

Frontier Real Estate Investment Corporation

ESG Report

October 2023



Frontier Real Estate Investment Corporation

FRI is a retail facilities-specialized J-REIT,
sponsored by Mitsui Fudosan

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FRI strives to achieve its mission of building sustainable relationships with all stakeholders and raising the medium- and long-term value for unitholders by further augmenting its initiatives aimed at addressing ESG issues in real-estate investment management going forward, and disclosing its results appropriately. We ask for your continuing support and understanding.



The Ministry of the Environment forecasts that if global warming were to continue on its present course without the implementation of effective countermeasures, summers in Tokyo would reach temperatures over 40 degrees centigrade in 2100, and the wind speed of typhoons would rise to a maximum of 90 meters per hour. Judging from the severity of the torrential rains and typhoons caused by climate change in recent years, we feel that these forecasts are not fiction, but instead pose a crisis that is all too possible.

To ensure that the world and society in which we live every day remain environmentally sound and that our business continues to grow sustainably, Frontier Real Estate Investment Corporation ("FRI" or "the Investment Corporation"), which holds and manages retail facilities, and Mitsui Fudosan Frontier REIT Management Inc. (the "Asset Management Company"), are pursuing measures to reduce our environmental impact, leading to a reduction in CO₂ emissions.

We believe that we must not be a homogenous organization, but rather adopt approaches that value organizational diversity.

About half of the officers and employees of the Asset Management Company are women, and our members come from diverse career backgrounds. We believe that a vibrant corporate atmosphere with open communication in which employees can exchange their views on a regular basis is the source of new ideas.

We also believe that providing an environment that focuses on each individual employee supporting the organization, as well as their families, and enables them to work in a healthy way with energy and motivation is an important management issue. We work together with employees to pursue health management initiatives that will maintain and improve employees' health to ensure that the Asset Management Company remains sustainable.

In strengthening the governance system, we will give priority to the transparency of decision-making, with compliance and risk management taking utmost precedence. Moreover, by reinforcing dialogue with investors through intensive IR activities, we will maintain a system that is transparent externally as well.

FRI strives to achieve its mission of building sustainable relationships with all stakeholders and raising the medium- and long-term value for unitholders by further augmenting its initiatives aimed at addressing ESG issues in real-estate investment management going forward, and disclosing its results appropriately. We ask for your continuing support and understanding.

Mitsui Fudosan Frontier REIT Management Inc.
Chief Executive Officer and Representative Director

Shintaro Ono

Sustainability Management



Our Approach to Sustainability

The Mitsui Fudosan Group is committed to social and economic development as well as global environmental preservation under the principles of coexisting in harmony with society, linking diverse values, and achieving a sustainable society represented by its  corporate logo. Under the principles of the  logo, **&EARTH** represents our Group Vision. We, as part of Mitsui Fudosan group, will make efforts to execute ESG challenges in our group.

The Investment Corporation aims to secure stable earnings for medium- to long-term and maximize unitholders' values.

We, as an asset management company of the investment corporation, recognize the needs to operate real estate business in harmony with the society, the economy, and the earth, as well as the needs to reduce environmental burdens, to develop sustainable relationships with a variety of our stakeholders and to develop governance system so that our investors can rest assured that their unit holdings in the investment corporation will continue rewarding them over the long term.

After considering the roles that we should play in the relationships with our stakeholders, we hereby formulate "Sustainability Policy", aiming at operation with the environment, social and governance factors in mind. We will put in place this policy in day-to-day operation and communicate the effort status properly.

Sustainability Policy

1. Reducing environmental impact

(1) Reducing carbon emissions through pursuing energy efficiency

We aim to contribute to reducing carbon emissions through implementing power saving and energy efficiency measures in our operations as well as installing energy efficient equipment. And furthermore, we work to achieve low carbonization and non-carbonization in the portfolio through the use of renewable energy or other approaches, in order to adapt to the forthcoming decarbonized society.

(2) Conserving water and other natural resources while reducing waste

We aim to introduce high-efficiency fixtures to conserve water and promote 3Rs, i.e., reduce, reuse, recycle, to contribute to realizing resource-saving and recycle-oriented society.

