KJRM

Sustainability Report 2024



Japan Metropolitan Fund Investment Corporation
Industrial & Infrastructure Fund Investment Corporation
KJR Management

Japan Metropolitan Fund Investment Corporation

—Philosophy—

Support metropolitan life (live, work and consume) in Japan from the perspective of real estate

JMF has been listed on the Real Estate Investment Trust (“REIT”) Section on the Tokyo Stock Exchange as the third J-REIT in Japan.
After a subsequent merger, the trade name was changed to Japan Metropolitan Fund Investment Corporation in March 2021.

Industrial & Infrastructure Fund Investment Corporation

—Philosophy—

IIF invests in social infrastructure as a source of power for the Japanese economy and supports Japan’s industrial activities from the perspective of real estate.

IIF was listed on the Real Estate Investment Trust (“REIT”) Section on the Tokyo Stock Exchange in October 2007 as the only J-REIT specializing in industrial properties.

Asset Management Consignment

Asset Management Consignment

KJR Management

KJRM
KKR Japan Realty Management

—MISSION—

Always create new values, for people, the community and the world

Through real estate investment management, we create new demands in our society and new values that exceed people’s expectations.

Ownership

KKR & Co. Inc.

KKR

KKR is a leading global investment firm and listed on the New York Stock Exchange with offices in 26 cities worldwide

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Page with JMF and IIF contents.

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Top Commitment



Practicing Responsible Property Investment and Contributing to Solve Global Issues.

KJR Management
President & CEO
Naoki Suzuki

KJR Management Message from President

Japan Metropolitan Fund Investment Corporation (JMF) and Industrial & Infrastructure Fund Investment Corporation (IIF), and their asset management company KJR Management (Company / KJRM), are highly aware of the importance of sustainability and are proactively making efforts to achieve it based on the idea of practicing Responsible Property Investment and helping to solve global issues under our mission: "Always Create New Value for People, the Community, and the World."

On the environmental front, we believe that environmental and biodiversity initiatives are important as they may significantly affect our business activities going forward. These include the announcement of the Taskforce on Nature-related Financial Disclosure (TNFD), which provides a framework for assessing and disclosing nature-related impacts by businesses, and the holding of COP28, the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change. Of particular note in the past year, JMF and IIF newly established GHG emissions reduction targets, upgraded from their CO_2 emissions reduction targets toward carbon neutrality, and these newly-established targets have been certified as science-based targets by the Science Based Targets initiative (SBTi). Going forward, we will continue to introduce solar power equipment and renewable energy sources and proactively carry out initiatives to achieve our new GHG emissions reduction targets.

Regarding the social front, we have established the Sustainable Procurement Policy based on the recognition that measures throughout our supply chain are important for enhancing corporate competitiveness and developing a sustainable society. We expect our business partners to also implement procurement in accordance with the Policy, and strive to achieve sustainable procurement throughout our supply chain. In addition, by promoting diversity, equity and inclusion, we are working to create a work environment in which the differences of each of our employees, with various backgrounds and perspectives differing in gender, race, nationality, disabilities, age, experience and other aspects, are respected and are able to fully demonstrate their abilities.

With respect to governance, we operate sound business based on high ethical standards in accordance with the Code of Ethics established in April 2001, consisting of the Corporate Ethics Charter and the Code of Conduct for Officers and Employees. We strive to be widely recognized by society as having high corporate ethics by ensuring that all officers and employees comply with laws, regulations, and rules, and carry out their duties responsibly.

JMF, IIF, and the Company will contribute to creating a sustainable society by solving sustainability issues through asset management, while aiming to increase unitholder value through the medium- to long-term growth of JMF and IIF.

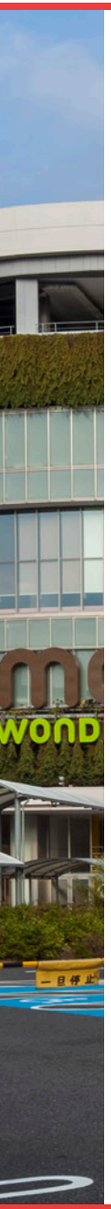


Japan Metropolitan Fund Investment Corporation
Executive Director
Masahiko Nishida



Industrial & Infrastructure Fund Investment Corporation
Executive Director
Kumi Honda

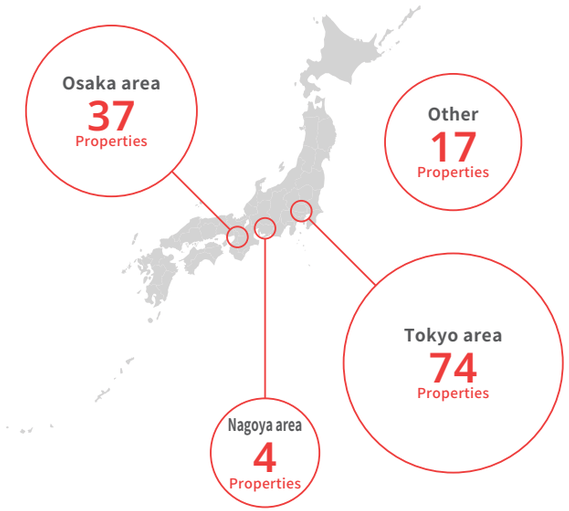
JMF / IIF Overview



J

Japan Metropolitan Fund Investment Corporation

- Largest scale of assets among diversified REITs
- Enhanced stability and growth acceleration
- Maximizing profitability and asset value



Major types of assets

Retail properties
Mixed-use properties
Office

Number of properties

132 Properties

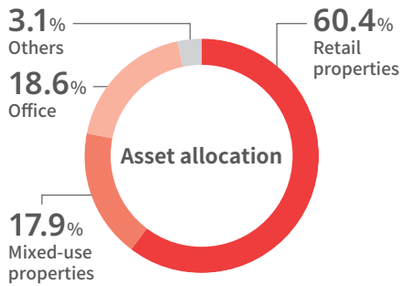
Occupancy ratio

99.2%

Assets size based on acquisition price※

1,214.3 billion yen

※Includes ownership of investment units in Private REIT Investment Corporation



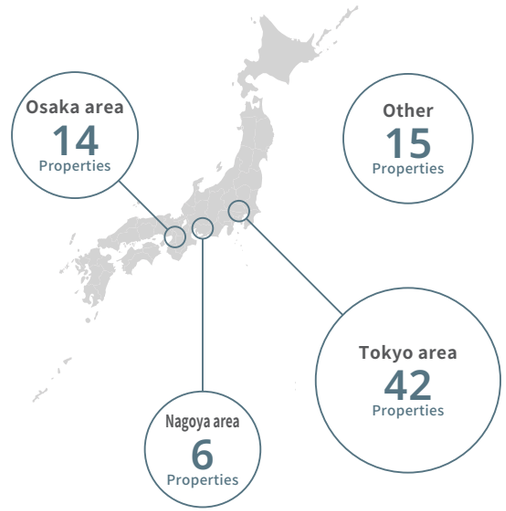
Ref. https://www.jmf-reit.com/english/

(As of August, 2023)

I

Industrial & Infrastructure Fund Investment Corporation

- Acquisition of properties with increased unitholder value
- Pursuit of internal growth potential
- Build a long-term stable balance sheet by promoting the ALM strategy



Major types of assets

Logistics facilities
Manufacturing and R&D
Infrastructure facilities

Number of properties

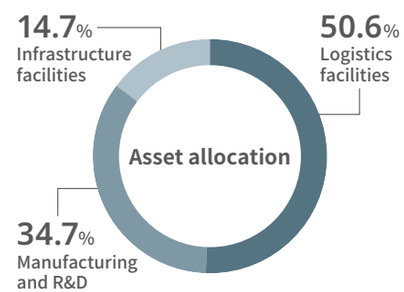
77 Properties

Occupancy ratio

100 %

Assets size based on acquisition price

389.3 billion yen



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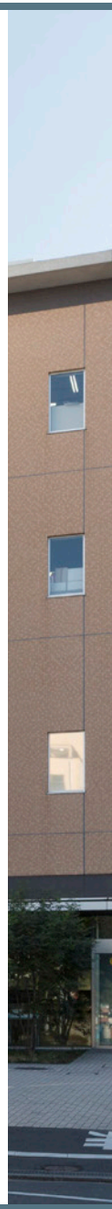
(As of July, 2023)

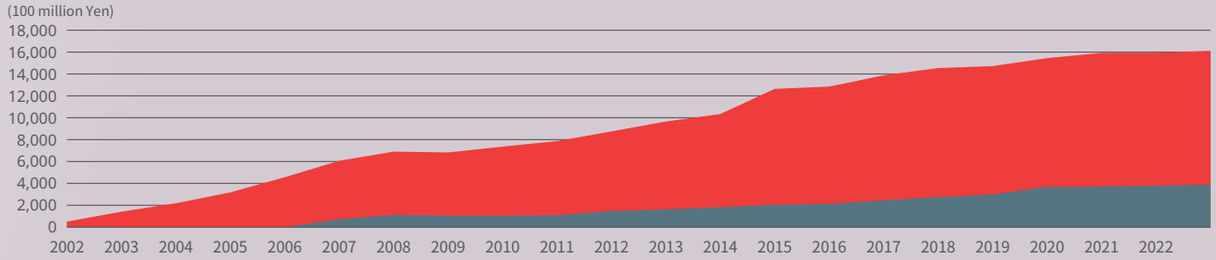


KJRM / KKR Overview

KJR Management

KJR Management was established in 2000. As well as being entrusted with asset investment of JMF and IIF, it has developed a structure to provide discretionary investment and advisory agency services to private real estate investors. It is one of the largest asset management companies in Japan, with current total assets under management for the two investment corporations of more than approximately 1.6 trillion yen.
The Company became a subsidiary of leading global investment firm KKR & Co. Inc. ("KKR") on April 28, 2022, at which time the Company changed its name to KJR Management, as an abbreviation for KKR Japan Realty Management.
Through the firms' strategic partnership, KJRM looks to leverage KKR's global network, expertise and experience to grow and deliver greater value for its REIT investors. As part of this, KJRM looks to adopt and implement additional sustainability initiatives in collaboration with KKR to advance its environmental, social and governance goals and support a more sustainable society.

Assets under management



JMF **1,214.3 bn.** (As of August, 2023)

IIF **389.3 bn.** (As of July, 2023)

KKR & Co. Inc.

KKR is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of Global Atlantic Financial Group.
KKR has had an on-the-ground presence in Japan through an office in Tokyo since 2006.

For more information, please visit https://www.kkr.com/

History of Sustainability

Initiatives at JMF

2012
- E Participated in GRESB for the first time

2014
- E Acquired DBJ Green Building Certification for the first time
  First retail property

  Became the first J-REIT to acquire DBJ Green Building Certification for retail properties, which was established in 2014

2015
- E Acquired CASBEE Certifications for Real Estate for the first time

2016
- E Participated in CDP Climate Change Program for the first time
  First J-REIT
- E Acquired BELS Certification for the first time

2017
- Included in MSCI Japan ESG Select Leaders Index

2018
- E Issued Green Bonds First J-REIT
- E Received Special Award of the Principles for Financial Action for the 21st Century for Green Bond issuance
- E Selected as "Sector Leader" of Retail sector in Asia by the GRESB

Initiatives at KJRM

2013
- Established Environmental Charter
- Established the Responsible Property Investment Policy (RPI)
- Signed Principles for Financial Action for the 21st Century
- Signed Principles for Responsible Investment (PRI)

2015
- Established the Corporate philosophy "Mission, Vision & Core Values"

2016
- Signed the United Nations Global Compact
  First J-REIT asset manager

  Since 2016, KJR Management has supported the business responsibility initiatives and the principles in the areas of human rights, labor, environment, and anti-corruption in the United Nations Global Compact (UNGC).

Initiatives at IIF

2012
- E Acquired DBJ Green Building Certification for the first time
  First logistics facility

2013
- E Participated in GRESB for the first time

  Selected as Sector Leader in Asia Industrial property sector
  First J-REIT

2014
- E Acquired BELS Certification for the first time
  First logistics facility

2017
- Included in MSCI Japan ESG Select Leaders Index
- E Acquired CASBEE Certifications for Real Estate for the first time
  First logistics facility

History of Sustainability

2019
- Issued ESG Report

2021
- E Established new CO_2 reduction targets toward carbon neutrality by 2050

2022
- E Publication of Positive Impact Real Estate Investments based on the Principles for Positive Impact Finance
- E Implemented scenario analysis based on TCFD recommendations
- E Certification and Registration for the “Eco Action 21” (For an Environmental Management System)

エコアクション21 認証番号0013755

2023
- E Acquired SBTi Certification

Strengthened total GHG emissions reduction targets

- G Elected first female Supervisory Directors

2019
- E Declared support for Task Force on Climate-Related Financial Disclosures (TCFD)

First J-REIT asset manager

- Issued ESG Report

2020
- E Participated in Japan Climate Initiative (JCI)

2022
- G Elected first female director
- S Established systems for diverse workstyles (Well-being)
- S Established childcare leave for male employees, and other systems (Diversity)
- Signed PRI Advance

First J-REIT asset manager

2023
- E Joined Japan Business Initiative for Biodiversity (JBIB)
- E Participated 30by30 Alliance for Biodiversity (30by30 Alliance)

2019
- S Implemented an impact investment project based on the Principles for Positive Impact Finance

First J-REIT

- Issued ESG Report

2021
- S Issued social bonds
- E Established new CO_2 reduction targets toward carbon neutrality by 2050
- E Switched to electricity from renewable energy in line with RE100 at IIF Shonan Health Innovation Park

2022
- E Implemented scenario analysis based on TCFD recommendations
- E Participated in CDP Climate Change Program for the first time

2023
- E Acquired SBTi Certification

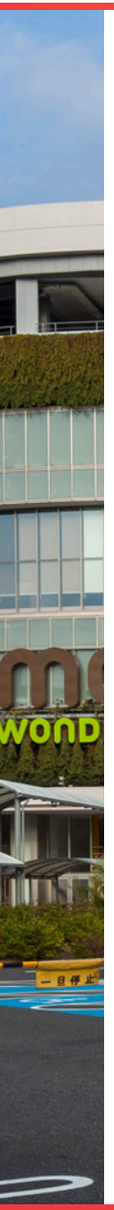
Strengthened total GHG emissions reduction targets

- E Certification and Registration for the “Eco Action 21” (For an Environmental Management System)
- E Acquired ResReal certification

エコアクション21 認証番号0013762

Highlights

J



Set the new targets for GHG emissions Reduction

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

2020 (Base year) ▶ **2030** (Mid-term Goals) ▶ **2050** (Long-term Goals)

Absolute Scope1+2

Reduced by 42%

GHG emissions throughout the entire value chain

Net-zero

New Targets for GHG Emissions Reduction

Mid-term Goals	
Target year	2030
Base Year	2020
Reduction rate	42%
Reduction targets	Scope1、Scope2
Calculation criteria	Gross basis

Long-term Goals	
Target year	2050
Reduction rate	Net-zero
Reduction targets	GHG emissions throughout the entire value chain ※Scope1、Scope2、Scope3 (total)

The above targets were certified by SBTi in June 2023.

Please refer to the following for details on the new GHG emission reduction targets and SBTi certification acquisition

Notice Concerning Setting of New Targets for Greenhouse Gas Emissions Reduction

Notice Concerning Acquisition of SBTi Certification

External evaluation (As of February, 2024)

GRESB Real Estate rating

5 stars (highest rank)

GRESB

CDP Climate Change Program

A-

CDP
DISCLOSURE INSIGHT ACTION

Highlights (As of August, 2023)

Building Certified Ratio
(Based on Total Floor Space)

79.2%

(As of February, 2024)

Scope1+2
(Compared to 2020)

Reduced by approx. 22.2%

Percentage of renewable energy installed
(Percentage of portfolio)

approx. 15.7%

Preparing emergency supplies

100%

Developing an emergency communication network

100%

Collecting engineering reports (ERs) regularly

100%

Highlights

Set the new targets for GHG emissions Reduction

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

2021 (Base year) ▶ **2030** (Mid-term Goals) ▶ **2050** (Long-term Goals)

Absolute Scope1+2

Reduced by **42**%

GHG emissions throughout the entire value chain

Net-zero

New Targets for GHG Emissions Reduction

Mid-term Goals	
Target year	2030
Base Year	2021
Reduction rate	42%
Reduction targets	Scope1、Scope2
Calculation criteria	Gross basis

Long-term Goals	
Target year	2050
Reduction rate	Net-zero
Reduction targets	GHG emissions throughout the entire value chain

2030 Mid-term targets were certified by SBTi in June 2023.

Please refer to the following for details on the new GHG emission reduction targets and SBTi certification acquisition

Notice Concerning Setting of New Targets for Greenhouse Gas Emissions Reduction

Notice Concerning Acquisition of SBTi Certification

External evaluation (As of February, 2024)

GRESB Real Estate rating

4stars

GRESB

CDP Climate Change Program

A

CDP
DISCLOSURE INSIGHT ACTION

Highlights (As of July, 2023)

Building Certified Ratio
(Based on Total Floor Space)

35.2%

(As of January, 2024)

Building Certified Ratio (Logistics facilities)

55.6%

Scope1+2
(Compared to 2021)

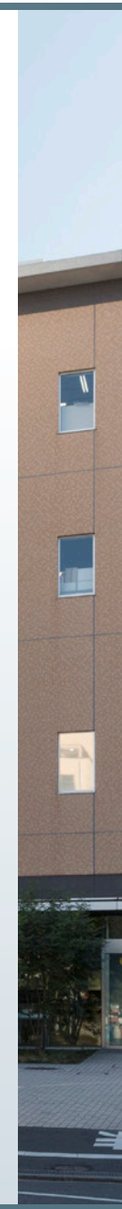
Reduced by approx. **38.7**%

Electricity consumption (per unit)
(Compared to 2015)

Reduced by approx. **47.2**%

Construction of emergency call tree

100%



Sustainability Strategy

Mission

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

We practice Responsible Property Investment and contribute to solve global-scale issues.

Our Concept of Sustainability in Property Investment

We implement RPI (Responsible Property Investment) that integrates environmental, social, and governance elements into property investment.
Owning and managing properties in an environmentally-friendly and socially responsible manner 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 by reducing expenses and improving returns. Therefore, we believe that this is an important strategy for us. We also believe that the strategy will bring about a more desirable result for our environment and society.

RPI Portfolio Management

- Develop and integrate into fund management strategy based on RPI approuch
- Set objectives in order to make achievements transparent and measurable

- Investment Decisions
- Refurbishment
- Operations and Maintenance

Our sustainability activities are promoted in order of priority assigned according to the external environment with a focus on the following.

Environment	Social	Governance
- Response to climate change	- Health, safty and well-being	- Sustainability Disclosure
- Introduction of renewable energy use	- Resilience	- Business Ethics
- Biodiversity	- DEI	



Sustainability-Related Policies

The Company and each of the investment corporations have established sustainability-related policies on Environmental, Social, and Governance issues.

