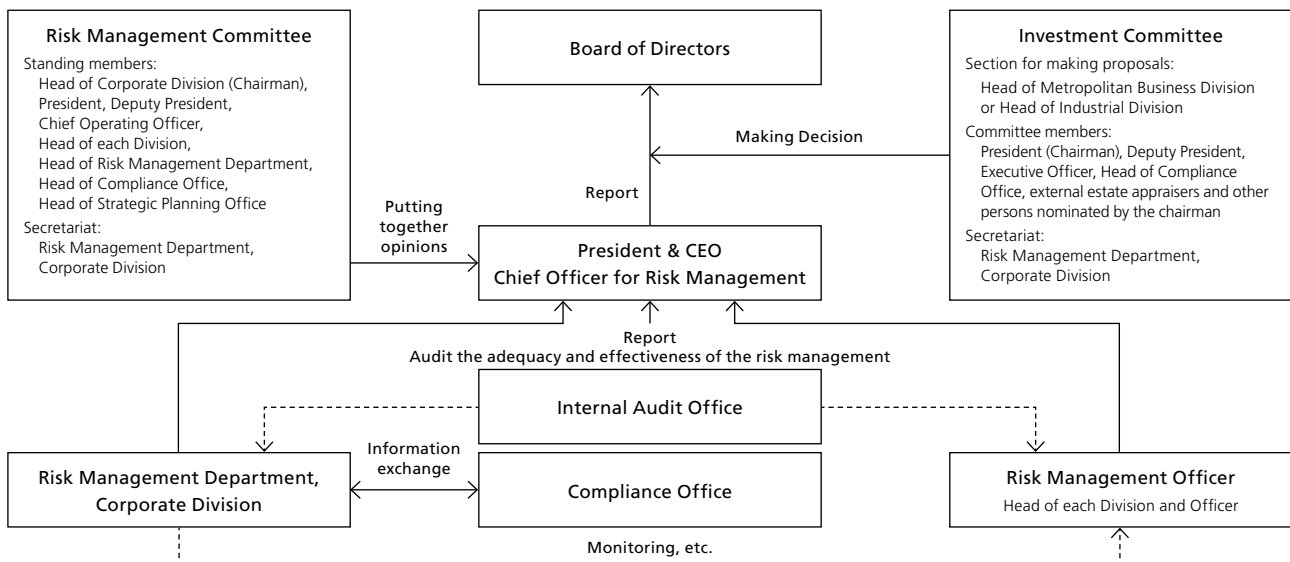
Structure on Risk Management

We believe that implementing risk management will ensure the continuity and stable development of our business. Being fully aware of our public mission and social responsibility in conducting asset management, we carry out necessary risk management, and we also conduct necessary risk management of the investment corporations to strive to protect investors and operate the investment management business appropriately. We conduct sound and appropriate business management, based on the MCUBS management policy and strategic goals. With regard to the risks arising as part of that

management, we have established an income and risk management system in line with the management policies of each of the investment corporations and based on the strategic goals, and we manage the system so that risk is appropriately controlled.

Key Risks to be Managed

- Investment management risk
- Clerical work risk
- System risk
- Reputation risk
- Conduct risk



Internal Audits

MCUBS has established the Internal Audit Office, which is independent of any department, to conduct audits once every three years for each department, based on the internal audit plan established for each fiscal year. We believe that internal audits contribute to the achievement of our management goals, not only by finding and pointing out problems in business operations, including compliance, but also by evaluating the internal control systems of each department, and

proposing methods of improvement, etc.

Details about the implementation of internal audits based on the Internal Audit Rules are specified in the detailed rules for internal audits. When the audited department receives any instruction or proposal for improvement through the internal audit, it prepares an improvement response plan, implements the improvement measures, and reports the results to the Internal Audit Office.

Detailed compliance and risk management



https://mc-ubs_sustainability.disclosure.site/en/themes/91/

Environmental

JMF							
(FY)	2015	2016	2017	2018	2019	2020	
CO ₂ emissions (Thousand tCO ₂)	252	248	240	223	212	201	
CO ₂ emissions per unit (tCO ₂ /m ²)	0.10	0.10	0.09	0.09	0.08	0.07	
Energy consumption (Mwh)	413,471	432,473	423,783	399,940	394,471	400,765	
Energy consumption per unit (kwh/m ²)	164.17	170.68	159.24	163.52	155.75	133.28	
Fuel consumption (fuel only) (Mwh)	125,639	126,779	133,907	118,587	117,223	130,452	
Fuel consumption per unit (kwh/m ²)	49.88	50.03	50.32	48.49	46.28	43.38	
Water Use (Thousand m ³)	2,605	2,691	2,615	2,541	2,621	2,711	
Water use per unit (m ³ /m ²)	1.02	1.05	0.98	1.04	1.04	0.90	
Total waste (t)	42,321	37,580	30,151	24,456	29,486	20,737	

* Each figures before 2019 are simply adding up the values of the former Japan Retail Fund Investment Corporation (JRF) and the former MCUBS MidCity Investment Corporation (MMI).