(3) Reducing hazardous substances with health and safety

We aim to reduce hazardous substances or environmental pollution, brought by the operation in commercial facilities, to the extent possible, properly manage environment quality in the building space and promote efforts to enhance health, safety and hygiene for tenant employees or visitors.

In parallel, we take all possible measures in preparation for large-scale earthquakes or serious climate disasters like typhoon or flood in order to secure "safety and security" for building users.

2. Developing sustainable relationships with a variety of stakeholders

(1) Cooperation and coexistence with local communities

We aim to operate our retail facilities as a "core of local community", providing place of human interaction and information exchange and thus contributing to regional vitalization.

(2) Collaborating with Mitsui Fudosan group companies and tenants

We strive to create comfortable and environmentally-conscious retail space, collaborating with Mitsui Fudosan group companies and our tenant companies, so as to improve customer satisfaction as well as to enhance sustainability awareness among our visitors. In addition, we adopt ESG factors as one of criteria to select outsourcing companies related to property operation and suppliers of goods and services, and also require them to proceed with operation with sustainability in mind.

(3) Engaging with our employees

We endeavor to raise environmental awareness and literacy among our employees through conducting organized training programs including environmental seminars as well as to realize work-life balance by supporting diversified work styles.

Moreover, we strive to increase employee engagement by improving the workplace environment and creating opportunities for active internal communication.

(4) Establishing trusting relationships with investors

We make the best efforts to disclose non-financial information including environment, social and governance (ESG) factors in addition to financial information in a timely and adequate manner, aiming to establish trusting relationships with investors.

3. Enhancing governance system

(1) Clarifying corporate governance structure








We make utmost efforts to disclose decision-making process, secure the traceability, raise awareness about compliance and achieve risk management in order to make decision-making process more transparent.

(2) Enhancing corporate governance system










We pursue to increase diversity in the Board of Directors and to establish effective governance structure, in an effort to enhance the corporate governance system.

Materiality

Reducing environmental impact (E)

Materiality	KPI	Support SDGs
(1) Reducing carbon emissions by pursuing energy efficiency	a. Data coverage b. Per-unit energy consumption c. Per-unit greenhouse gas (GHG) emissions	  
(2) Conserving water and other resources while reducing waste	a. Data coverage b. Per-unit water consumption	 
(3) Reducing hazardous substances and ensuring health and safety	c. Waste recycling rate	 

Collaborating with various stakeholders (S)

Materiality	KPI	Support SDGs
(1) Cooperation and coexistence with local communities	a. Asset Management Company employees who take part in running activities for &EARTH Clothing Support Project b. Participants of the &EARTH Clothing Support Project in FRI Properties c. Clothing collected of the &EARTH Clothing Support Project in FRI Properties d. Additional donations of the &EARTH Clothing Support Project in FRI Properties	  
(2) Collaboration with the Mitsui Fudosan Group and tenants	a. Percentage of engagement programs for tenants	 
(3) Engaging with our employees	a. Average annual training hours per employee b. Average annual training expenses per employee c. Employees with official certifications d. Employee awareness survey	 
(4) Establishing trusting relationships with our investors	a. Percentage of portfolio with environmental certification (DBJ Green Building Certification or CASBEE Rank (*)) b. External certifications c. IR briefings per year	 

(*) FRI has not received any other green building certifications.

Enhancing the Governance System (G)

Materiality	KPI	Support SDGs
(1) Clarifying corporate governance structure	a. Number of compliance trainings b. Compliance training attendance rate	
(2) Enhancing corporate governance systems	a. Number of independent Directors (Supervisory Directors) b. Board of directors' meeting attendance rate c. Number of female director	

Process of Identifying Material Issues

The Mitsui Fudosan Group is committed to social and economic development as well as global environmental preservation under the principles of harmony and coexistence, while working to link diverse values and achieve a sustainable society as represented by its corporate logo.

Based on the vision of the Mitsui Fudosan Group and an awareness of the role they must fulfill in their relationships with stakeholders, FRI and the Asset Management Company have established the Sustainability Policy as one of their basic policies.