Sustainability — Sustainability Policy (K)

Environmental	Social	Governance
Environmental Charter (K)	KJR Management Human Rights Policy (K) Sustainable Procurement Policy (K)	Compliance Basic Policy (K) Anti-Corruption and Bribery Prevention Policy (K)

Investment Corporation — Communication with Stakeholders Basic Policy (J) (I)
Disclosure Policy (J) (I)

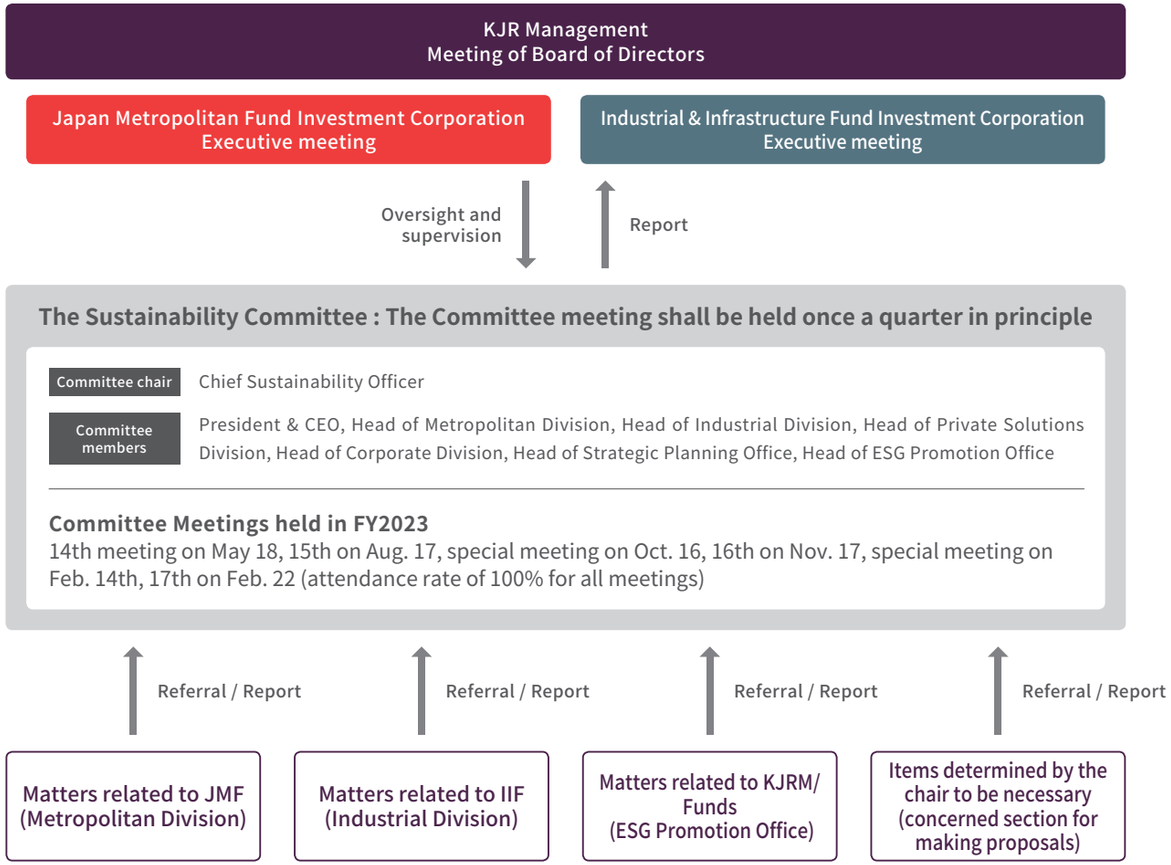
Collaboration with KKR

KKR believes that the thoughtful management of Environmental, Social, Governance, regulatory, and geopolitical issues is an essential part of long-term business success in a rapidly changing world, and incorporating such business-relevant issues as part of its investment process can both create and protect value. KKR and KJRM share learnings and best practices related to their sustainability efforts through regular working-level meetings and collaboration with KJRM's Senior Advisory Board.

Sustainability Promotion Structure

The Sustainability Committee

The Sustainability Committee is the body that approves resolutions concerning environmental, social, and governance policy, strategy, and structure, based on the Sustainability Policy. It also functions as a body that shares information on the status of activities, valuation results, and analysis of the sustainability of the investment corporations.



Chief Sustainability Officer (CSO)

The Company appointed President & CEO as the Chief Sustainability Officer (CSO). 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 Sustainability

Sustainability officers in each related division are responsible for driving activities aligned with our sustainability goals.
In addition, Sustainability officers lead and hold meetings as necessary to discuss and review Sustainability-related issues and promotion methods in detail at the working level (hereinafter referred to as “subcommittees”), either within the division or in cooperation with other divisions. Through the subcommittees, individual issues are discussed, and information is shared to raise awareness and understanding of the issues among those in charge, and to integrate Sustainability considerations into the daily investment and management process.

Main agenda to be resolved/reported up to the date published

- Establishment of 2024 sustainability goals
- Joining and signing the Biodiversity Initiative
- Annual report on the Social Finance Framework
- Identification of Eligible Green Projects / Social Projects and their Debts
- Efforts toward human rights issues
- Progress report on sustainability goals
- Organization and review of DEI promotion methods
- Development and publication of the Anti-Corruption Policy
- Overview of Green Bond Issuance
- Participation in Children’s Cafeteria Onigiri Project



Materiality

Through the meetings of the Sustainability Committee, the Company has examined its vision and targets for sustainability and carried out efforts toward their realization. As the level of interest toward sustainability is rising, the Company has further clarified the responses to be taken by identifying and visualizing related to sustainability materiality through dialogue with global stakeholders and collaborative efforts with other organizations. These issues were identified based on the Company's Corporate Philosophy and Sustainability Policy but also incorporate the ideas of the SDGs.



1 Continuous Risk Management

The Company manages risks by checking the risk status of each division once every two months using a Risk Control Matrix (RCM).

2 Identification of Sustainability Issues

The Company compiled lists of sustainability issues related to REITs based on the SDGs, global Sustainability disclosure criteria, and benchmark studies by overseas companies in the same industry. (Issues are discussed by the Sustainability Committee in principle once every three years.)

3 Establishment of Priority Order

The Company established an order of priority for the issues by taking into account their level of importance to the Company, each fund under the management, and external organizations.

4 Committee Deliberation

Discussion and Approval of Validity. To confirm validity, the Company underwent a review by a third party organization, as necessary.

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 stakeholders
- Biodiversity in areas surrounding our buildings
- Human rights
- Diversity, equity, and inclusion
- Compliance
- Supply chain management

Materiality identified (Level of Importance ★★★)	Risk	Opportunity	Closely related SDGs
Response to sustainability certifications (J, I)	Decline in assessment among tenants and investors who base their assessments on sustainability	• Improve environmental performance of properties • Expand the range of investors	9, 11
Response to climate change (J, I)	• Drop in tenant sales & increase in property damages due to physical impact of climate change • Decline in assessment by tenants & investors	Cost reduction with efficient energy use	13
Energy efficiency (J, I)	• Increase in energy-related expenses • Reinforcement of environmental regulations	Cost reduction with efficient energy use	7
Building resilience (J, I)	Increase in expenses for recovery, compensation, etc., after natural disasters	Increase in property competitiveness	9, 11
Ensuring of health and well-being of and convenience for people (tenants) (K, J, I)	• Decline in property competitiveness • Manpower outflow due to declining work conditions	• Improved sustainability assessment by assessment bodies and investors • Improvement in employee satisfaction and tenant assessment & satisfaction	3
Diversity, Equity, and Inclusion (K)	Outflow of talent	• IAchievement of work-life balance and support for continued employment • IRecruitment of talent	5, 8
Employee cultivation (K)	• Outflow of talent • Emergence of risks with decline in compliance awareness	• Development & recruitment of competitive human resources • Assurance of customer trust through improved compliance awareness	8

Please refer to the KJRM and JMF and IIF websites for more information on Level of Importance ★★ and ★.

Materiality and KPIs

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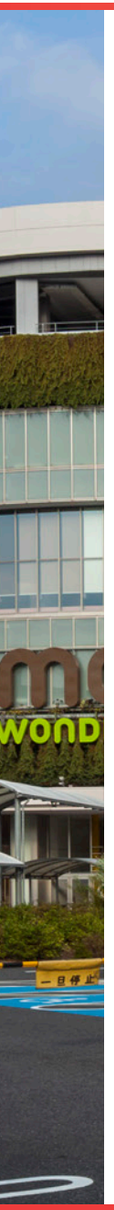


Level of Importance ★★★

Most important materiality	Target	KPI	Target for FY2023	Progress in FY2023	Targets for FY2024	Reported Location
Response to sustainability certifications	Improve sustainability activities through participation in external evaluation organizations such as GRESB	GRESB Acquiring five Star	Maintain five Star	Acquired five stars Achieved	Maintain five stars	P.8 P.22
		CDP: Acquiring more than "A- (Leadership)"	CDP: Acquiring more than A- (Leadership)	Acquired A- (Leadership) Achieved	CDP: Acquiring more than A- (Leadership)	P.8
	Improving proportion of environmental certifications	Acquiring certifications for 75% or more of the total portfolio (Total floor area basis)	Acquiring certifications for 75% or more of the total portfolio (Total floor area basis)	Percentage of properties with environmental certifications as of February, 2024: 79.2% Achieved	Acquiring certifications for 75% or more of the total portfolio (Total floor area basis)	P.22
Response to climate change	Reduction in GHG emission	Reduce total emissions by 42% compared to 2020 Target: Scope 1&2 (Target year: 2030)	4.2% reduced from the previous year Target: Scope 1 & 2	- Reduce total emissions by 22% compared to 2020 - Continued consideration of installation of solar power generation facilities - Stable renewable energy secured through adoption of an RE100 menu - Renewable energy ratio in FY2022: 15.7% Achieved	Reduction of 4.2% per year compared to 2020 Target:Scope 1&2	P.18
Energy efficiency	Introduction of renewable energy use	Renewable energy ratio of electricity used in business activities to 50% (Target year: 2030)	Percentage of renewable energy: 14%		Percentage of renewable energy: 17%	P.21
Building resilience	Implementing disaster prevention measures	- Preparing emergency supplies at 100% of the properties where such supplies can be kept - Developing an emergency communication network that covers 100% of properties - Collecting engineering reports (ERs) regularly for 100% of properties	- Preparing emergency supplies at 100% of the properties where such supplies can be kept - Developing an emergency communication network that covers 100% of properties - Collecting engineering reports (ERs) regularly for 100% of properties	- Preparing emergency supplies: 100% - Developing an emergency communication network: 100% - Collecting regular engineering reports: 100% Achieved	- Preparing emergency supplies at 100% of the properties where such supplies can be kept - Developing an emergency communication network that covers 100% of properties - Collecting engineering reports (ERs) regularly for 100% of properties	P.8 P.32
Ensuring of health and well-being of and convenience for people (tenants)	Improvement in tenant employee space	Improving communication space and refresh space at the time of renewal	Implement measures focused on tenant health and comfort	Common areas renovated and entrances repaired	Implement measures focused on tenant health and comfort	
	Visualization of health and comfort	Considering acquisition of wellness certification				
	KJRM Implementation of employee satisfaction survey	Survey conducted annually	Conduct employee satisfaction surveys	Implemented - Target: all employees - Response rate: 96.7% Achieved	Conduct employee satisfaction surveys	P.31
Diversity, Equity, and Inclusion	KJRM Development of working environments where employees can fulfill their potential and achieve a work-life balance	Achievement of a 50% utilization rate of parental leave by male employees (at least one employee taking parental leave)	Achievement of a 50% utilization rate of parental leave by male employees (at least one employee taking parental leave)	83.3% as of December 31, 2023 * April 2022- December 2023 Achieved	Achievement of a 50% utilization rate of parental leave by male employees (at least one employee taking parental leave)	P.29
	KJRM Further promotion of women's active participation in the workplace to continue fostering groundbreaking innovation	Raise the percentage of female employees in management roles to 20% (target year: 2027)	Raise the percentage of female employees in management roles to 20% (target year: 2027)	15.2% as of December 31, 2023	Raise the percentage of female employees in management roles to 20% (target year: 2027)	
Employee cultivation	KJRM Employee participation in compliance training	100% Training conducted annually	100% participation rate	100% participation rate Achieved	100% participation rate	P.41

Please refer to the JMF websites and the KJRM websites for more information on Level of Importance ★★ and ★.

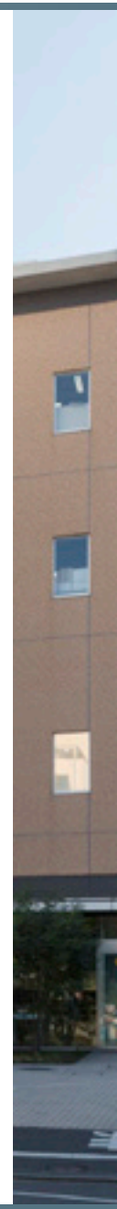
Materiality and KPIs

Level of Importance ★★★

Most important materiality	Target	KPI	Target for FY2023	Progress in FY2023	Targets for FY2024	Reported Location
Response to sustainability certifications	Improving proportion of environmental certifications	- Acquiring certifications for 70% or more of Logistics facilities (Target year: 2025) - Acquiring certifications for 60% or more of the total portfolio	- Five properties newly acquire and three properties re-acquire Certification for CASBEE for Real Estate - Four properties newly acquire BELS certification - Consider acquisition of other environmental certifications	- Four properties newly acquired and three properties re-acquired Certification for CASBEE for Real Estate - Four properties newly acquired BELS certification - Two properties newly acquired ResReal certification **Partially Achieved**	- Five properties re-acquire Certification for CASBEE for Real Estate - One property newly acquire BREEAM	P.9 P.25
	Improving sustainability activities through participation in GRESB and other external evaluation institutions	GRESB Acquiring five Star	Maintain five Star	Acquired four stars	Acquiring five Star	
		CDP Acquiring “Leadership” level	CDP: Acquiring more than A- (Leadership)	Acquired A (Leadership) **Achieved**	CDP: Acquiring more than A- (Leadership)	P.9
Response to climate change	Reduction in GHG emission	Reduce total emissions by 42% compared to 2021 Target: Scope 1&2 (Target year: 2030)	- Incorporation of energy-saving effects from LEDs - Incorporation of energy saving effects by renewal of air-conditioning - Reduction of environmental impact by purchasing green electricity	- Switches to LEDs implemented at all planned properties, and executed green lease agreements with the tenants - All planned air conditioning upgrades implemented, and an additional upgrade ordered for one property - Green electricity purchased at one property	- Incorporation of energy-saving effects from LEDs - Conversion of electricity to clean energy by installing solar panels - Reduction of environmental impact by purchasing green electricity	P.20
Energy efficiency	Improvement in energy consumption	Reduction in energy consumption per unit* by 30% compared with 2015(Target year: 2030)				P.20 P.24
	Introduction of renewable energy	Switching to electricity procured from renewable energy in IIF’s directly managed properties (Target year:2030)	Reduction of environmental impact through the purchase of green electricity	Green electricity purchased at one property	Reduction of environmental impact through the purchase of green electricity	
Building resilience	Implementing disaster prevention measures	Completion of construction of emergency call tree	Completion of construction of emergency call tree	Completion of construction of emergency call tree **Achieved**	Completion of construction of emergency call tree	P.9 P.34
Ensuring of health and well-being of and convenience for people (tenants)	KJRM Implementation of employee satisfaction survey	Survey conducted annually	Conduct employee satisfaction surveys	Implemented - Target: all employees - Response rate: 96.7% **Achieved**	Conduct employee satisfaction surveys	P.31
Diversity, Equity, and Inclusion	KJRM Development of working environments where employees can fulfill their potential and achieve a work-life balance	Achievement of a 50% utilization rate of parental leave by male employees (at least one employee taking parental leave)	Achievement of a 50% utilization rate of parental leave by male employees (at least one employee taking parental leave)	83.3% as of December 31, 2023 * April 2022- December 2023 **Achieved**	Achievement of a 50% utilization rate of parental leave by male employees (at least one employee taking parental leave)	P.29
	KJRM Further promotion of women’s active participation in the workplace to continue fostering groundbreaking innovation	Raise the percentage of female employees in management roles to 20% (target year: 2027)	Raise the percentage of female employees in management roles to 20% (target year: 2027)	15.2% as of December 31, 2023	Raise the percentage of female employees in management roles to 20% (target year: 2027)	
Employee cultivation	KJRM Employee participation in compliance training	100% Training conducted annually	100% participation rate	100% participation rate **Achieved**	100% participation rate	P.41

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

Please refer to the IIF websites and the KJRM websites for more information on Level of Importance ★★ and ★.



Environment

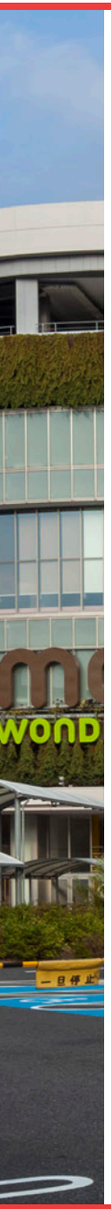
	J	I
Climate Change and Resilience	16	16
Energy / Water / Waste / Biodiversity	21	24
Environmental Approvals and Evaluations for Assets	22	25
Green Bond	23	
Pollution Prevention	26	26

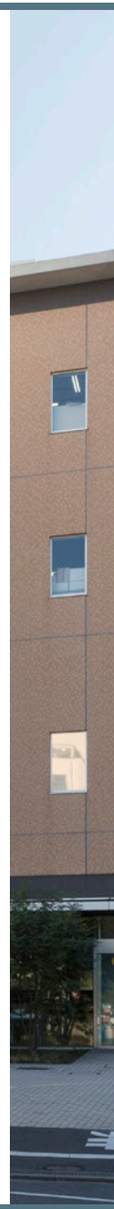
Environmental Charter

At KJR Management, we consider the Earth itself to be our most important stakeholder and are continually working towards the realization of a sustainable society through our business activities.

Toward Net Zero	We consider a healthy global environment to be essential for the continuation of our business activities, and by implementing new efficiency measures and technologies, engaging in dialogue with stakeholders, and other efforts, we will help achieve net zero while reducing greenhouse gas emissions and taking on climate change via both mitigation and adaptation.
Sustainability	We will promote the sustainable use of natural resources.
Biodiversity	We recognize the critical importance of what ecosystems can provide and are committed to protecting ecosystems and mitigating any potential impacts on biodiversity.
Pollution Prevention	We will strive to create and enhance environmental benefits by undertaking conservation activities and reducing our environmental footprint.
Communication	We will continue to actively engage and work with our various stakeholders and disclose information on the environmental impacts of our business operations in an appropriate and timely manner.
Compliance	We will conduct all of our activities in compliance with environmental laws while adhering to international rules and social standards.

Climate Change and Resilience





Recognition Regarding Climate Change

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Company 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.
The Company 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.

* From 2024, the International Sustainability Standards Board (ISSB) of the IFRS Foundation will take over the monitoring of the progress of companies' climate-related disclosures from the TCFD.

Information Disclosure Based on TCFD Recommendations

1.Governance

System of Supervision by the Board of Directors of the Company / each investment corporations
The matters resolved by and reported to the Sustainability Committee chaired by the Chief Sustainability Officer (CSO) are overseen and supervised by being reported as needed to the Board of Directors, which meets at least once every three months and is chaired by the President of the Company, as well as the Board of Directors of each investment corporation, which meets twice a month.

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

Please refer to the page 11 for further details.