IIF							
(FY)	2015	2016	2017	2018	2019	2020	
CO ₂ emissions (Thousand tCO ₂)	79	66	75	75	74	99	
CO ₂ emissions per unit (tCO ₂ /m ²)	0.11	0.09	0.08	0.08	0.07	0.08	
Energy consumption (Mwh)	138,913	125,801	139,627	146,045	151,381	190,541	
Energy consumption per unit (kwh/m ²)	194.35	177.46	159.02	157.79	134.05	147.94	
Fuel/gas consumption (Mwh)	7,633	12,435	12,997	12,977	11,241	65,296	
Fuel/gas consumption per unit (kwh/m ²)	10.68	17.54	14.80	14.02	9.95	50.70	
Water Use (Thousand m ³)	363	362	543	549	532	656	
Water use per unit (m ³ /m ²)	0.51	0.51	0.61	0.59	0.47	0.51	
Volume of non-hazardous waste (t)	2,376	3,505	5,827	6,403	5,422	6,176	
Volume of hazardous waste (t)	210	94	105	104	33	163	
Recycling rate (%)	—	33.2	31.6	32.1	45.2	45.1	

Environmental Performance Data

Data and emissions per unit are calculated based on the total floor area (after considerations for rate of occupancy).

Data collection rate

JMF

CO₂ emissions and energy amount

2020: 97.6% 2019: 97.9%

2018: 93.0% 2017: 90.3%

2016: 93.6% 2015: 89.7%

Water consumption

2020: 97.5% 2019: 97.9%

2018: 92.9% 2017: 90.3%

2016: 93.6% 2015: 91.2%

Waste generated

2020: 78.3% 2019: 80.8%

2018: 86.6% 2017: 64.8%

2016: 89.8% 2015: 99.2%

IIF

2020: 100.0% (Volume of waste: 89.6%)

2019: 100.0% (Volume of waste: 93.4%)

2018: 100.0% 2017: 100.0%

2016: 100.0% 2015: 100.0%

(Volume of waste: 94.5%)

Aggregation period

JMF

2020: March 2020– February 2021

2019: Former **JRF** March 2019–February 2020

Former **MMI** January 2019–December 2019

2018: Former **JRF** March 2018–February 2019

Former **MMI** January 2018–December 2018

2017: Former **JRF** March 2017–February 2018

Former **MMI** January 2017–December 2017

2016: Former **JRF** March 2016–February 2017

Former **MMI** January 2016–December 2016

2015: Former **JRF** March 2015–February 2016

Former **MMI** January 2015–December 2015

IIF

2020: February 2020–January 2021

2019: February 2019–January 2020

2018: February 2018–January 2019

2017: February 2017–January 2018

2016: January 2016–December 2016

2015: January 2015–December 2015

Social

		(FY)	2019	2020
Total number of employees* ¹	Full-time employees	Men	87	93
		Women	55	55
	Other than full-time employees	Men	2	2
		Women	0	0
Total workforce(%)* ¹	Men		61.8	63.3
	Women		38.2	36.7
Women in managerial posts (%)* ¹	Women		25.7* ³	17.2
Diversity of employees (%)* ¹	Under 30 years old		4.0* ³	4.0
	30 to 50 years old		80.5* ³	80.0
	50 years old or older		15.5* ³	16.0
Number of new hires* ²	Men		—	16
	Women		—	3
Percentage of New hires (%)* ²	Men		89.5* ³	84.2
	Women		10.5* ³	15.8
Rate of taking childcare leave (%)* ²	Men		—	50
	Women		—	Not applicable
Training attendance rate (%)* ¹	Men		—	90.6
	Women		—	95.9
Rate of taking paid leave (%)* ¹			64.7	68.5
Health checkup rate (%)* ²			100.0	100.0

Results of MCUBS-wide survey

*1 Excludes executives and temporary staff

*2 Excludes executives, seconded employees, and temporary staff

As of December 31, 2020,

Listing on ESG Indices

MSCI Japan ESG Select Leaders Index

MSCI, an American stock index provider listed on the New York Stock Exchange, launched a index called the MSCI Japan ESG Select Leaders Index, taking into account high environmental, social, and governance (ESG) performance.

The Government Pension Investment Fund (GPIF) has selected MSCI Japan ESG Select Leaders Index as one of its ESG index and implemented passive investment tracking the index.