Furthermore, with reference with to GRI standards, **FRI has evaluated the importance to itself and to stakeholders of the issues outlined in the Sustainability Policy and designated issues of particularly high priority as material issues.**

When designating material issues, FRI works to identify relevant stakeholders, understand stakeholder priorities and expectations, clearly identify tasks, and assign an order of priority through the discussions of the Sustainability Committee.

Relation to SDGs

In September 2015, at the United Nations Sustainable Development Summit, the 2030 Agenda for Sustainable Development was adopted by all 193 member nations. The agenda is a guideline for how citizens, governments, businesses and international society as a whole shall work together to realize sustainability through the Sustainable Development Goals (SDGs)-composed of 17 larger goals and 169 smaller targets-to be completed by the year 2030. FRI and the Asset Management Company will contribute to the achievement of the SDGs as well as contributing to social and economic development and the preservation of the global environment by tackling our materiality. How FRI and the Asset Management Company working toward achievement of the 17 goals and 169 targets of the SDGs is detailed above.

Looking Forward

FRI and the Asset Management Company seek to achieve sustainable growth by addressing the material issues presented above in the course of their business activities.

At the same time, while remaining aware of society's expectations by deepening dialogue with stakeholders, FRI will flexibly revise its designated material issues in response to changes in society.

Dialogue with Stakeholders

The Investment Corporation and the Asset Management Company build sustainable relationships through dialogue with stakeholders. Information about stakeholder priorities and expectations obtained through dialogue is reflected in our material issues, the basis for our sustainability initiatives.

<Examples of Dialogue with Stakeholders>



Sustainability Promotion Framework

To ensure the efficacy of its sustainability initiatives, the Asset Management Company has established a Sustainability Committee and a Sustainability Secretariat ("Secretariat") as an organ for examining matters prior to their consideration by the committee. The Sustainability Committee is chaired by the Chief Executive Officer and Representative Director, and its other members are general managers of the Investment Division, the Finance Division, and the Planning and Administration Division.

Sustainability Committee

Committee chair:

Chief Executive Officer and Representative Director

Other members:

Investment Division General Manager

Finance Division General Manager

Planning and Administration Division General Manager

*In principle, the Compliance Division General Manager also attends committee meetings

Sustainability Secretariat

Secretariat Manager (appointed by the committee)

At least one person from each division

Sustainability Committee

The committee meets once every quarter in principle.

*In principle, the Compliance Division General Manager attends committee meetings and offers opinions from a compliance-based perspective.

The Sustainability Committee deliberates sustainability policy, short- and medium-term goals—including key performance indicators (KPIs) used to measure progress—based on the relevant risks and opportunities as well as, to manage and realize these, specific measures and their implementation plans. These items are proposed to the committee by the Sustainability Secretariat.

Secretariat

The secretariat meets at least once every quarter in principle.

The Sustainability Secretariat is an organ for examining matters prior to their consideration by the Sustainability Committee.

The secretariat submits proposals to the committee pertaining to such matters as sustainability policy and short- and medium-term goals—including the KPIs used to measure progress—based on the relevant risks and opportunities as well as, to manage and realize these, specific measures and their implementation plans.

Furthermore, the secretariat manages Companywide implementation related to such matters as goals and specific measures decided by the Sustainability Committee and gathers relevant information from responsible divisions that it periodically reports to the committee.

Annual Activities

The boards of directors of the Asset Management Company and the Investment Corporation periodically receive reports on the policies, goals, specific measures and other matters decided by the Sustainability Committee as well as the progress of their implementation.