2.Risk Management

Organizational Process of Identifying and Evaluating Climate Change Risks
With regard to climate change-related risks and opportunities for each investment corporation, led by the sustainability staff of each division, 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, opportunities and their degree of 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 Company led by the person in charge of sustainability issues, holds meetings (hereinafter referred to as "subcommittees") as necessary to discuss and examine in detail sustainability-related issues and promotion methods at the working level, either within the division or in cooperation with other divisions. Through the subcommittees, individual issues are discussed, and information is shared to raise awareness and understanding of the issues among those in charge, and to integrate sustainability considerations into the daily investment and management process.
Matters considered by the subcommittees are reported to the Sustainability Committee on the basis of submissions from the divisions, and the Sustainability Committee reviews progress in addressing the assessed risks and opportunities.
Moreover, each investment corporation collects and monitors monthly environmental data for properties. 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.

Please refer to JMF's Strategy and Indexes and Goals on pages 17 and 18.

Please refer to IIF's Strategy and Indexes and Goals on pages 19 and 20.

Integration into Overall Risk Management
The Company 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 risks affecting business operations, including climate change, at each division once every two months using a Risk Control Matrix (RCM), and reports to the committee for evaluation and management.



Climate Change and Resilience

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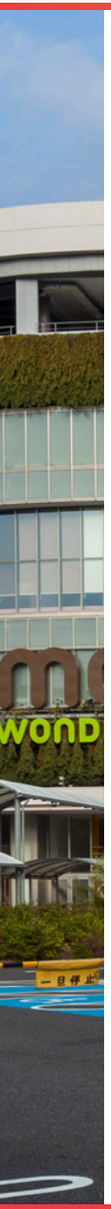


3.Strategy

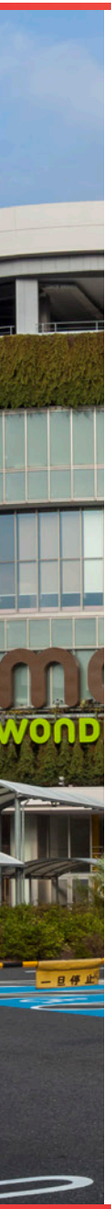
Financial impact study and response measures

JMF assesses the financial impact on the entire portfolio based on climate change-related scenarios, with 2030 as the medium term and 2050 as the long term. Based on the assessment results, JMF's efforts and measures to respond to potential risks and opportunities are as described below. For our examination of the world views surrounding JMF based on the 4°C and 1.5°C climate change-related scenarios, please refer to our website.

Classification		Risk / Opportunity Items	Financial impact: Change in cash flow (qualitative expression)	Risk / Opportunity	4°C scenario: Medium term 2030	4°C scenario: Long term 2050	1.5°C scenario: Medium term 2030	1.5°C scenario: Long term 2050	JMF's efforts and measures
Transition Risks / Opportunities	Policy and Regulations	Increase in legal compliance costs	Increase in CO_2 emissions costs due to introduction of CO_2 emissions regulations and carbon tax	Risk	Small	Small	Middle	Large	Aim for net-zero absolute GHG emissions throughout the entire value chain by 2050 Reduce absolute Scope 1+2 emissions by 42% by 2030 (compared with 2020) Introduction of renewable energy-derived electricity in directly managed properties Promotion of switching to renewable energy-derived electricity for tenants of indirectly managed properties Reduction of total emissions from strategic replacement of large suburban properties with smaller urban properties
			Increase in cost of acquiring environmental certifications/energy conservation ratings	Risk	Small	Small	Small	Middle	Target 75% environmental certification acquisition rate for the entire portfolio Planned acquisition of environmental certifications/energy conservation ratings
			Increase in building management outsourcing costs due to increase in PM and BM companies' work to comply with laws and regulations	Risk	Small	Small	Small	Small	Conduct ESG training for PM and BM companies, including climate change response
			Improved competitiveness of properties by complying with laws and regulations	Opportunity	Small	Small	Middle	Large	Installation of renewable energy-derived electricity and solar panels at directly managed properties Energy consumption management by proprietary EMS Planned acquisition of environmental certifications/energy conservation ratings
	Technology	Diffusion of low-carbon / energy-saving technologies	Increase in various costs for ZEB conversion	Risk	Small	Small	Middle	Middle	Consideration of acquiring new properties that have already been converted to ZEB Study of planned ZEB conversion of existing properties
			Increased costs associated with retrofitting low-carbon and energy-efficient facilities	Risk	Small	Small	Small	Middle	Conduct energy efficiency and conservation audits by outside specialists. Energy saving in lighting, air conditioning, etc. through systematic facility renovation
			Reduction of utility costs through ZEB and energy-saving construction	Opportunity	Small	Small	Middle	Large	Implement systematic introduction of energy-saving equipment Installation of solar panels using the PPA method
	Market	Increased social importance regarding the environmental performance of buildings	Decreased rental income due to decreased needs and occupancy rates for properties with low environmental performance (e.g., not certified, not energy efficient, etc.)	Risk	Small	Small	Middle	Middle	Regularly obtain environmental certifications to maintain and improve environmental performance
			Increase in appraised value and average rent for properties with high environmental performance	Opportunity	Small	Small	Middle	Middle	Set KPI for percentage of environmental certifications obtained
			Lower financing costs through green finance	Opportunity	Small	Small	Middle	Middle	Continued issuance of green bonds
		Increasing number of companies going carbon neutral	Increase in renewable energy installation and response costs	Opportunity	Small	Small	Middle	Middle	The bidding system will allow for the introduction of renewable energy sources under cost-effective conditions The PPA method, which does not incur any cost, is used to install solar panels to generate renewable energy
	Reputation	Increased importance of transition risk	Increased cost of financing from investors and financial institutions due to the assessment of high transition risk	Risk	Small	Small	Small	Middle	Disclosure of sustainability-related initiatives through the sustainability website Disclosure of Environmental Performance Information Active participation in various sustainability assessments
			Improved reputation for transition risk response will improve the brand value of owned properties in response to climate change and increase rental income through improved use by tenants and facility users	Opportunity	Small	Small	Small	Middle	Actively inform tenants and facility users about sustainability
Physical Risks / Opportunities	Acute	Increase in typhoons, torrential rain, flooding and inundation	Increase in repair costs, proactive measures and property insurance premiums due to flooding of owned properties	Risk	Small	Large	Small	Small	Flooding risk assessment in the DD process
			Decrease in property values of properties at high risk of flooding	Risk	Small	Middle	Small	Small	Periodically check hazard maps of owned properties to identify flooding risks
			Decrease in rent from tenants and percentage rent from commercial facilities due to loss of business opportunities due to flooding of owned properties	Risk	Small	Middle	Small	Small	Emergency communication network is 100% in place to quickly respond to confirm the status of disaster damage and to restore operations
			Increased work by PM and BM companies related to BCP, such as evacuation drills and disaster prevention stockpiling, and also increased building management outsourcing costs	Risk	Small	Small	Small	Small	Conduct evacuation drills and other BCP measures on a regular basis
			Gaining market competitiveness by increasing the number of tenants who appreciate BCPs for climate change and the comfort and safety of real estate	Opportunity	Small	Middle	Small	Small	Conduct disaster risk surveys through non-life insurance companies
	Chronic	Progression of average temperature increase	Increased air conditioning operation, maintenance and repair costs due to increased demand for cooling	Risk	Small	Middle	Small	Small	Renewal of energy-saving equipment such as LED lighting and energy-efficient air-conditioning equipment
			Increase in utilities costs due to higher energy use	Risk	Small	Middle	Small	Small	Introduction of renewable energy sources such as solar power generation
		Progressive sea level rise	Decrease in property values of properties at high risk of flooding	Risk	Small	Middle	Small	Small	Flooding risk assessment in the DD process
			Repair costs and loss of business opportunities due to flooding of owned properties	Risk	Small	Middle	Small	Small	Construction and equipment upgrades to enhance resilience performance

* Referenced climate change-related scenarios
Transition Risk……Sources IEA (International Energy Agency) Wo rld Energy Outlook 2021, 4°C scenario : IEA STEPS, 1.5°C scenar io : IEA NZE2050
Physical Risk…Sources IPCC (Intergovernmental Panel on C limate Change) Sixth Report, 4°C scenario : IPCC SSP5-8.5, 1.5 °C scenario : IPCC SSP1-1.9

Climate Change and Resilience



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4. Indexes and Goals

To demonstrate its commitment to further GHG reductions, JMF has changed its medium-term GHG reduction target by 2030 from a conventional per unit target to a 42% reduction in Scope 1 and Scope 2 emissions on a total amount basis.
This newly established GHG emissions reduction target has been certified as a science-based target by the Science Based Targets initiative (SBTi), an international initiative.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

New Targets

- **Reduce absolute Scope 1+2 emissions by 42% by 2030 (compared with 2020)** SBTi Certification
- **Aim for net-zero absolute GHG emissions throughout the entire value chain by 2050** SBTi Certification

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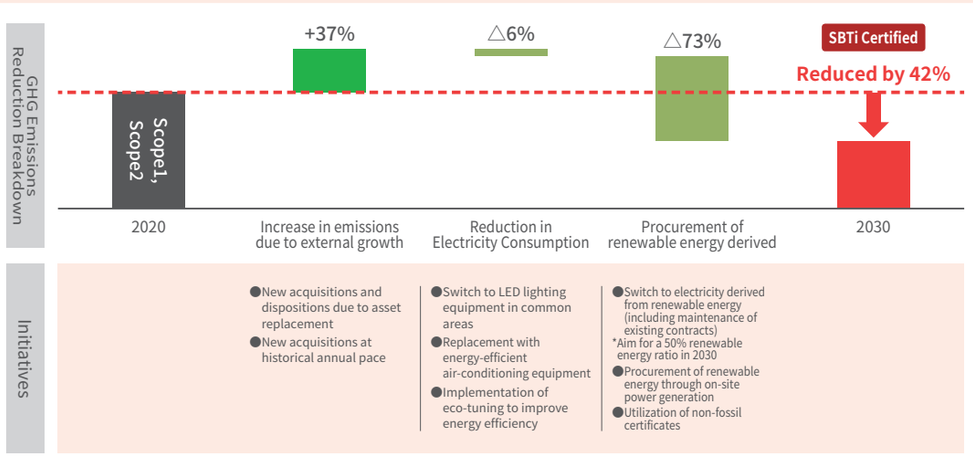
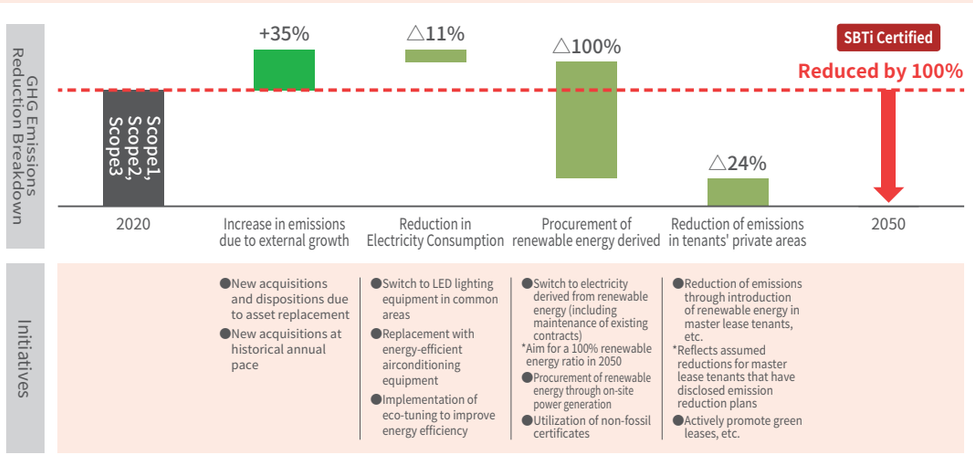
			FY2020	FY2021	FY2022	Target
Scope1			5,608	5,135	5,542	2030 SBTi Certification Reduce absolute Scope 1+2 emissions Scope2 (Market Based) by 42%※
Scope2 (Market Based)			29,884	24,633	22,061	
Scope3	Category 1	Purchased goods and services	16,998	17,110	16,975	2030 Scope 3 total emissions calculate and reduce※
	Category 2	Capital goods	30,182	23,994	28,757	
	Category 3	Fuel- and energy-related activities not included in Scope 1 or 2	6,716	6,467	6,334	
	Category 5	Waste generated in operations	13,017	14,478	14,374	
	Category 6	Business travel	1	0	0	
	Category 7	Employee commuting	3	1	1	
	Category 12	End of life treatment of sold products	0	0	0	
	Category 13	Downstream leased assets	165,531	152,527	139,855	
	Category 15	Investments	0	0	0	
			232,446	214,579	206,297	
Total			267,938	244,347	233,899	2050 Net-zero SBTi Certification

※Compared to FY2021

GHG Emissions Reduction Toward 2030 Mid-Term Target (Scope1+2), 2050 long-term target (Scope1+2+3)





Climate Change and Resilience

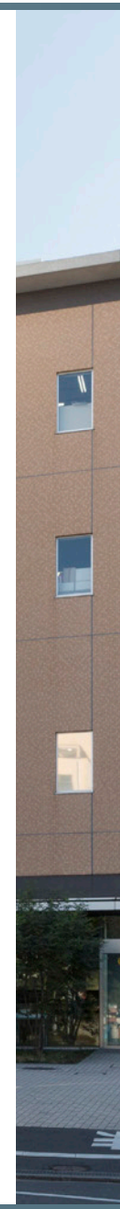
3.Strategy

Financial impact study and response measures

IIF assesses the financial impact on the entire portfolio based on climate-change related scenarios, with 2030 as the medium term and 2050 as the long term. Based on the assessment results, IIF's efforts and measures to respond to potential risks and opportunities are as described below. For our examination of the world views surrounding IIF based on the 4°C and 1.5°C climate change-related scenarios, please refer to our website.

Classification		Risk / Opportunity Items	Financial impact: Change in cash flow (qualitative expression)	Risk / Opportunity	4°C scenario: Medium term 2030	4°C scenario: Long term 2050	1.5°C scenario: Medium term 2030	1.5°C scenario: Long term 2050	IIF's efforts and measures
Transition Risks / Opportunities	Policy and Regulations	Increase in legal compliance costs	Increase in CO_2 emissions costs due to introduction of CO_2 emissions regulations and carbon tax	Risk	Small	Small	Small	Middle	・42% Reduction in absolute Scope 1+2 emissions by 2030 (compared with 2021) ・Aim for net-zero absolute GHG emissions throughout the entire value chain by 2050 ・Introduction of renewable energy-derived electricity in properties under direct electricity management
			Increase in costs of acquiring environmental certifications/energy conservation ratings	Opportunity	Small	Small	Small	Middle	・Planned acquisition of environmental certifications/energy conservation ratings ・Target to obtain environmental certifications : 60% of the entire portfolio (target year: by 2030) ・Target to obtain environmental certifications for logistics facilities : No less than 70% (target year: by 2025)
			Improvement of properties' competitiveness through complying with laws and regulations	Opportunity	Small	Small	Middle	Large	・Energy consumption management through proprietary EMS ・Introduction of renewable energy-derived electricity at properties under direct electricity management
	Technology	Diffusion of low-carbon / energy-saving technologies	Increase in costs to acquire ZEB properties, to convert existing properties to ZEB, and to research new technologies for introduction, etc.	Risk	Small	Small	Middle	Middle	・Consideration of acquiring new properties that have already been converted to ZEB ・Study on possibility of ZEB conversion at property acquisition stage ・Study on planned ZEB conversion of existing properties
			Increase in retrofit costs associated with the introduction of energy-saving equipment and renewable energy and the promotion of carbon neutrality of real estate	Risk	Small	Small	Small	Middle	・Energy saving in lighting, air conditioning, etc. through systematic facility renovation ・Conclusion of memorandum (green lease) with tenants to share the effect of reduced utility costs on installation of energy-saving equipment such as LED lighting, etc.
			Reduction of utility costs through ZEB and energy-saving construction	Opportunity	Small	Small	Middle	Large	・Reduction of utility costs through planned energy-saving construction
		Soaring renovation / equipment costs	Increase in costs to rebuild or update facilities on introduction of new technology to meet future environmental needs	Risk	Small	Small	Middle	Large	・Implementation of planned development projects ・Energy saving in lighting, air conditioning, etc. through planned facility renovation
	Market & Reputation	Changes in market participants' awareness and perception towards climate change response	Increase in financing costs due to assessed high transition risk	Risk	Small	Small	Small	Middle	・Planned reduction of portfolio energy intensity on per-unit basis
		Changes in tenants' needs for environmental performance	Decrease in lease revenue due to relative decline in environmental performance of owned properties and decrease in income due to stranded assets	Risk	Small	Small	Middle	Middle	・Improvement of portfolio competitiveness through introducing sustainability assessments, including measures for climate change, into DD of property acquisitions, and through acquiring properties with high environmental performance
		Changes in social value for environmental performance	Increase in costs due to renewable energy installation	Risk	Small	Small	Middle	Middle	・Introduction of renewable energy-derived electricity at properties under direct electricity management (approximately 94% switchover completed based on electricity consumption)
			Lower financing costs through green finance	Opportunity	Small	Small	Middle	Middle	・Utilization target for green finance in the future
		Increase in asset value through improvement of greening performance	Increase in financing costs from investors and financial institutions due to inability to obtain environmental certifications and evaluations from global evaluation agencies	Risk	Small	Small	Middle	Middle	・Disclosure of sustainability-related initiatives, including climate change initiatives, through the sustainability website ・Disclosure of environmental performance information ・Active participation in various sustainability assessments (GRESB, CDP, MSCI, etc.)
		Increases in value for environmental performance	Decrease in property value and average rent due to lack of progress in acquiring environmental certifications such as ZEB and DBJ Green Building certification	Risk	Small	Small	Middle	Large	・Improvement of portfolio competitiveness through introducing sustainability assessments, including climate change responses, into DD of property acquisitions, and through acquiring properties with high environmental performance
		Increases in number of companies going carbon neutral	Decrease in occupancy rates of buildings due to lack of energy creation and energy conservation function	Risk	Small	Small	Small	Middle	・Installation of solar panels on the roofs of properties ・Survey of existing tenants to research tenant needs for introduction of renewable energy and future needs ・Introduction of renewable energy-derived electricity at properties under direct electricity management
		Decrease in brand value due to underdevelopment of green buildings	Decrease in rent premiums due to brand value decline of building types with no environmental certification programs	Risk	Small	Small	Small	Middle	・Planned acquisition of environmental certifications/energy conservation ratings ・Lobbying for expansion of environmental certification systems
Physical Risks / Opportunities	Acute	Increase in typhoons, torrential rain, storm surges, floods, and inundation	Increase in costs for repair, proactive measures and insurance premiums due to flooding of owned properties	Risk	Small	Middle	Small	Small	・Assessment of flooding risk in the DD process ・Periodical check of hazard maps for owned properties to examine flooding risk
			Loss of business opportunities due to flooding of owned properties	Risk	Small	Middle	Small	Small	・Establishment of full emergency communication network to respond promptly to confirm the status of damage from disasters and take recovery measures
			Decrease in property values with high flooding risk	Risk	Small	Middle	Small	Small	・Validation of damage prediction by inundation risk assessment ・Construction and equipment upgrades to enhance resilience performance
			Further improvement of market competitiveness through highly resilient portfolio	Opportunity	Small	Middle	Small	Small	・Target for obtaining resilience certification ・Establishment of full emergency communication network to respond promptly to confirm the status of damage from disasters and take recovery measures
	Chronic	Progressive rise in average temperatures	Increase in maintenance and repair costs for air conditioning and utility costs due to increasing cooling demand	Risk	Small	Middle	Small	Small	・Introduction of high-efficiency air conditioning (implemented as one of the energy conservation measures) ・Introduction of renewable energy sources such as solar power generation ・Adoption of building design anticipating the use of natural energy
		Progressive rise in sea level	Increase in repair costs and property insurance premiums for countermeasures against sea level rise, etc.	Risk	Small	Middle	Small	Small	・Validation of damage prediction by inundation risk assessment ・Area diversification of portfolio assets ・Implementation of construction and facility upgrades to enhance resilience performance