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Index launched in June 2017

Incorporation **JMF** Incorporated since June 2017
IIF Incorporated since June 2017

(Note) THE INCLUSION OF MITSUBISHI CORP.-UBS REALTY INC. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF MITSUBISHI CORP.-UBS REALTY INC. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

JMF

Japan Metropolitan Fund Investment Corporation

As a top-ranking domestic diversified REIT, Japan Metropolitan Fund Investment Corporation (JMF) is listed on the Tokyo Stock Exchange. With its vision of “Support metropolitan life (live, work, and consume) in Japan from the perspective of real estate,” it mainly acquires and operates retail facilities, office buildings, residences, hotels and mixed-use facilities operated for such uses located in urban areas, including commuter-town areas.

Characteristics of the REIT	1. Portfolio focused on properties located in urban areas 2. Portfolio stability supported by diversified asset portfolio with top-class scale in Japan
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GYRE



mozo wonder city



Twin 21



JMF-Bldg.
Yokohama Bashamichi 01

TSE code	8953		Fund listing	2002/3/12
Major types of properties	Office	Urban offices	Favorable locations, high building specifications	
		Commuter-town offices	Properties that can also be used as retail space	
	Retail properties	Facing high street	Located on main thoroughfares in major retail areas	
		Urban retail properties	Those that can be turned into mixed-use properties	
		Residential station	With supermarkets being the main tenants	
	Mixed-use properties	Office x Retail		
		Residence x Retail		
	Others	Office x Residence	Located within 30 minutes from key business areas and within a 10-minute walk from the nearest station	
		Complex for three or more uses		
		Residence in urban areas		
	Hotels in urban areas			
	New categories			

Portfolio details



<https://www.jmf-reit.com/english/portfolio/map.html>

Corporate Profile

Corporate name: Mitsubishi Corp.-UBS Realty Inc.

Capital fund: ¥500 million

Shareholder composition: Mitsubishi Corporation 51%, UBS Asset Management AG 49%

Offices: Head office Tokyo Building 7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-6420, Japan
 Kansai office Herbis ENT Office Tower, 25th floor, 2-22, Umeda 2-chome, Kita-ku, Osaka-shi, Osaka 530-8602, Japan

IIF

Industrial & Infrastructure Fund Investment Corporation

Listed on the Tokyo Stock Exchange, the Industrial & Infrastructure Fund (IIF) is a unique REIT that focuses on industrial properties in Japan. IIF invests in real estate anticipated for stable use over the medium to long term while upholding a philosophy of investing in social infrastructure as a source for generating Japan's economic strength and supporting industrial activities in Japan through real estate.

Characteristics of the REIT	1. Investing in properties that play a vital role in industrial activities across a broad range of sectors 2. Stable cash flows based on lease agreements over 10 years
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IIF Shonan Health Innovation Park



IIF Haneda Airport Maintenance Center



IIF Shin-Kawasaki R&D Center



IIF Atsugi Manufacturing Center



IIF Shinonome Logistics Center



IIF Kawasaki Science Center

TSE code	3249	Fund listing	2007/10/18
Major types of properties	Logistics facilities	Facilities used to provide intercompany distribution and sales distribution services, including transportation, shipping, storage, stockpiling, cargo handling, packaging, sorting, distribution processing, and information functions	
	Manufacturing and R&D facilities	Facilities for research and development, raw material procurement, stockpiling, storage, manufacturing, production, assembly and processing, recycling, and other purposes	
	Infrastructure facilities	Facilities developed as bases for industrial activity, such as transportation, communication, energy, water, and public facilities	

Portfolio details



<https://www.iif-reit.com/english/portfolio/map.html>

Group Organizational Chart

The sponsors of MCUBS, Mitsubishi Corporation and UBS AG, carry with them knowledge of and experience in the real estate and financial markets, respectively, cultivated over many years. With this as our base, we would like to build real estate investment trusts and provide an abundance of investment opportunities for investors in Japan and overseas. Through this manner of business, we can contribute to investors, contribute to the growth and development of domestic and overseas investment markets, and contribute to the real estate market. This goal forms the basic management policy of our business.



Disclaimer

- This document may contain information such as statements on future performance, plans, management targets, and strategies. Such statements with regard to the future are based on current hypotheses and assumptions about future events and trends of the business environment. However, these hypotheses and assumptions are not necessarily correct. Actual results may vary significantly due to various factors.
- Unless otherwise specified, this document was created based on Japanese generally accepted accounting principles.
- Japan Metropolitan Fund Investment Corporation (JMF), Industrial & Infrastructure Fund Investment Corporation (IIF), and Mitsubishi Corp.-UBS Realty Inc. (MCUBSR) shall not be liable for any errors, inaccuracies, loss or damage, or for any actions taken in reliance thereon, or undertake any obligation to publicly update the information contained in this document after the publication date thereof.

Asset Management Company: Mitsubishi Corp.-UBS Realty Inc.

(Financial Instrument Firm under License No. 403 of the Director of the Kanto Local Finance Bureau)