* Referenced climate change-related scenarios
Transition Risk……Sources IEA (International Energy Agency) Wor ld Energy Outlook 2021, 4°C scenario : IEA STEPS, 1.5°C scenari o : IEA NZE2050
Physical Risk…Sources IPCC (Intergovernmental Panel on C limate Change) Sixth Report, 4°C scenario : IPCC SSP5-8.5, 1.5 °C scenario : IPCC SSP1-1.9



Climate Change and Resilience

4. Indexes and Goals

To demonstrate its commitment to further GHG reductions, IIF has changed its medium-term GHG reduction target by 2030 from a conventional per unit target to a 42% reduction in Scope 1 and Scope 2 emissions on a total amount basis.
This newly established GHG emissions reduction target for medium term has been certified as a science-based target by the Science Based Targets initiative (SBTi), an international initiative.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

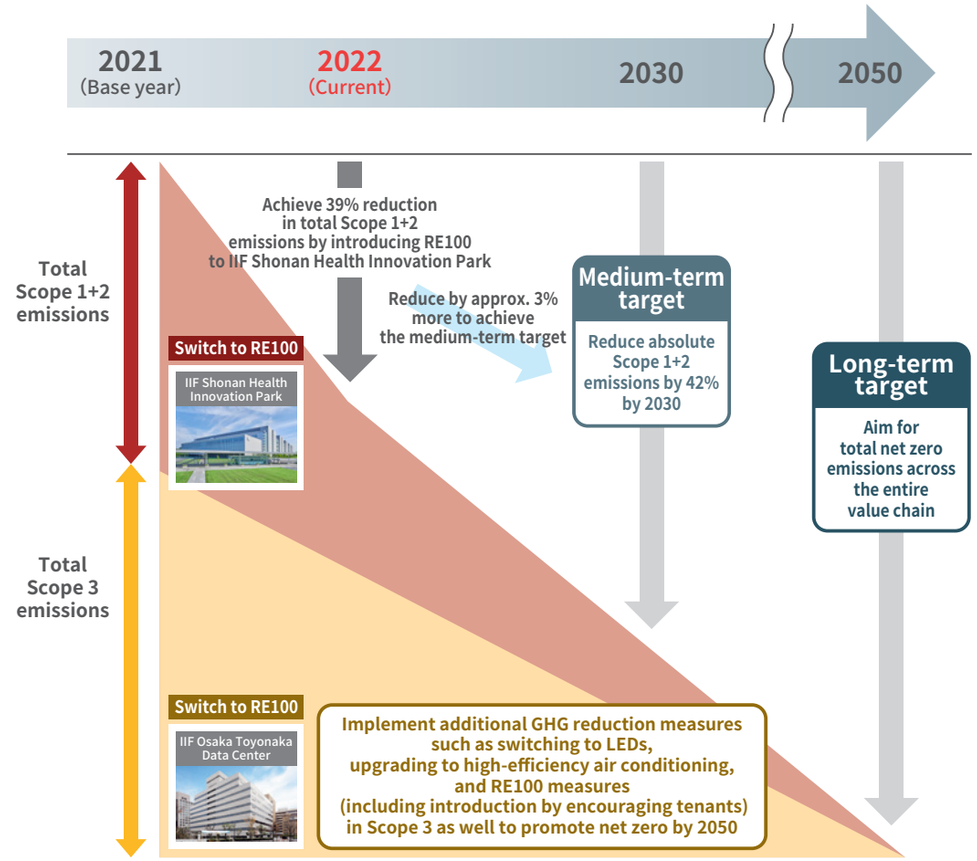
New Targets

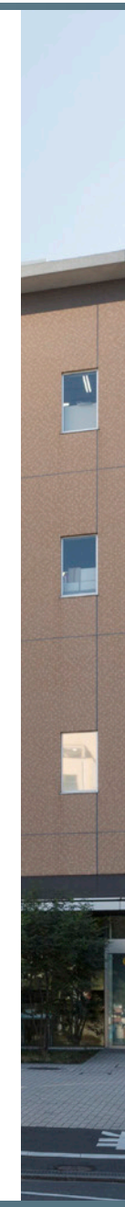
- **Reduce absolute Scope 1+2 emissions by 42% by 2030 (compared with 2021)** SBTi Certification
- **Aim for net-zero absolute GHG emissions throughout the entire value chain by 2050**

(t-CO_2)

			FY2021	FY2022	Target
Scope1			25,758	25,733	2030 SBTi Certification Reduce absolute Scope 1+2 emissions by 42%※
Scope2 (Market Based)			16,282	29	
Scope3	Category 1	Purchased goods and services	6,707	7,349	
	Category 2	Capital goods	13,327	17,307	
	Category 3	Fuel- and energy-related activities not included in Scope 1 or 2	27,392	46,241	
	Category 5	Waste generated in operations	14,439	13,194	
	Category 6	Business travel	1	1	2030 Scope 3 total emissions calculate and reduce※
	Category 7	Employee commuting	1	1	
	Category 12	End of life treatment of sold products	0	137	
	Category 13	Downstream leased assets	78,802	72,655	
	Category 15	Investments	56	54	
			140,724	156,937	
Total			182,764	182,699	2050 Net-zero

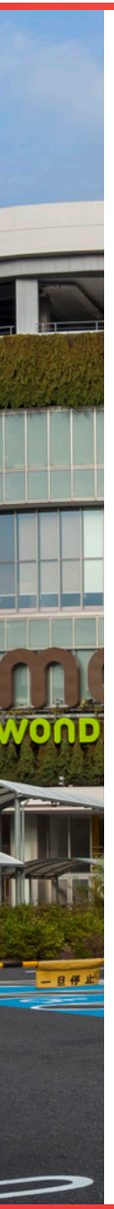
※Compared to FY2021





Energy / Water / Waste / Biodiversity

J



Energy

Target	KPI	Progress
Improvement in energy consumption	Reduction in electric consumption per unit by 20% compared with 2015 (Target year: 2030)	Decreased by approx. 19.6%
		See Data for details
Target	KPI	Progress
Introduction of renewable energy	Renewable energy ratio of electricity used in business activities to 20%(Target year: 2030)	approx. 15.7%
		See Data for details

Progress in FY2022

We have achieved a 7.3% reduction from the February 2022 levels in total emissions for Scopes 1+2 as of February 2023 as a result of the following efforts.

- Switched to renewable energy at 25 properties as of August 31, 2023, resulting in an introduction rate of 15.7%.
- Switched to green electricity.
- Solar panels installed at Oyama Yuen Harvest Walk. The Power Purchase Agreement (PPA) scheme started in March 2022, contributing to a significant reduction in electricity costs.
- Results by Oyama Yuen Harvest Walk



Oyama Yuen Harvest Walk

Results by Oyama Yuen Harvest Walk

	Amount of solar power generation purchased (year)	Reduction in GHG emissions (year)
Achievements	833MWh	376t-CO_2

To advance initiatives that can promote GHG emissions reductions, we are planning to continue promoting the introduction of green leases and enhancing proposals to master lease tenants to switch to renewable energy.

Water

Abiko Shopping Plaza and KAMISHIN PLAZA introduced cleaning robots. This introduction is expected to reduce water use and cleaning costs.

Environmental consideration	Reduction of water consumption
Improved efficiency	Reduction of cleaning time
Reduced cost	Reduction in daily cleaning costs

Executed green lease agreement with a tenant

* Compared to the quantity used for cleaning the equivalent are a by existing cleaners

Waste

Target	KPI
Reduction in waste	Implementing comprehensive waste management (waste amount, waste treatment operators, final treatment sites) at 100% of directly managed properties by 2023

Subdivision of waste separation rules and visualization of in-building recycling rates through installation of measuring instruments

In an effort to visualize the industrial waste generated in the building and improve the recycling rate, GYRE subdivided waste separation items and introduced measuring instruments in July 2023 with the cooperation of all its tenants. As a result of visualization of the in-building recycling rate, the recycling rates of industrial waste* in September 2023 were 100.0% for common areas and 94.1% for exclusive areas.

* Excluding general waste



GYRE

Biodiversity

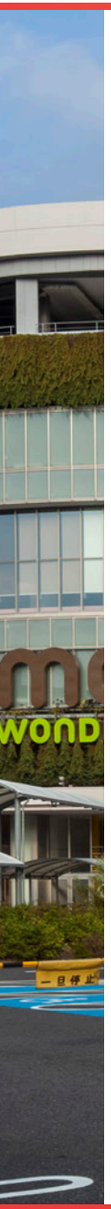
JMF recognizes the critical importance of what ecosystems can provide, and we are committed to protecting ecosystems and mitigating any potential impacts on biodiversity. In addition, to provide peace of mind to our customers, we are actively adding greenery to our facilities and creating parks and other communal spaces.

Please refer to the JMF website for other initiatives



Twin 21

Environmental Approvals and Evaluations for Assets



J

Environmental Certification

Target	KPI	Progress
Improving proportion of environmental certification	Acquiring certifications for 75% or more of the total portfolio*1 (Total floor area basis)	79.2% (February 2024)

Certification for CASBEE for Real Estate

38 properties

S : 25 properties
A : 10 properties
B+ : 3 properties

DBJ Green Building Certification

23 properties

5 stars : 1 property
4 stars : 8 properties
3 stars : 10 properties
2 stars : 1 property
1 star : 3 properties

BELS Certification

6 properties

4 stars : 1 property
3 stars : 2 properties
2 stars : 3 properties

Tokyo Low-Carbon Small and Medium-Sized Model Building

7 properties

A4 : 1 property
A3 : 1 property
A2 : 2 properties
A1 : 3 properties

Applications	Property Name	Certification for CASBEE for Real Estate	DBJ Green Building Certification	BELS Certification	Tokyo Low-Carbon Small and Medium-Sized Model Building
Urban retail	Abiko Shopping Plaza	S	★★★★		
Urban retail	GYRE	S	★★★★		
Urban retail	Bic Camera Tachikawa		★★		
Urban retail	AEON Itabashi SC	S			
Urban retail	SEIYU Hibarigaoka		★		
Mixed-use	JMF-Bldg. Jiyugaoka 01 (A Bldg.)		★		
Mixed-use	JMF-Bldg. Jiyugaoka 01 (B Bldg.)		★★★	★★★★	
Suburban retail	AEON MALL Musashi Murayama	S			
Urban retail	La Porte Aoyama		★★★		
Suburban retail	Makuhari Plaza	A			
Mixed-use	KAWASAKI Le FRONT	A	★★★★		
Urban retail	G-Bldg. Omotesando 02				A3
Urban retail	G-Bldg. Kichijoji 02		★		
Mixed-use	JMF-Bldg.Ginza Chuo-Dori 01				A4
Urban retail	MARINE & WALK YOKOHAMA	S	★★★★		
Urban retail	Machinoma Omori	S	★★★★		
Urban retail	AEON MALL Tsudanuma	S			
Office	JMF-Bldg. Yokohama Bashamichi 01	S			
Office	JMF-Bldg. Kawasaki 01	S			
Office	JMF-Bldg. Shibuya 02	B+		★★	
Office	JMF-Bldg. Shibuya 03	A		★★	
Office	JMF-Bldg. Shibuya 03	B+*			
Office	JMF-Bldg. Toyocho 01	A			A1
Office	JMF-Bldg. Nihombashi Hamacho 01	B+		★★★	
Office	JMF-Bldg. Sasazuka 01				A2-
Office	JMF-Bldg. Ueno 01				A2
Office	JMF-Bldg. Yokohama 01	S			
Office	JMF-Bldg. Kanda01				A1
Office	JMF-Bldg. Edogawabashi 01				A1+
Office	JMF-Bldg. Akasaka 02	S			
Residence	JMF-Residence Gakugeidaigaku		★★★★		
Residence	JMF-Residence Ikebukuro 1-chome		★★★		
Residence	JMF-Residence Machida		★★★		
Urban retail	Kyoto Family	S	★★★		
Urban retail	Kawaramachi OPA	A			
Urban retail	AEON MALL Tsurumi Ryokuchi	S			
Urban retail	AEON MALL Itami	S			
Suburban retail	Ario Otori	S			
Suburban retail	AEON MALL Kobe Kita	S			
Urban retail	KAMISHIN PLAZA	S	★★★		
Mixed-use	Twin 21	S	★★★		
Office	JMF-Bldg. Kitahama 01	A	★★★	★★★	
Mixed-use	JMF-Bldg. Osaka Fukushima 01	S			
Office	JMF-Bldg.Higobashi 01		★★★	★★	
Office	JMF-Bldg. Imabashi 01	A			
Urban retail	mozo wonder city	S	★★★★★		
Suburban retail	Nara Family	S	★★★★		
Suburban retail	AEON MALL Sapporo Naebo	S			
Urban retail	AEON Naha SC	S			
Suburban retail	Oyama Yuen Harvest Walk	S	★★★★		
Urban retail	AEON MALL Sapporo Hassamu	S			
Urban retail	DFS T GALLERIA OKINAWA	A	★★★		
Urban retail	G-Bldg. Naha-shintoshin 01	A			
Office	JMF-Bldg. Sendai 01	A			
Residence	JMF-Residence Chihaya	B+			

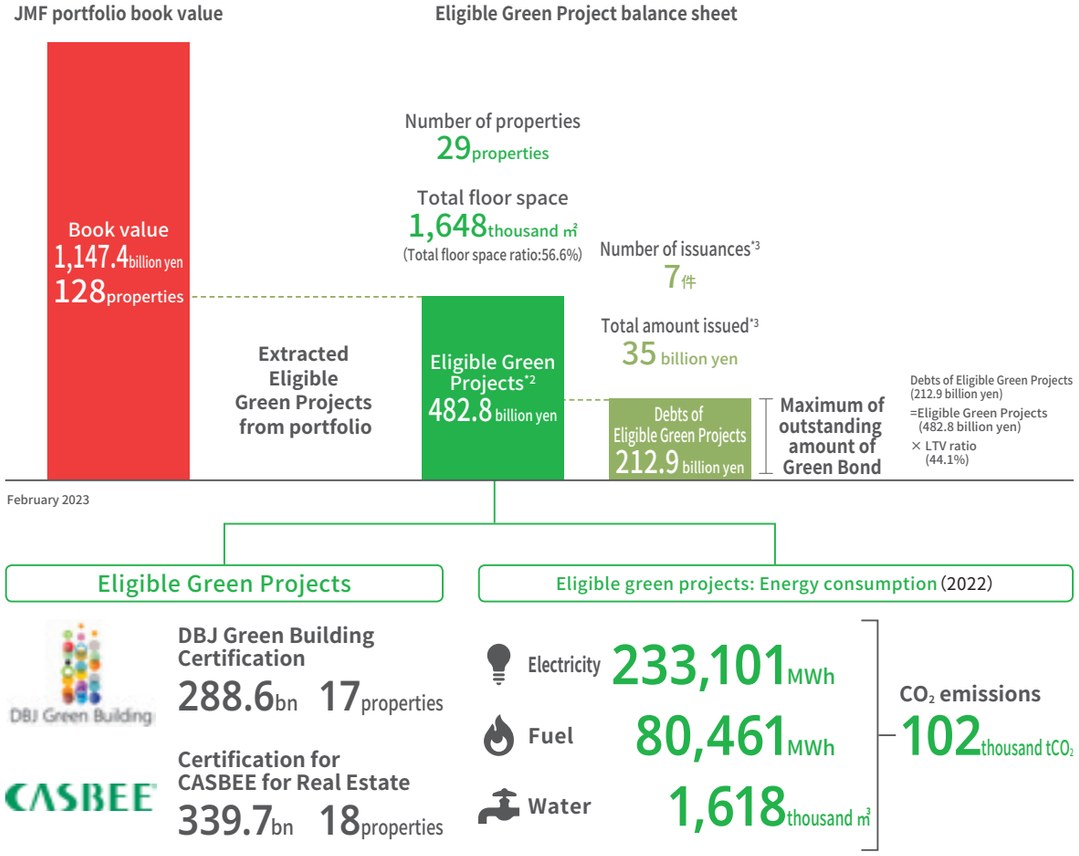
* CASBEE-wellness office

Urban retail Suburban retail Office Mixed-use Hotel Residence

Green Bonds

J

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 in May 2018. Green Bonds refer to bonds that are issued by business companies, funds, local governments, and other entities in order to procure funds for green projects (environmental investments and loans). Typically, the bonds are issued according to the Green Bond Principles*1 laid down by the International Capital Market Association (ICMA). Through the issuance of the Green Bond, JMF conducts investment contributing to the implementation and realization of a sustainable environment and society.



Project evaluation/selection

With regard to the Green Bond issuance process, which is based on the Green Bond Principles, “Eligible Green Projects” are eligible for the Green Bond.

Green Bond eligibility criteria

One of the following ratings must have been obtained within the past two years or will be obtained in the future as of the payment date of each bond.

DBJ Green Building Certification	Certification for CASBEE for Real Estate
Buildings that have received 3, 4, or 5 stars	Buildings that have received B+, A, or S rank

Second-Party Opinion

JMF has obtained a second-party opinion from Sustainalytics, an ESG rating agency, for the eligibility of Green Bond*6 proceeds.*7

For more information on Second-Party Opinion, please click here.

*1 For more information on ICMA Green Bond Principles, please click here.

*2 The Eligible Green Projects are calculated by subtracting the duplication of properties that have both DBJ Green Building Certification and Certification for CASBEE for Real Estate (145.4 billion yen, six properties)
*3 September 2023
*4 Excluding land with leasehold interest
*5 When converting energy consumption into CO_2 emissions, we use the calculation methods and emissions factors stipulated by the Act on Promotion of Global Warming Countermeasures.
*6 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 2018
*7 The recipient of second-party opinions for Green Bonds issued after March 2024 will be changed to Japan Credit Rating Agency, Ltd.(JCR).

Energy / Water / Waste / Biodiversity

Energy

Target	KPI	Progress
Improvement in energy consumption	Reduction in electric consumption per unit by 30% compared with 2015 (Target year: 2030)	Decreased by approx. 47.2%

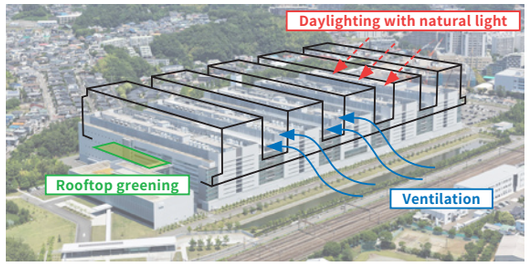
See Data for details

Target	KPI	Progress
Introduction of renewable energy	Switching to electricity procured from renewable energy in IIF's directly managed properties (Target year:2030)	Introduction of approx. 90%

See Data for details

Sourcing of Renewable Energy in Line with RE100

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 GHG Reduction in Housing and Building. In addition, the facility switched to electricity derived from renewable resources in electricity procurement in line with RE100 standards from August, 2021, thus contributing to IIF's newly established CO_2 emissions reduction targets toward carbon neutrality by 2050.



IIF Shonan Health Innovation Park

Solar panels

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



IIF Tosu Logistics Center

Water

Target	KPI	Progress
Reduction in water consumption	Keeping water use per unit at the same level as 2015(Target year: 2030)	+21.5% Water use per unit

While the water use per unit in from February 2022 to January 2023 increased slightly to 0.62 from 0.61 in the previous year, there was no significant increase in any individual property.



Effectively using water resources by tapping intermediate water

The IIF Mitaka Card Center uses water resources effectively by tapping intermediate water, which is hauled from a well through automated pumping machine, for the premises' sprinkler systems. Intermediate water is also used as daily water in the event of an emergency or disaster.

Waste

Target	Recycling Rate
Improvement of recycling rate that properties under IIF's management (2022 comparison)	approx. 40.5%

We manage waste properly by means such as appropriately separating the waste produced by the properties to improve the recycling rate and advancing initiatives to minimize the amount of waste by monitoring the amount of waste generated.

Biodiversity

IIF recognizes the critical importance of what ecosystems can provide and is committed to protecting ecosystems and mitigating any potential impacts on biodiversity.



IIF Yokosuka Technology Center

Please refer to the IIF website for other initiatives.

Environmental Approvals and Evaluations for Assets

Environmental Certification

Target	KPI	Progress
Improving proportion of environmental certifications	Acquiring certifications for 60% or more of the total portfolio※	35.2%* (January 2024)

Certification for CASBEE for Real Estate

25 properties

S : 9 properties
A : 14 properties
B+ : 2 properties

DBJ Green Building Certification

5 properties

4 stars : 3 properties
3 stars : 2 properties

BELS Certification

22 properties

5 stars : 12 properties
4 stars : 6 properties
3 stars : 1 property
2 stars : 3 properties

* Percentage of the combined value of Certification for CASBEE for Real Estate and DBJ Green Building Certification

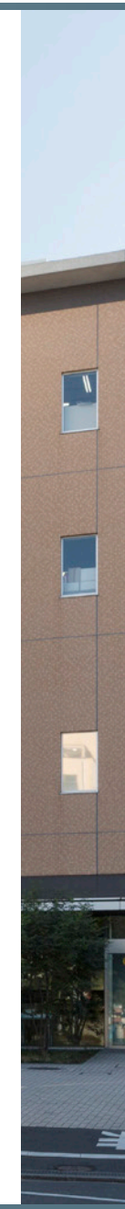
Floods

2 properties

Silver : 2 properties

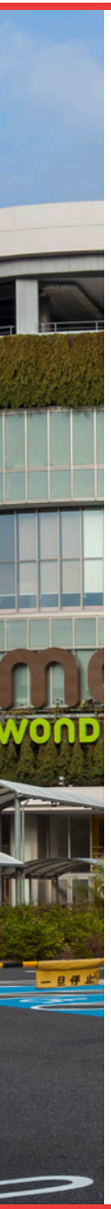
Applications	Property Name	Certification for CASBEE for Real Estate	DBJ Green Building Certification	BELS Certification	ResReal
■	IIF Shinonome Logistics Center	A			
■	IIF Noda Logistics Center	S	★★★★	★★★★★	
■	IIF Koshigaya Logistics Center	B+	★★★★	★★★★★	
■	IIF Nishinomiya Logistics Center (Existing)	A			
■	IIF Nishinomiya Logistics Center (Extension)	S		★★★★	
■	IIF Yokohama Tsuzuki Logistics Center	A		★★★★★	
■	IIF Saitama Logistics Center (Warehouse)	A		★★★★★	
■	IIF Saitama Logistics Center (Office)			★★★★	
■	IIF Nagoya Logistics Center	A			
■	IIF Kobe Logistics Center	S	★★★	★★★★	
■	IIF Higashi-Osaka Logistics Center	A		★★★★	
■	IIF Kashiwa Logistics Center	A		★★★★★	
■	IIF Misato Logistics Center	S			
■	IIF Iruma Logistics Center	A			
■	IIF Tosu Logistics Center		★★★		
■	IIF Hiroshima Logistics Center	S	★★★	★★★★	
■	IIF Kyotanabe Logistics Center	S			
■	IIF Kazo Logistics Center (Building 1)	A		★★★★★	
■	IIF Kazo Logistics Center (Building 2)			★★	
■	IIF Fukuoka Hakozaki Logistics Center I	A		★★★★★	
■	IIF Fukuoka Hakozaki Logistics Center II (Existing)	S			
■	IIF Fukuoka Hakozaki Logistics Center II (Extension)	A		★★★★★	
■	IIF Itabashi Logistics Center	A		★★★★	
■	IIF Sendai Taiwa Logistics Center	B+		★★★★★	
■	IIF Osaka Suminoe Logistics Center I	A			
■	IIF Morioka Logistics Center II	A			
■	IIF Hyogo Tatsuno Logistics Center			★★★★★	
■	IIF Akishima Logistics Center	S			
■	IIF Gifu Kakamigahara Logistics Center	A		★★★★★	
■	IIF Hiroshima Seifushinto Logistics Center			★★★★★	
■	IIF Shonan Logistics Center	A			
■	IIF Yokohama Tsuzuki Technology Center			★★	
■	IIF Kawasaki Science Center			★★	Silver
■	IIF Atsugi Manufacturing Center			★★★★	
■	IIF Shin-Kawasaki R&D Center	S		★★★	
■	IIF Haneda Airport Maintenance Center (Maintenance Center 1)			★★	
■	IIF Haneda Airport Maintenance Center (Maintenance Center 2)				
■	IIF Shinagawa Data Center				Silver

■Logistics facilities ■Manufacturing and R&D ■Infrastructure facilities



Pollution Prevention

J I



Pollution Prevention

The Company and each investment corporation strive to create and enhance the environmental value generated by reducing environmental impact and preserving the surrounding environment.

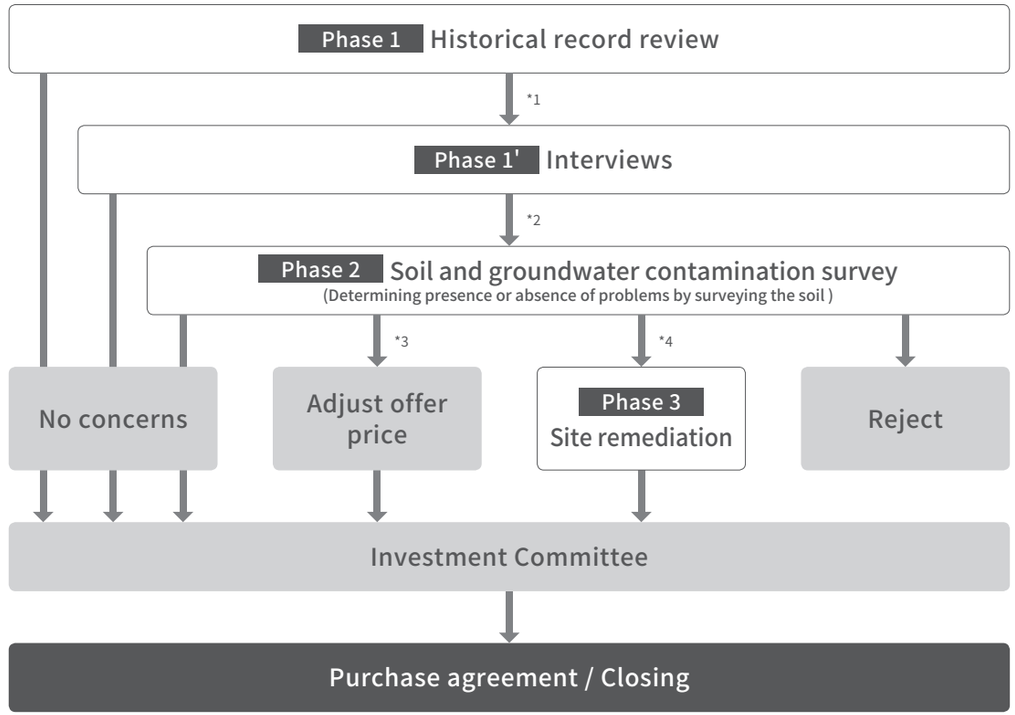
Assessments When Acquiring Real Estate Properties

When acquiring real estate properties, the Company 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.

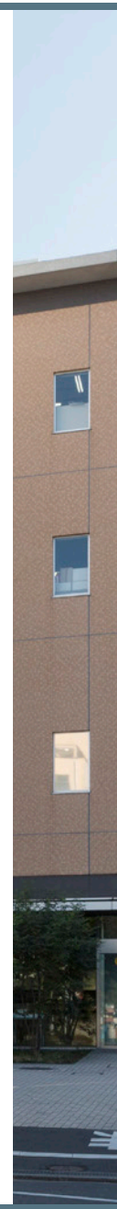
1. To accurately calculate the risk for the judgment materials for the acquisition of real estate
2. Minimize risk in acquiring real estate
3. Compliance with laws and regulations regarding soil contamination, etc. after acquisition of real estate (soil contamination countermeasures laws)

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 below 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



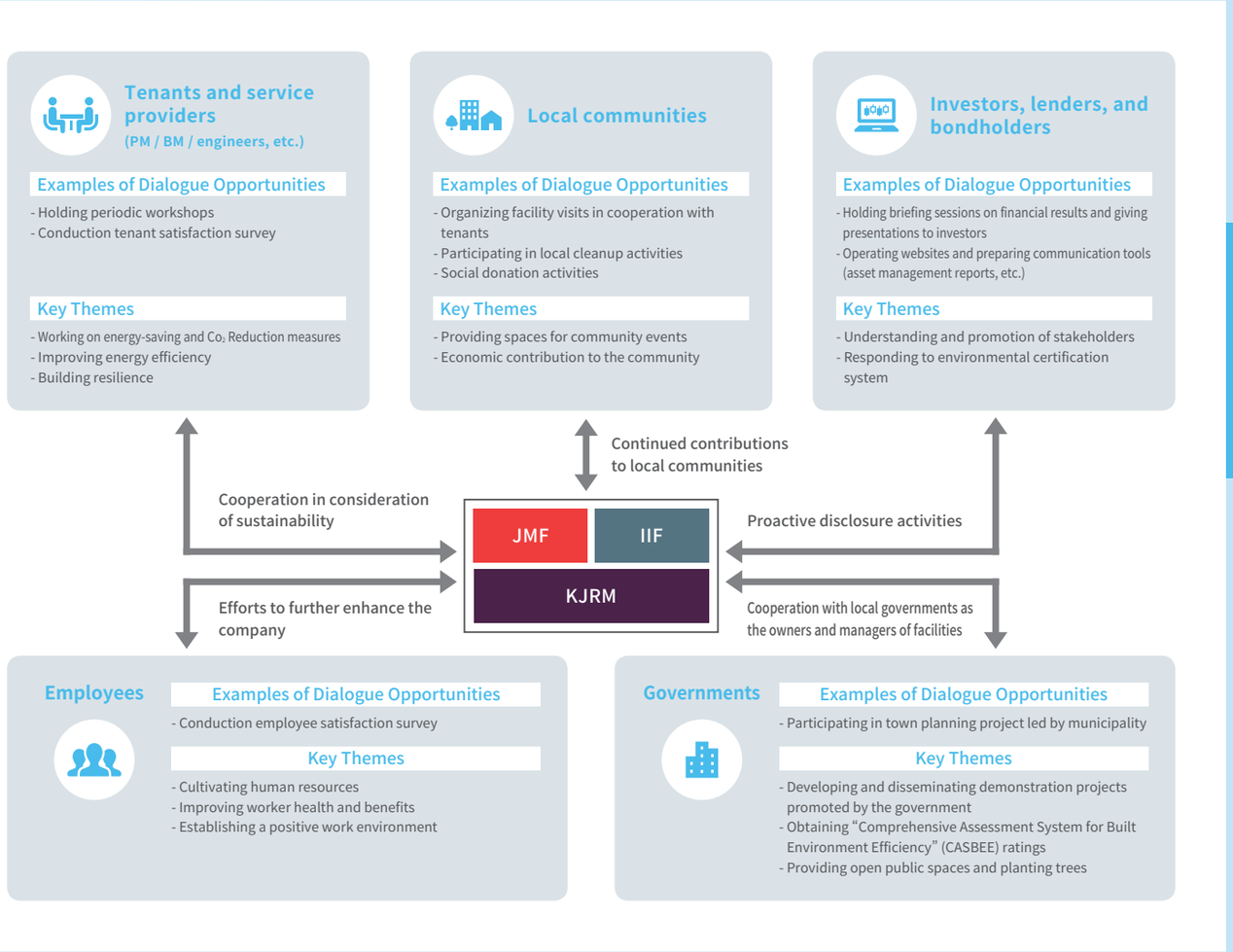
*1 If we are unable to determine solely from a review of historical records that there is no risk of soil contamination or that no other environmental contamination exists (for example, a manufacturing facility that utilized toxic or other hazardous substances in the past).
*2 If we are unable to determine from interviews with the seller that there is no risk of soil or other environmental contamination.
*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).
*4 If, after discussions with the seller, remediation is deemed technically and economically feasible.



Social

J I K

Human rights — 28
Diversity, equity, and inclusion — 29
Human Capital Development — 30
Health and Well-Being — 31
Communication with Tenants / Building resilience — 32 34
Communication with Local Communities / Creating a Positive Impact — 33 35
Social Finance — 36
Social Contribution Activities — 37



Human rights

Basic Policy

The Company is promoting sustainability activities to realize its mission: " Always Create New Value for People, the Community, and the World." In 2016, we signed the United Nations Global Compact (UNGC), which consists of the ten principles in the four areas of human rights, labor, environment, and anti-corruption.
Recognizing that addressing human rights issues is linked to practicing Responsible Property Investment and contributing to the solving of global issues, we will move forward with our initiatives.

Human Rights Policy

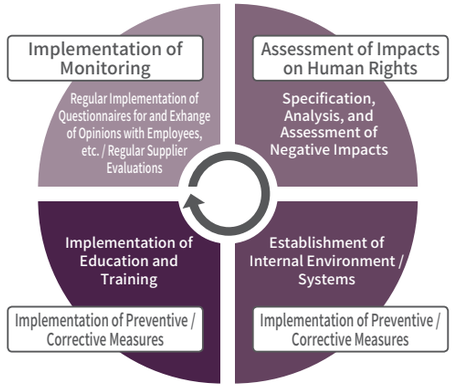
The Company established the KJR Management Human Rights Policy in December 2022. Under this Policy, the Company supports international human rights norms such as the Universal Declaration of Human Rights, the International Bill of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the UNGC and the UNGP, and applies this Policy to the Company's officers, employees, dispatched employees, and all other persons who engage in work for the Company. At the same time, the Company expects its business partners to support this Policy and cooperate with the implementation of measures regarding respect for human rights by complying with this Policy.

For the full text of the KJR Management Human Rights Policy, pl ease click here.

Human Rights Due Diligence

Human Rights Risk Management and Monitoring

The Company operates the Risk Management Committee, in which senior management personnel serve as members. The Committee understands and investigates matters related to major human rights risks and formulates countermeasures and management policies. Regarding business risks, including priority issues related to human rights risks, it checks the risk status of each division once every two months using a Risk Control Matrix (RCM), and reports the results at the Committee, thereby implementing evaluation and management. In addition, we conduct monitoring to prevent any negative impact on human rights and to understand the current situation.



Publication of Initiatives

We will disclose information on the status of our response to human rights issues on the Company's website as appropriate.

Remedial Measures

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. In addition, we have designated the internal inquiry counter of KKR & Co. Inc., and an external law firm as an external point of contact for these matters, for consultation and reporting, and have secured a route for external consultation and reporting.
When the internal inquiry counter receives a whistle-blowing report, the Head of the Compliance & Risk Management Office assumes responsibility and the Compliance & Risk Management Office investigates the facts.

Please refer to the page 41 for further details.

Monitoring

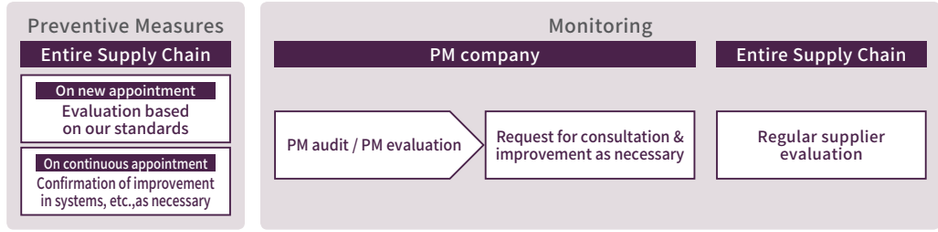
We conduct monitoring to prevent any negative impact on human rights and to understand the current situation.

Initiatives Aimed at Employees (Monitoring of relevant indicators, etc.)

Based on indicators related to priority issues, monitoring of overtime work and stress checks, we urge relevant divisions to improve the situation where necessary.

Initiatives for Suppliers (Monitoring through regular evaluations and audits)

We conduct regular supplier evaluations once a year to check whether suppliers meet our selection standards and whether there are any special issues requiring attention.
In addition, the property management company (PM company) carries out annual supplier evaluations, including evaluations of their organizational systems and sustainability initiatives, and asks them for consultations and improvements, as necessary. Furthermore, annual audits of a number of companies are implemented, including interviews regarding details of their business policies, compliance systems, and status of sustainability initiatives.



Sustainable Procurement Policy

The Company recognizes the importance of measures throughout the supply chain to realize a sustainable society. We have established the Sustainable Procurement Policy which sets out our procurement policies for all products, raw materials, other materials, and services that we procure, as well as policies on respect for human rights. Expecting our business partners to also implement procurement in accordance with the Policy, we strive to realize sustainable procurement throughout the supply chain.

For the full text of the Sustainable Procurement Policy, please click here.

Diversity, equity, and inclusion



Basic Policy

We believe that the promotion of diversity, equity and inclusion ("DEI") leads to better decision-making and results. Based on this idea, the Company is working to create an environment in which each of our people, with various backgrounds and perspectives differing in gender, race, nationality, disabilities, age, experience and other aspects, can be proud of working and fully demonstrate their abilities.

DEI Promotion Structure

Matters concerning DEI are set as one of our Materiality and KPIs, and their progress is reported to the Sustainability Committee. The Human Resources Department promotes the DEI-related initiatives in coordination with each division, including management, in accordance with the Basic Policy.

For more information on Sustainability Promotion Structure, please click here.

Initiatives to Promote DEI

Prohibition of Discrimination

The Company believes that it is essential to ensure a safe and comfortable work environment in which each and every officer and employee can fully demonstrate their abilities and concentrate on performing their duties. To this end, in order to clarify our stance that unfair discrimination among officers and employees must not be tolerated, our Code of Ethics stipulates that "officers and employees of the Company shall endeavor to ensure a pleasant work environment and to maintain order in the workplace in which each officer and employee is respected as an individual and can trust each other." Our Rules of Employment also stipulate that there shall be no unreasonable discrimination or harassment based on race, ethnicity, skin color, nationality, place of birth, sexual orientation, physical characteristics, status as a person with disabilities, or political or religious beliefs.

* Persons who suspended working for childbirth, childcare, nursing care, or other life event

Work-Life Balance, and Balancing Work and Child Raising

We have formulated an action plan to create a work environment in which employees can achieve work-life balance, and balance work and child raising, while fully demonstrating their abilities.

Target	KPI	Progress
Creation of a work environment where employees can fully demonstrate their abilities while maintaining work-life balance	Achievement of a 50% utilization rate of parental leave by male employees (at least one employee taking parental leave)	2023/3 100% 2023/12 83.3%*

* April 2022- December 2023

Target	Measures	
① Proactively inform and educate employees about childcare-related systems to make it easier for them to use such systems	• Send messages from management regarding childcare-related systems • Provide a guidebook on childcare-related systems for employees to publicize them within the Company	Done
② Rate of eligible male employees taking childcare leave: 50% (including at least one male employee taking childcare leave)	• Provide individual guidance to male employees whose spouses have given birth	Done
③ Average overtime hours (in excess of legal working hours and on statutory holidays): less than 45 hours per month; and average overtime hours per year (in excess of legal working hours): less than 60 hours per month *Target ③ is for regular employees	• Distribute monthly reports to department heads to inform them of the status of overtime work • When an employee continues to work long hours, check the individual situation and consider measures for improvement	Done

You can also check our plan on "Action Plan for Balancing Work and Childcare Publication Site" (in Japanese only) in the "Support for Work-Life Balance" section on the Ministry of Health, Labour and Welfare's website.

Promotion of Advancement of Women

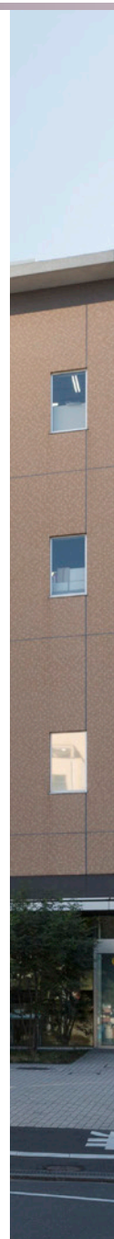
We aim to further promote the advancement of women in the workplace, thereby continuing to create groundbreaking innovations.

Target	KPI	Progress
Further promote the advancement of women in the workplace, thereby continuing to create groundbreaking innovations.	Raise the ratio of female employees in managerial posts to 20% (target year: 2027)	2023/3 15.2% 2023/12 15.2%

Employer Action Plan based on the Law for the Promotion of Women's Activities

Implementation period	Details of initiatives	
April 2022 -	- Send messages from management on the importance of diversity and inclusion in organizational operations - Hold seminars on gender gaps for managers and female employees - Conduct an awareness survey on career development among female employees	Done
October 2022 -	- Based on the results of the awareness survey, conduct career seminars for female employees to help them shape and realize their medium- to long-term career image	Done
April 2023 -	- Select candidates for managerial posts, and have them formulate medium- to long-term career plans through interviews with their supervisors	Done
	- Provide training programs for candidates for managerial posts	To be done
October 2023 -	- Hold a roundtable discussion between female managers and candidates for managerial posts. - Develop a talent pipeline and follow-up systems, such as a mentoring system	To be done
April 2024 -	- Provide regular mentoring to female managers who have been promoted - In departments with fewer female employees, the candidate pool for managers will always include women, and when hiring, strategic recruitment activities will be initiated with an awareness of gender diversity, such as interviewing both male and female candidates as necessary	To be done

The status of women's advancement in the Company is also available on the "Database of Companies Promoting Women's Advancement" (in Japanese only) on the website of the Ministry of Health, Labour and Welfare.



Human Capital Development

Basic Policy

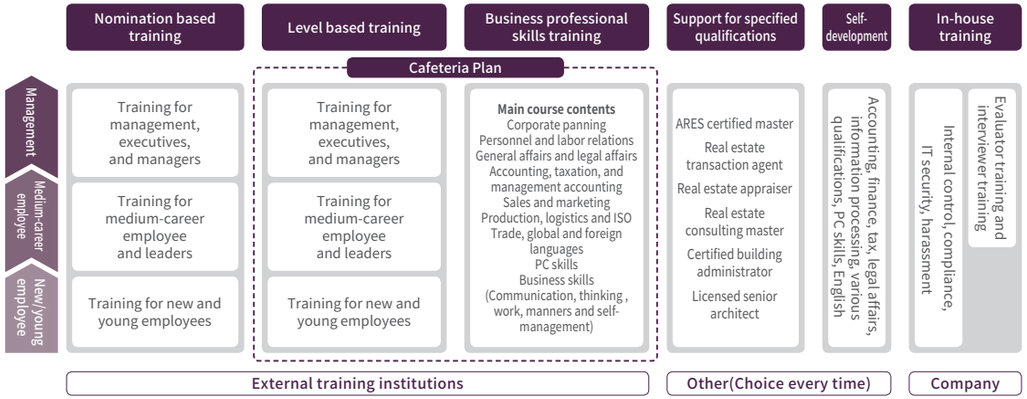
Based on the concept that human resources are our most important asset, KJR Management supports autonomous career development by preparing various development programs so that each employee is able to grow and achieve self-fulfillment through working at the Company. As an organization consisting of diverse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

We take various measures to enhance people-management skills and leadership of managers and to train next-generation employees. Newly-promoted managers who have subordinates for the first time are required to attend a training program for managers by an external training organization. We also support our managers actively in improving their skills by offering a leadership development program, a workshop for appraisers, and a training course for interviewers by external lecturers in addition to cafeteria-style training programs that employees can attend according to their individual needs. In addition, we regularly provide a frontline-care training course on mental health for managers to support subordinates from a mental health perspective.



For details regarding in-house training for acquiring expertise in real estate and finance, please click here.

Compensation Program

The Company's compensation system is applied to all permanent employees. We seek to provide competitive compensation to attract, develop, and retain excellent human resources for the Company's stockholders and investment corporation's investors. Based on the Total Compensation Approach, fixed pay is determined based on the Pay for Job principle and variable pay is determined based on the Pay for Performance principle. Variable pay reflects the performance of the Company and appraisals of employees.
In addition, a long-term incentive system, in which pay is tied to the Company's performance and the investment unit prices of managed funds, has been introduced for senior-level employees. The system seeks to avoid outflows of excellent human resources and achieve stable management of the Company and to create growth of medium- to long-term funds from the viewpoint of investors and to motivate and reinforce consciousness for performance improvement of the Company.
Compensation that employees receive is determined according to their relative achievements and contribution levels compared to the individual targets linked to the organizational targets including sustainability-related targets, the embodiment of the corporate philosophy, and expected roles.

Support for Acquiring Further Qualifications

The Company encourages acquisition of certifications for the development of professional human resources in the real-estate finance business and covers at least a portion of the necessary costs and offers training opportunities.
In particular, we actively support the acquisition of professional certifications by the Association for Real Estate Securitization (ARES), of which the Company is a regular member. When an employee becomes an ARES Certified Master of the Association, the Company covers the entire fee for the examination (first time only) and for maintaining the certification. The Company also encourages employees to participate in training courses and seminars for those who already have certification.
The Company also covers at least a part of the cost required for training, examination, and maintenance of certifications related to work. Many employees tackle the challenges of acquiring certifications.

Health and Well-Being

Work Environment

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

Heath of Employees

KPI	Progress
Percentage of paid leave used at least 70.0%	2022/3 78.3% 2023/3 79.4%

Besides meeting the legal requirements in Japan for employee health and safety, including labor and risk management, The Company 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.

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 a week)

- 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))
- 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

Diversity in Work Styles

The Company has created an environment that allows its employees to work in ways that suit their respective lifestyles and the characteristics of their duties. Toward the maintenance and realization of flexible working styles, it abolished the upper limit on the number of teleworking days and has introduced measures such as a flextime system, working from home and paid leave in units of hours. Expecting that its employees will achieve a better work-life balance and increase productivity, the Company is working to create systems that enable diverse human resources to play an active role.

- Flextime system
- Working from home (satellite offices available)
- A variety of special leave programs, including family care special paid leave
- Acquisition of paid leave in units of hours

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.

Work Environment

The office space is designed to provide an environment in which employees can work comfortably and actively. Natural light enters the work space through windows and plants have been arranged throughout bright office. In addition, individual booths have been set up in consideration of the current work style that combines office and telework.

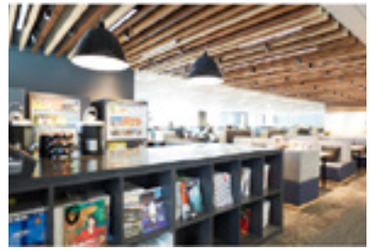


Bright office with plantings



Individual booths reflecting current working style

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.



In-office cafeteria



Regular air quality inspections

Communication with Tenants / Building resilience

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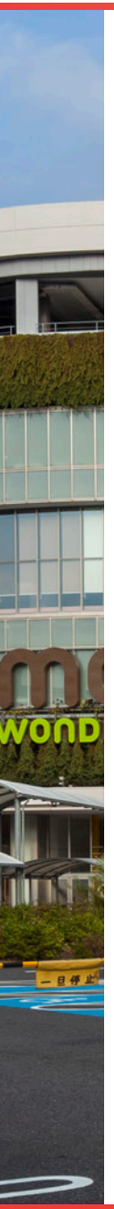

JMF operates a wide variety of properties, including retail facilities, mixed-use and office buildings, which means our tenants are also diverse. We make efforts in consideration of our tenants' safety and the facility environment. Furthermore, we promote measures that consider the global environment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

Communication with Tenants

Introduction of Green Leasing

JMF proposes the introduction of green leasing, the practice of voluntarily making and implementing agreements or memorandums to introduce renewable energy, in order to reduce the environmental burden of real estate by energy saving and other measures, and improve the work environment. As more and more tenants are becoming deeply interested in green leasing with society as a whole moving toward decarbonization, we newly signed green lease agreements for two retail properties in FY2022. We plan to continue advancing initiatives to promote GHG emissions reduction through collaboration with tenants in promoting the introduction of green leases and other initiatives.



AEON MALL Tsudanuma



Makuhari Plaza

Conduct tenant satisfaction surveys

A satisfaction survey of tenants of office buildings and some retail properties is conducted by an outside research organization once a year. Comprehensive decisions are made as to whether or not to accommodate requests based on the results of this survey, and the tenants are informed of any actions taken.

Collaboration with partner companies to reduce environmental impact

JMF promotes environmental considerations through collaboration with tenants, PM companies and building management companies. (BM companies) Recognizing that cooperation with PM companies and BM companies is essential to addressing environmental issues, JMF holds regular study sessions and meetings to discuss and share measures. In parallel, JMF is working to strengthen communication with tenants by providing them with proposals for environmental actions.
We include clauses on environmental initiatives in our contracts, such as Commercial Agreements with each stakeholder, confirming our commitment to cooperation.

Sustainability Study Sessions

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



Sustainability study session

Building resilience

Target	KPI	Progress
Implementing disaster prevention measures	Preparing emergency supplies at 100% of the properties where such supplies can be kept	100%
	Developing an emergency communication network that covers 100% of properties	100%
	Collecting engineering reports (ERs) regularly for 100% of properties	100%

Measuring Air Environment

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.

Please refer to the JMF website for additional information on tenant communication and other initiatives.

Communication with Local Communities / Creating a Positive Impact

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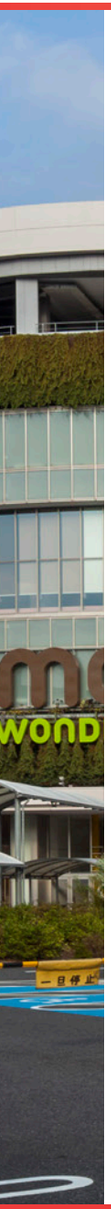


Communication with Local Communities

Realized community-based renewal

mozo wonder city has attracted mainly locally based tenants and uses many locally sourced materials for its store interiors. It has also carried out a community-based renewal, including mural art and event wagons created in business-academia collaboration with local universities.



Old materials used for pillars and locally made tiles used for store designs

Conclusion of comprehensive cooperation agreement between Abiko Shopping Plaza and Abiko City

Abiko Shopping Plaza has concluded a comprehensive cooperation agreement with Abiko City for the purpose of further improving services to citizens and greater revitalization of the community. In the past, we have held childcare events and conducted initiatives in collaboration with the City Library, but we are planning to widen the areas of collaboration under this agreement, including the following items.

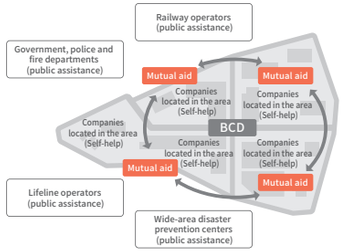
Collaboration and cooperation items

①PR for the city administration ②Health, welfare, and childcare
③Education and promotion of local culture ④The environment
⑤Promotion of the local economy ⑥Local disaster prevention etc.

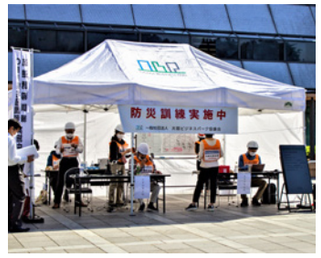


Initiatives through public-private partnerships

We are 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 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

Creating a Positive Impact

JMF decided to acquire "Karuizawa Commongrounds (land with leasehold interest)" in March 2022. JMF will participate in the creation of the local community in Karuizawa as a land owner. This acquisition will contribute to the creation of a local community in Karuizawa, and will simultaneously contribute to improving the sustainability of the local community and generate stable income.



Advantages

- Promote social interactions within the community
- Secure jobs and workplaces
- Secure diversified learning environment
- Share energy

Advantages

- Secure earnings that exceed the NOI yield after depreciation of the portfolio average on a long-term basis
- Improve area management capabilities
- Expand investment areas
- Develop new investment methodologies

Core impacts of the Acquisition

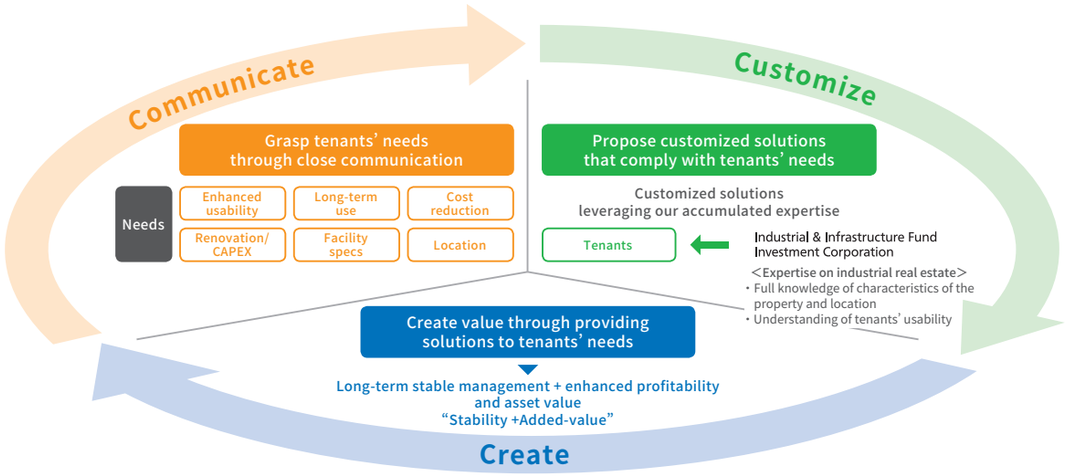
	Core Impacts	KPIs to Identify Impacts
Increase positive impacts	Reduce carbon emissions in development and operation	・Energy consumption ・CO_2 emissions ・Renewable energy generation by solar panels ・Self-sufficiency ratio through renewable energy ・BEI value by new construction or renovation ・Percentage of local building materials used in new construction or renovation ・Number of EV-sharing introduced and used
	Contribute to improving the wellbeing of users through operation of a community "hub"	・Approximate number of visitors to the entire facility ・Number of registered users of shared offices, their attributes and satisfaction levels ・Number of events held in the facility and their characteristics
Reduce negative impacts	Reduce carbon emissions in operation	・Energy consumption and intensity ・CO_2 emissions and intensity ・Percentage of LEDs in all lighting equipment in the facility

Communication with Tenants / Building resilience

Communication with Tenants

3C Management Cycle

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.



Promotion of Green Leasing

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.
IIF is actively upgrading lighting equipment at owner’s expense to reduce environmental burdens. The LED replacement work implemented in FY2022 has reduced usage of electricity by more than 800 MWh. We will further increase the use of LEDs for reduction of GHG emissions.

Conduct tenant surveys

IIF conducts sustainability-related surveys of tenants in order to promote initiatives with tenants regarding climate change measures.

Please refer to the IIF website for additional information on tenant communication and other initiatives.

Collaboration with partner companies to reduce environmental impact

IIF promotes environmental initiatives in cooperation with tenants, PM companies, and BM companies through continuous communication. IIF strives to promote measures that lead to environmental considerations by conducting questionnaires for tenants, including energy-saving measures, and making proposals in line with their requests. In parallel, recognizing that cooperation with PM companies and BM companies is essential to addressing environmental issues, IIF holds meetings that discuss and share measures.
IIF includes clauses on environmental initiatives in our contracts, such as Commercial Agreements with each stakeholder, confirming our commitment to cooperation.

Building resilience

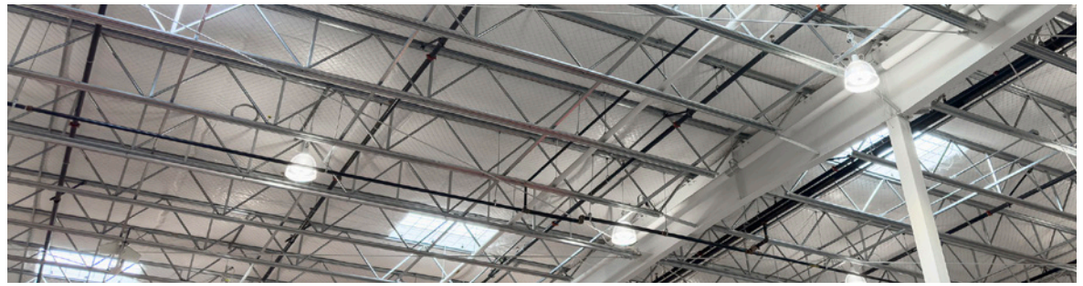
IIF is working to maintain the safety of its buildings by conducting building and earthquake risk assessments at the time of acquisition as well as collecting engineering reports on a regular basis. In addition, secondary assessments are performed as well. When results of those assessments conclude that 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 GHG emissions and energy consumption in the updated facility.

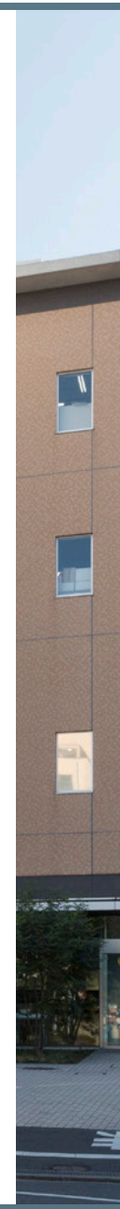
Measuring Air Environment

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. IIF measures the air environment once a year to confirm the dispersal status of asbestos.

Installation of the waterproofing board

IIF installs waterproofing board to prevent the inundation to the building.

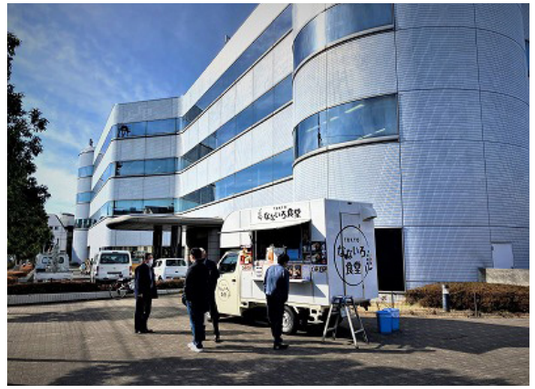




Communication with Local Communities / Creating a Positive Impact

Communication with Local Communities

IIF is engaging in activities that contribute to local communities in collaboration with government administrative authorities. IIF Shinagawa Data Center provides a shared open space as a sidewalk-like open space in a pocket park under an agreement with Shinagawa-ku. IIF's activities in this pocket park, including providing meals using a food truck for employees working for tenants of IIF Shinagawa Data Center and neighboring residents, are contributing to the liveliness of the community.
Additionally, green areas are set aside for restoration of the natural environment, and to prepare for earthquake emergencies, a fireproof water tank has been installed for earthquake disaster prevention. For its cooperation in the installation of fireproof water tanks over the years, IIF has received a letter of appreciation from Shinagawa-ku as an organization cooperating in fire prevention operations.
Furthermore, to ensure that local residents are aware of the functions performed by our properties in the area at IIF Shonan Health Innovation Park , we provide tours of our facilities and other services. In May 2023, Shonan iPark Festa was held to celebrate the 5th anniversary of opening of the Park. The Festa was visited by 7,000 people and many events such as science experiences and science shows were offered by tenant companies.
In December 2023, Healthcare MaaS 2023 was held on the theme of "The Future of Connecting Health and Mobility with Data," where about 800 visitors enjoyed events offering hands-on experiences of cutting-edge approaches in health, exercise, sports, mobility, etc. that have started with Healthcare MaaS.



IIF Shinagawa Data Center

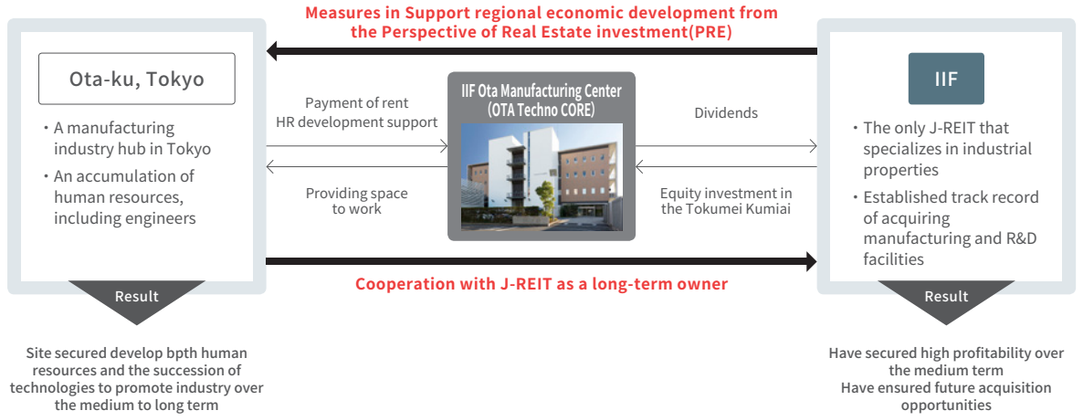




IIF Shonan Health Innovation Park

Creating a Positive Impact

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

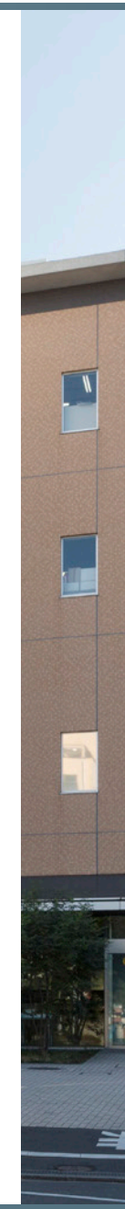


Positive Impact Investment Monitoring Policy

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

Positive impact	Employment and a Comprehensive and Sound Economy It reports on provision of inexpensive lease space to small and medium enterprises and number of jobs maintained and created by tenant companies
Negative impact	Climate: It reports on energy consumption intensity and CO_2 emissions intensity Soil: It reports on hazardous waste release volume

*For more information on monitoring, please click here.



Social Finance

Social Bonds

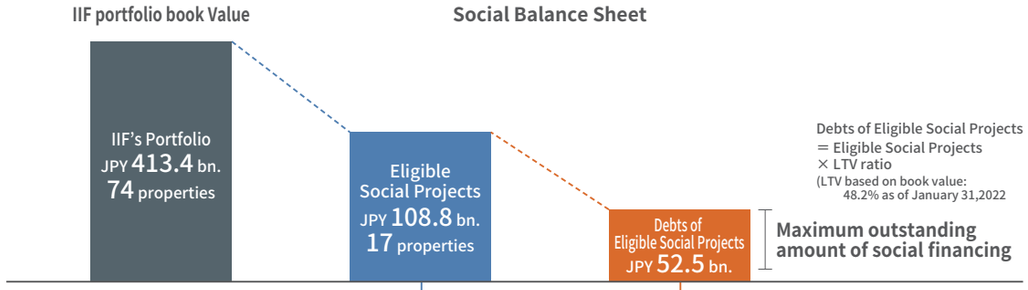
As part of initiatives to resolve social issues, IIF has issued the first social bonds in September 2021. Social Bonds refer to bonds that are issued by business companies, funds, local governments, and other entities in order to procure funds for social projects. Typically, the bonds are issued according to the Social Bond Principles* laid down by the International Capital Market Association (ICMA). IIF promotes further sustainability 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.

Social Loan

IIF raised 4 billion yen through its first social loan under the Social Finance Framework established by IIF to be applied to the acquisition of IIF Ota Manufacturing Center, which is an Eligible Social Project, and related expenses. We will continuously promote sustainability-conscious asset management and work to strengthen our funding base through funding by implementation of social financing.

Impact(Qualitative Targets) To contribute to the establishment and development of a stable social infrastructure by promoting industrial promotion and R&D activities as a practice under the philosophy “Invests in infrastructure and industrial properties that and the source of the Japanese economy, and support Japanese industry from a real estate grand point.”

Impact Reporting While social financing including social bonds remain outstanding, IIF reports annually the total amount of Eligible Social Projects, Debts of Eligible Social Projects and the outstanding amount of social financing as of the end of January of each year, as well as the following KPI on Impact Reporting.



Overview of Eligible Social Projects

Number of properties 17 properties

Total floor space 55 thousand m² (Total floor space ratio:35.4%)

* As of the end of January 2023

Total outstanding amount of social bonds

Number of issuances 2

Total amount issued 5 billion yen

Output indicators

Summary of Properties and Leases of Eligible Social Projects, Profit and Loss of Eligible Social Projects and Occupancy rate of Eligible Social Projects are to be reported.

Outcome indicators

As facilities for the development of medical technology treatment such as medicine, pharmaceuticals, and drug discovery, etc., the report covers trends in social security benefits, the number of researchers and R&D expenditures in the pharmaceutical manufacturing industry and the number of particular medical expenses (designated intractable disease) recipients.

As facilities for job creation and development of reginal economies through industrial promotion, etc., the report covers number of business establishments, amount of shipments of manufactured goods, and number of employees in areas where facilities are located.

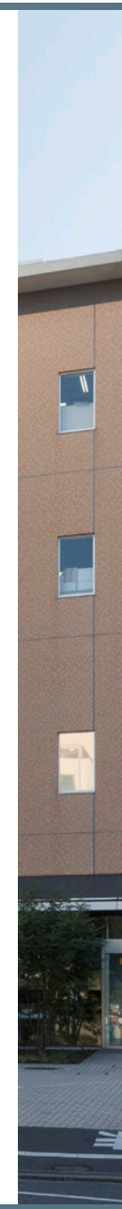
As facilities for maintenance and improvement of social life networks, the reports covers trends of the diffusion index (D.I.) for employment conditions, in IT investment and in food loss and waste.

As facilities for maintenance and improvement of public lifelines, trends in energy consumption of gas, electric power, etc., the number of traffic accidents and population of the municipality in which the facility is located.

As facilities contributing to development of disaster prevention technologies for disasters, maintenance of redundancies and maintenance of logistics networks for daily necessities in the event of disasters, and facilities for temporary evacuation, etc., trends in the amount of damage from nature disasters.

* For more information on the ICMA Social Bond Principles, please click here.

For more information on Social Finance, please visit the IIF website.



Social Contribution Activities

Under our mission of "Always Create New Value for People, the Community, and the World," we have set "cooperation with local communities" as our materiality and are engaged in various social contribution activities.

Social Contribution Activities by Employees

A cross-divisional working group leads examining our social contribution activities and spreading them within the Company, and promotes charity and volunteer activities.

Purpose of the activities

- To contribute to the happiness of the local community and build trust
- To support employees' participation in building better local communities
- To raise employees' awareness regarding various communities
- To expose employees to various social issues and deepen their insight into important issues addressed by the Company in its business

Wide-ranging contribution activities

FIT For Charity Run

Through our participation in the FIT For Charity Run*, we donate to organizations engaged in socially significant activities for poverty, people with disabilities, biodiversity, etc.



FIT For Charity Run

PAIYAKIGAMA

A sales event was held at our office for handmade confectionery from a welfare facility that supports the independence of people with disabilities. People with disabilities who made the confectionery participated in the sales and interacted with our employees.



Sales of handmade sweets from welfare facilities

***FIT For Charity Run (Financial Industry in Tokyo For Charity Run)**

A charity event organized by Japanese financial institutions and financial-related service companies that started in 2005. It contributes to society through donations to non-profit organizations that are engaged in socially significant activities but have not been able to secure adequate funds due to insufficient recognition and other problems.

Volunteer leave system to support employees' social contribution activities

We believe that it is important for the promotion of our social contribution activities for our employees to have opportunities to be exposed to various communities based on their voluntary choices. For that purpose, a leave system has been established for employees to use five days a year for volunteer activities.

Volunteer activities using internal system

Our employees, using volunteer leave, tidied classrooms and art rooms of a special needs school and cleaned them with mops and vacuum cleaners. They also made 200 rice balls and donated them to an organization that supports children who are unable to get enough to eat due to poverty or other reasons.







Social Contribution Activities at Properties

JMF conducts social contribution activities that meet the characteristics of each property and local needs.

GYRE held the Outsider Art Exhibition at its gallery to show and sell works of artists with disabilities. This exhibition attracted more than 1,000 visitors in the first three days, bringing a lively atmosphere to GYRE.



Nara Family provided the venue for a food drive project hosted by a neighboring school and co-sponsored by FOODBANK NARA. Donors were given gourmet coupons that can be used in Nara Family, creating opportunities for use of tenants of the facility.



Please refer to page 35 for social contribution activities at IIF properties.

Governance

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Code of Ethics

The Company hereby sets forth the Code of Ethics which constitutes the Corporate Ethics Charter and Code of Conduct for Officers and Employees, for the purpose of operating sound business based on high ethical standards, establishing social confidence and contributing to social development.

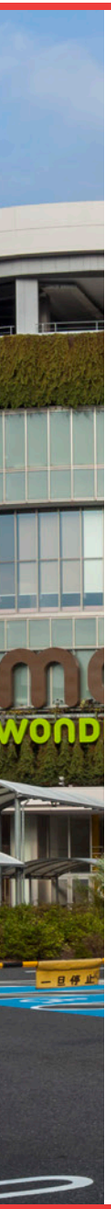
Corporate Ethics Charter

- Contribution to Society and Securing Confidence
- Earning Investors' Satisfaction
- Information Disclosure and Ensuring Operational Transparency, Maintaining Sound Management
- Compliance with Laws and Regulations and Social Norm
- Respect for Employees

Code of Conduct for Officers and Employees

- Compliance with Laws and Regulations/Various Rules
- Responsible Performance of Business
- Maintenance of Fair Relationship
- Maintenance of Order of Workplace
- Distinction between Public and Private Matters

Corporate Governance



Governance of JMF

JMF has one or more executive directors and two or more supervisory directors (at least one more than the number of executive directors).
The organization of JMF consists of one executive director, two supervisory directors, the Officers Meeting, plus an accounting auditor, in addition to the General Meeting of Unitholders, which is comprised of investors.

JMF Board of Directors

Executive Director



Masahiko Nishida Male

Experience and expertise
Elected as deemed to be qualified to execute the duties as an executive director of JMF based on his expertise in accounting and long experience as a supervisory director of JMF.

Supervisory Directors



Osamu Ito Male

Experience and expertise
Elected as deemed to be qualified to supervise executive directors' activities from the viewpoint of a legal expert.



Yoko Shirasu Female *

Experience and expertise
Elected as deemed to be qualified to supervise executive directors' activities from the viewpoint of a finance and treasury expert.

* Yoko Shirasu was appointed as Supervisory Director in November 2023.

Governance of IIF

IIF has one or more executive directors and two or more supervisory directors (at least one more than the number of executive directors).
The organization of IIF consists of one executive director, three supervisory directors, the Officers Meeting, plus an accounting auditor, in addition to the General Meeting of Unitholders, which is comprised of investors.

IIF Board of Directors

Executive Director



Kumi Honda Female

Experience and expertise
Elected as deemed to be qualified to execute the duties as an executive director of IIF based on her expertise in legal and long experience as a supervisory director of IIF.

Supervisory Directors



Yutaka Usami Male

Experience and expertise
Elected as deemed to be qualified to supervise executive directors' activities from the viewpoint of an accounting expert.



Koki Ohira Male

Experience and expertise
Elected as deemed to be qualified to supervise executive directors' activities from the viewpoint of a legal expert.



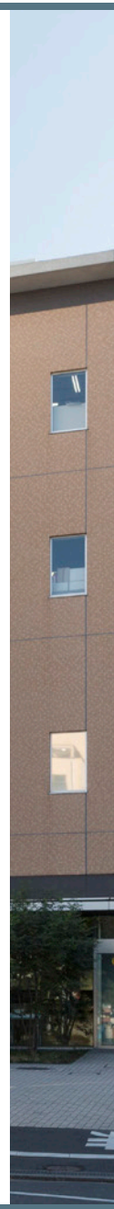
Fumito Bansho Male

Experience and expertise
Elected as deemed to be qualified to supervise executive directors' activities from the viewpoint of a legal expert.

Asset Management Entrustment → KJRM KKR Japan Realty Management ← Asset Management Entrustment

Each of the investment corporations entrusts their asset management to the Company as their asset manager, and the Company is committed to upholding its fiduciary duty to the investment corporations.

Please refer to page 40 for more details on how it manage.

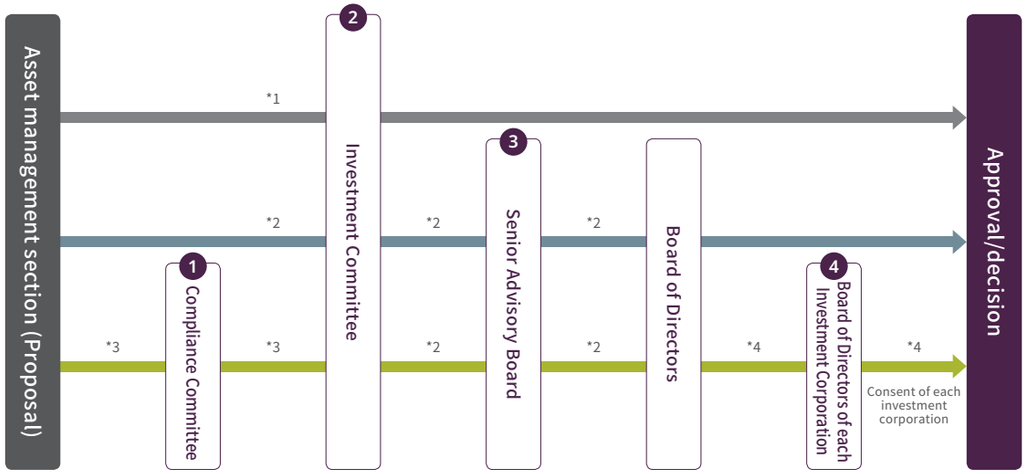


Corporate Governance

As an asset management company, KJR Management receives asset management consignments from JMF and IIF, and is committed to upholding its fiduciary duty to investment corporations.

Decision-making Process

In the course of making decisions regarding the acquisition, disposal, or operation and management of assets, approval is obtained from the Investment Committee and the Senior Advisory Board/Board of Directors in accordance with the Guidelines for the Investment Committee, Rules of the Senior Advisory Board (the "Senior Advisory Board Rules") and the Rules of the Board of Directors. Furthermore, in the course of making decisions regarding investment policies and standards, operation and management policies and standards, budget, and financing of each investment corporation, the Investment Committee makes decisions, and a proposal is submitted to the Senior Advisory Board for approval in accordance with the Senior Advisory Board Rules. If a transaction constitutes a transaction between stakeholders stipulated in the Regulations for Transactions with Stakeholders of the Asset Manager, the Compliance Committee must first adopt resolutions before the Investment Committee makes decisions (excluding transactions that meet certain minor requirements as stipulated in the Regulations for Transactions with Stakeholders, ("Minor Transactions")). In addition, if a transaction to be executed involves the acquisition, disposal, or lending of securities or real estate between any investment corporation and a related party of the like of the Asset Manager as stipulated in Article 201(1) of the Investment Trust Act ("ITA"), then, subsequent to the Compliance Committee adopting a resolution and the Investment Committee adopting a resolution, each Investment Corporation's consent must, by the time the transaction is executed, be obtained based on the approval of the Board of Directors of each Investment Corporation, except in certain cases in which it is determined that the transaction will have a minor impact on each Investment Corporation's assets.



*1 For matters relating to the acquisition, disposal or operation and management of assets, and the like of assets in which a single transaction is in an amount of less than JPY 8 billion, the Investment Committee's approval is obtained.

*2 With regard to investment policies and standards; operation and management policies and standards; budget; financing; and the acquisition, disposal, and the like of assets for which a single transaction is in an amount of not less than JPY 8 billion and less than JPY 60 billion, approval of the Investment Committee and of the Senior Advisory Board is obtained. In addition, with regard to the acquisition, disposal, and the like of assets for which a single transaction is in an amount of not less than JPY 60 billion, approval of the Board of Directors is obtained.

*3 For matters relating to transactions with stakeholders, in addition to the procedures stipulated in *1 and *2 above, approval is obtained from the Compliance Committee. However, if the transaction constitutes a Minor Transaction, approval of the Compliance Committee is not required.

*4 For matters relating to transactions with related parties or the like as defined in Article 201-2(1) of the ITA, in addition, approval of the Board of Directors of each Investment Corporation and the consent of each Investment Corporation based on such approval is obtained. However, if a transaction is determined to be a transaction that will have a minor impact on each Investment Corporation's assets under the Ordinance for Enforcement of the ITA, approval of the Board of Directors of each Investment Corporation and consent of each Investment Corporation based on such approval is not required.

Overview of each meeting body

1 Compliance Committee

Object：Approval body for transactions with stakeholders that makes resolutions and reports on matters relating to internal compliance and its systems as an advisory body to the Board of Directors
Chair：Head of Compliance & Risk Management Office
Members：President & CEO, Division Heads, external expert(s), and person(s) nominated by the Chair

2 Investment Committee

Object：To deliberate and make resolutions and reports on overall risks in investing and investment management policies, budgets, funding, acquisition/disposal/investment management of assets, and investment effects, etc.
Chair：President & CEO
Members：Full-time Directors, Executive Officer controlling the Division in charge of fund asset management, Head of Compliance & Risk Management Office, external real estate appraiser(s), and person(s) nominated by the Chair

3 Senior Advisory Board

Object：To make resolutions and reports on matters relating to the operation of the asset management business and real estate investment corporations, investment management business, investment advisory/agency and other businesses based on investment advisory agreements, and the Company
Chair：President & CEO
Members：Directors nominated by the Board of Directors

4 Board of Directors of each Investment Corporation

Object：To make resolutions and reports on matters set forth in the Act on Investment Trusts and Investment Corporations and matters prescribed in the Investment Corporation Rules
Chair：Executive Officer
Members：Supervisory Directors

Compliance



Compliance Basic Policy

We define 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 & Risk Management Office to develop a company-wide cross-sectional compliance system.

Role of the Board of Directors in Compliance

The Board of Directors decides on the 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 & Risk Management Office, who is also an executive officer, is comprised of senior management and outside attorneys, and meets once every three months in principle.

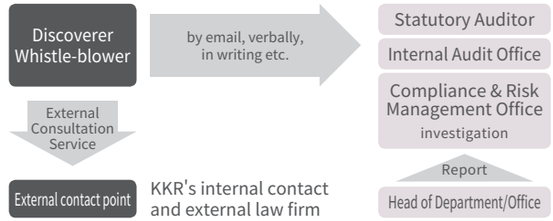
Compliance Training

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.

		2020/3	2021/3	2022/3	2023/3
Compliance training	(times)	4	4	4	4

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. In addition, we have designated the internal inquiry counter of KKR & Co. Inc., and an external law firm as an external point of contact for these matters, for consultation and reporting, and have secured a route for external consultation and reporting. When the internal inquiry counter receives a whistle-blowing report, the Head of the Compliance & Risk Management Office assumes responsibility and the Compliance & Risk Management Office investigates the facts.
All contact points are available at any time, and anonymous reporting is allowed. For the protection of whistle-blowers, consideration must be given to preventing disadvantageous treatment in accordance with the Whistleblower Protection Act and our Whistle-Blowing Rules.
If, as a result of the investigation, corrective measures and measures to prevent recurrence are needed, appropriate action will be taken. Also, at the end of the investigation, we share with the whistle-blower the conclusion as to whether the reported event is regarded as a fact or not and the details of the necessary corrective measures, as well as notifying the whistle-blower of the progress of the investigation as necessary during its course.



Compliance Reporting Desk for Business Partners

We accept consultations and reports concerning violations of laws and regulations, information management violations, various types of harassment, human rights, and the working environment in our business.

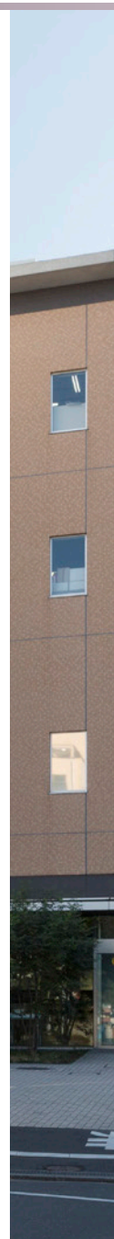
For the Compliance Reporting Desk for Business Partners, please click here.

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.

For more information on Compliance, please click here.

Please refer to the page 46 for further details on Compliance.



Compliance／Anti-Corruption and Bribery Prevention



Conflicts of Interest

The Company 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 and the discretionary investment and investment advisory business such as private real estate fund management.

1 Separation of asset management divisions and support structure

We have established the Metropolitan Division and the Industrial Division as divisions that are engaged in asset management of JMF and IIF, respectively, and the Private Solutions Division as the division that is engaged in supervising businesses, including the discretionary investment and the investment advisory business for private real estate funds or similar, 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 Division, the Industrial Division, or the Private Solutions Division, without taking into consideration the situation of other investment corporations.

3 Rules on preferential investigation rights pertaining to investment information

With regard to information on sales of real estate obtained by the Company, we have established rules concerning determinations as to which division, the Metropolitan Division, the Industrial Division, or the Private Solutions Division, should conduct investigations in preference to the other divisions.

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 & Risk Management 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.

Anti-Corruption and Bribery Prevention

In line with our mission to "always create new values, for people, the community and the world," we established one of our core values as "we act proactively and professionally and adhere to the highest standards of compliance and discipline". Recognizing that we have a social responsibility to prevent corruption and bribery, we have established the "Anti-Corruption and Bribery Prevention Policy" to prohibit corruption and bribery.

We signed up to the Call to Action From Business to Government invited on the 20th anniversary of the adoption of the United Nations Convention against Corruption (UNCAC). For details on the Call to Action, please click here.

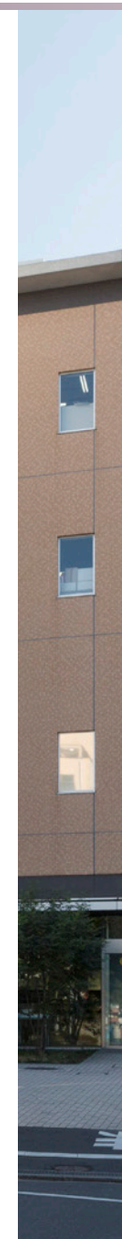
Basic Policy

We have established the Code of Ethics, consisting of the Charter of Corporate Ethics and the Code of Conduct for Officers and Employees, for the purpose of ensuring sound management based on high ethical standards, gaining unwavering trust from society, and contributing to the development of society, as an entity which engages in investment management and investment advisory businesses. We endeavor to ensure that all the officers and employees, including the management, comply with all laws and rules related to the business in their activities, practice honest and fair corporate activities on a daily basis, do not tolerate corruption and bribery not only in the public sector but also in the relation with the private sector, and strive so that we would be widely recognized as a company with a high standard of corporate ethics.

For the full text of the Anti-Corruption and Bribery Prevention Policy, please click here.

In addition, the Compliance Manual and the Regulations Concerning Entertainment, and Internal Meetings set forth, and the general policy is not to receive any entertainment or gifts. In principle, when receiving gifts or entertainment from business partners, it is necessary to obtain prior approval. The implementation status of the procedures is monitored by the Compliance & Risk Management Office and reported to the Compliance Committee once every six months.
We signed up to the UN Global Compact (UNGC) in 2016, and endeavors to strengthen corporate governance against corruption through supporting the UNGC’s ten principles.

		2020/3	2021/3	2022/3	2023/3
Total amount of political donations	(yen)	0	0	0	0
Number of improper conduct/corruption-related cases exposed	(times)	0	0	0	0
Number of improper conduct/corruption-related cases that resulted in punishment/dismissal	(times)	0	0	0	0
Improper conduct/corruption-related fines, penalties, and settlement costs	(yen)	0	0	0	0



Risk Management

The Company has established "Risk Management Rules" to ensure sound management through appropriate management and operation of risks.

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 our 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



For more information on Structure on Risk Management, please click here.

Internal Audits

We have 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 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 on 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.

Information Security

The Company has established the Basic Rules on Information Security to ensure the appropriate and rigorous protection of all assets held by the Company.

Basic Policies

1. Appropriately store and manage information assets and effectively prevent information leakage and falsification.
2. Give due consideration to the handling of confidential information and personal information.
3. When outsourcing business to an external contractor, confirm the contractor's eligibility and security control measures, etc. for personal information.
4. Implement the same information security management for information assets that have been licensed for use.

Measures are taken for the following items based on the Basic Policies.

Management system, information assets management, access control, secure use of information infrastructure, and systems management

Implementation of training to improve IT security awareness such as e-mail attack drills

There is an increased risk of information leakage by "targeted (hoax) e-mail" attacks aimed at organizations such as corporations and government agencies. Since attack techniques are evolving day by day and the ultimate best defense to prevent damage is raising awareness and appropriate action of all employees as e-mail recipients, we implement training, etc. using videos on specific cases or similar means, in addition to regular e-mail attack drills.

Data

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Environment

		FY2015	FY2016	FY2017	FY2018	FY2019*1	FY2020 (Base year)	FY2021	FY2022	2030 (Target)	2050 (Target)
GHG emissions											
Scope 1 (direct emissions)	(t-CO_2)	23,230	23,767	23,126	20,515	6,238	5,608	5,135	5,542	SBTi Certified	
Scope 2 (indirect emissions)	(t-CO_2)	228,985	225,272	216,142	202,521	32,658	29,884	24,633	22,061	Reduce by 42%*2	
Scope 1+2	(t-CO_2)	252,215	249,039	239,269	223,036	38,896	35,492	29,768	27,602		
Scope 3	(t-CO_2)	—	—	—	—	—	232,446	214,579	206,297		SBTi Certified
Category 1 (Purchased goods and services)	(t-CO_2)	—	—	—	—	—	16,998	17,110	16,975		
Category 2 (Capital goods)	(t-CO_2)	—	—	—	—	—	30,182	23,994	28,757		
Category 3 (Fuel- and energy-related activities not included in Scope 1 or 2)	(t-CO_2)	—	—	—	—	—	6,716	6,467	6,334		Net-zero
Category 5 (Waste generated in operations)	(t-CO_2)	—	—	—	—	—	13,017	14,478	14,374		
Category 6 (Business travel)	(t-CO_2)	—	—	—	—	—	1	0	0		
Category 7 (Employee commuting)	(t-CO_2)	—	—	—	—	—	3	1	1		
Category 12 (End of life treatment of sold products)	(t-CO_2)	—	—	—	—	—	0	0	0		
Category 13 (Downstream leased assets)	(t-CO_2)	—	—	—	—	—	165,531	152,527	139,855		
Category 15 (Investments)	(t-CO_2)	—	—	—	—	—	0	0	0		
Per unit	(t-CO_2/㎡)	0.10	0.10	0.09	0.09	0.08	0.09	0.08	0.08		
Energy consumption	(MWh)	413,471	432,473	423,783	399,940	394,471	400,765	386,950	383,880		
Energy consumption per unit	(kWh/㎡)	164.17	170.68	159.24	163.52	155.75	133.28	132.06	134.59		
Fuel consumption (fuel only)	(MWh)	125,639	126,779	133,907	118,587	117,223	130,452	123,172	112,284		
Fuel consumption per unit	(kWh/㎡)	49.88	50.03	50.32	48.49	46.28	43.38	42.04	39.37		
Water Use	(thousand㎥)	2,605	2,691	2,615	2,541	2,621	2,811	2,914	2,681		
Water use per unit	(㎥/㎡)	1.02	1.05	0.98	1.04	1.04	0.90	0.99	0.94		
Total waste	(t)	42,321	37,580	30,151	24,456	29,486	20,737	26,546	27,480		

*1 Each figures before FY2019 are simply adding up the values of the former Japan Retail Fund Investment Corporation and the fo rmer MCUBS MidCity Investment Corporation.
*2 Compared to FY2020

		2022/2	2022/8	2023/2	2023/8
Percentage of renewable energy consumption to the entire portfolio electricity consumption	(%)	10.9	11.5	13.1	15.7

Governance

Name of Directors	Masahiko Nishida Executive Director		Masaharu Usuki*3 Supervisory Director		Osamu Ito Supervisory Director	
JMF Fiscal Year	2023/2	2023/8	2023/2	2023/8	2023/2	2023/8
Attendance at Officers Meetings	13 meetings (100%)	12 meetings (100%)	13 meetings (100%)	12 meetings (100%)	13 meetings (100%)	12 meetings (100%)

*3 Supervisory Director Masaharu Usuki retired upon expiration of his term of office in November 2023, and Ms. Yoko Shirasu was appointed as a Supervisory Director.

See JMF website for GRI Guidelines.
See JMF website for SASB Index.

Data

Environment

		2015	2016	FY2017	FY2018	FY2019	FY2020	2021 (Base year)	FY2022	2030 (Target)	2050 (Target)
GHG emissions											
Scope 1 (direct emissions)	($t\text{-}CO_2$)	218	588	429	0	0	9,133	25,758	25,733	SBTi Certified	Net-zero
Scope 2 (indirect emissions)	($t\text{-}CO_2$)	7,588	8,337	6,599	2,694	2,564	11,412	16,282	29		
Scope 1+2	($t\text{-}CO_2$)	7,806	8,925	7,028	2,694	2,564	20,545	42,040	25,762	Reduce by 42%*1	
Scope 3	($t\text{-}CO_2$)	—	—	—	—	—	117,711	140,724	156,937		
Category 1 (Purchased goods and services)	($t\text{-}CO_2$)	—	—	—	—	—	—	6,707	7,349		
Category 2 (Capital goods)	($t\text{-}CO_2$)	—	—	—	—	—	—	13,327	17,307		
Category 3 (Fuel- and energy-related activities not included in Scope 1 or 2)	($t\text{-}CO_2$)	—	—	—	—	—	—	27,392	46,241		
Category 5 (Waste generated in operations)	($t\text{-}CO_2$)	—	—	—	—	—	—	14,439	13,194		
Category 6 (Business travel)	($t\text{-}CO_2$)	—	—	—	—	—	—	1	1		
Category 7 (Employee commuting)	($t\text{-}CO_2$)	—	—	—	—	—	—	1	1		
Category 12 (End of life treatment of sold products)	($t\text{-}CO_2$)	—	—	—	—	—	—	0	137		
Category 13 (Downstream leased assets)	($t\text{-}CO_2$)	—	—	—	—	—	—	78,802	72,655		
Category 15 (Investments)	($t\text{-}CO_2$)	—	—	—	—	—	—	56	54		
Per unit	($t\text{-}CO_2/m^2$)	0.11	0.09	0.08	0.08	0.07	0.11	0.12	0.12		
Energy consumption	(MWh)	138,913	125,801	139,627	146,045	151,381	190,541	236,215	152,185		
Energy consumption per unit	(kWh/m^2)	194.35	177.46	159.02	157.79	134.05	147.94	156.70	102.70		
Fuel/gas consumption	(MWh)	7,633	12,435	12,997	12,977	11,241	65,296	163,548	161,875		
Fuel/gas consumption per unit	(kWh/m^2)	10.68	17.54	14.80	14.02	9.95	50.70	108.50	109.20		
Water Use	(thousandm^3)	363	362	543	549	532	656	916	926		
Water use per unit	(m^3/m^2)	0.51	0.51	0.61	0.59	0.47	0.51	0.61	0.62		
Volume of non-hazardous waste	(t)	2,376	3,505	5,827	6,403	5,422	6,176	7,676	7,090		
Volume of hazardous waste	(t)	210	94	105	104	33	163	293	329		
Recycling rate	(%)	—	33.2	31.6	32.1	45.2	45.1	41.9	40.5		

*1 Compared to FY2021

		2022/1	2022/7	2023/1	2023/7
Switching to electricity procured from renewable energy in IIF's directly managed properties*2	(%)	approx.80%	approx.86%	approx.86%	approx.90%

*2 Excludes praperties where tenants manage electricity.

Governance

Name of Directors	Kumi Honda Executive Director		Yutaka Usami Supervisory Director		Koki Ohira Supervisory Director		Fumito Bansho Supervisory Director	
IIF Fiscal Year	2023/7	2024/1	2023/7	2024/1	2023/7	2024/1	2023/7	2024/1
Attendance at Officers Meetings	13 meetings (100%)	11 meetings (100%)	12 meetings (92%)	11 meetings (100%)	12 meetings (92%)	11 meetings (100%)	13 meetings (100%)	11 meetings (100%)

See IIF website for GRI Guidelines.
See IIF website for SASB Index.

Data

Social

			2020/3	2021/3	2022/3	2023/3
Total number of employees*1	Full-time employees	Men	87	93	97	95
		Women	55	55	55	56
	Other than full-time employees	Men	2	2	3	5
		Women	0	0	0	0
Total workforce*1 (%)	Men		61.8	63.3	64.5	64.1
	Women		38.2	36.7	35.5	35.9
Percentage of women in executive management (%)			—	—	—	12.5
Women in managerial posts*1 (%)			25.7*3	17.2	12.1	15.2
Diversity of employees*1 (%)	Under 30 years old		4.0*3	4.0	5.2	1.9
	30 to 50 years old		80.5*3	80.0	74.2	74.4
	50 years old or older		15.5*3	16.0	20.6	23.7
Number of new hires*2	Men		—	16	14	21
	Women		—	3	3	4
Percentage of New hires*2 (%)	Men		89.5*3	84.2	82.4	84.0
	Women		10.5*3	15.8	17.6	16.0
Employee turnover rate (%)			—	9.5	8.4	10.7
Rate of taking childcare leave*2 (%)	Men		—	50.0	0.0	16.7
	Women		—	No eligible employees	100.0	100.0
Training attendance rate*1, *4 (%)	Men		—	90.6	88.0	98.9
	Women		—	95.9	87.0	97.8
Rate of taking paid leave*1 (%)			64.7	68.5	78.3	79.4
Health checkup rate*2 (%)			100.0	100.0	100.0	100.0
Satisfaction survey response rate (%)			94.0	93.0	94.5	Not implemented

Results of In-house research
*1 Excludes executives and temporary staff *2 Excludes executives, seconded employees, and temporary staff
*3 As of December 31, 2020, *4 Excluding internal training by our departments

See KJRM website for GRI Guidelines.
See KJRM website for SASB Index.

Employees 162 staff members

Of which, the number of qualified employees				
	Real-estate transaction specialists	74	Lawyer	1
	ARES certified master	96	CPA	7
	First-class architects	10	Tax accountants	3
	Real estate appraisers	12	MBA	1
	CMA	4	CFA Certified Securities Analyst	1

*5 Excludes part-time directors, seconded employees, and temporary staff *6 As of December 31, 2023

Compliance

		2020/3	2021/3	2022/3	2023/3
Compliance training	(times)	4	4	4	4
Total amount of political donations	(yen)	0	0	0	0
Number of improper conduct/corruption-related cases exposed	(times)	0	0	0	0
Number of improper conduct/corruption-related cases that resulted in punishment/dismissal	(times)	0	0	0	0
Improper conduct/corruption-related fines, penalties, and settlement costs	(yen)	0	0	0	0

Contribution to Industry Organizations, etc.

We actively participate in sustainability-related committees of various associations and organizations to keep abreast of the latest trends. The organizations, etc. we have joined are as follows.

- The Investment Trust Association
- Asia Pacific Real Assets Association Limited (APREA)
- The Association for Real Estate Securitization (ARES) etc.

Editorial Policy

KJR Management 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 corporations has been consolidated in this document, Sustainability Report 2024 in order to provide a clear explanation of our initiatives. Sustainability Report 2024 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: March 2024 (Issue annually)
Reporting Coverage
In principle, Japan Metropolitan Fund Investment Corporation, Industrial & Infrastructure Fund Investment Corporation and KJR Management

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 2024 on website.

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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.
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