Number of committees (held): 4, average attendance rate of committee members: 100% (fiscal 2022)

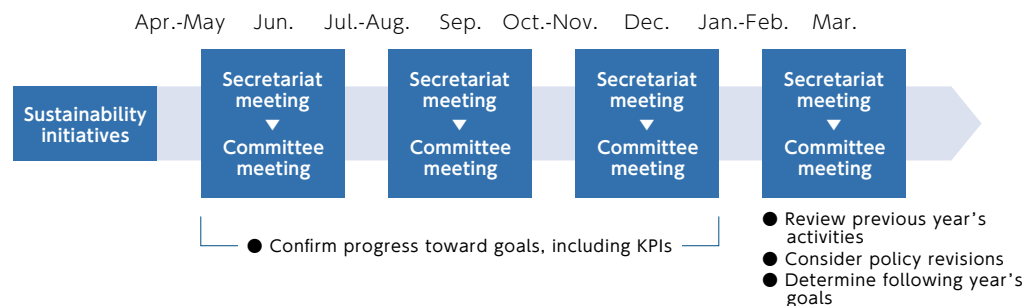
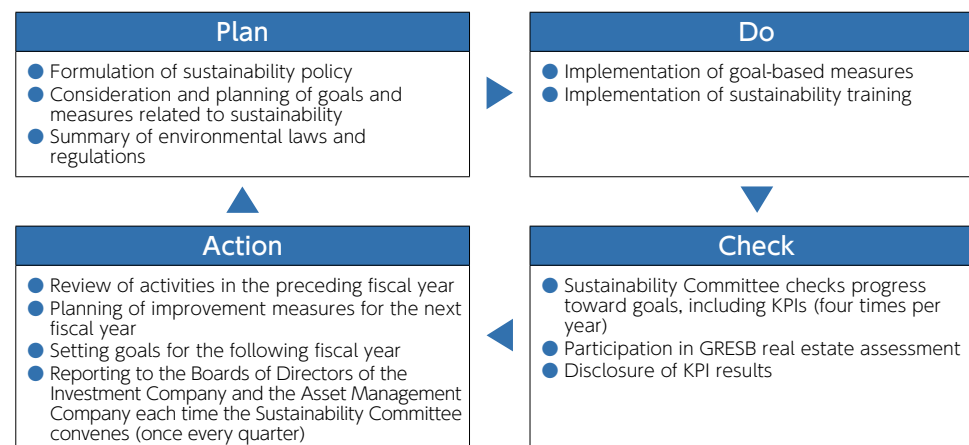


Image of Sustainability Promotion Based on the PDCA Cycle



External Certifications/Assessments

FRI has received environmental certification/recognition from the following external assessment organizations for its sustainability activities.

GRESB Assessment



G R E S B
★ ★ ★ ★ ☆ 2023

Rating
4 Stars

In the 2023 GRESB Real Estate Assessment, The Investment Corporation received an assessment rank of “4 Stars” and a “Green Star” status for the nine consecutive years in the GRESB Real Estate Assessment, as well as the highest “A Level” under the GRESB Public Disclosure Level Assessment.

GRESB is a benchmark assessment to measure environmental, social, and governance (ESG) consideration of real estate companies and funds, as well as the name of organization which runs the assessment. GRESB data is used for investment decision-making and engagement with investees.

SMBC Environmental Assessment



Certification rank

AA

Implementing excellent
environmental consideration

The Investment Corporation received this assessment as the first J-REIT on August 29, 2017.

“SMBC Environmental Assessment Loan” is a system in which the state of a company’s environmental consideration is assessed using criteria prepared independently by the Japan Research Institute, Limited, and Sumitomo Mitsui Banking Corporation sets conditions for loans according to the results of the assessment. The degree of progress in environmental management is comprehensively gauged from four aspects: [1] The state of awareness of environmental loads; [2] the extent of environmental conservation measures and the results of such efforts; [3] the state of environmental management system building; and [4] the extent of initiatives for environmental communication and environmental business.

Initiatives at the Mitsui Fudosan Group

In order to realize continuous value creation, the Mitsui Fudosan Group has positioned ESG (Environment, Society, and Governance) as a key management issue, the Group aims to achieve a sustainable society and drive sustainable profit growth. The Mitsui Fudosan Group supports the following initiatives.

Participation in the United Nations Global Compact

The Mitsui Fudosan Group supports the UN Global Compact comprising 10 principles relating to human rights, labor, the environment, and anti-corruption advocated by the UN. We signed the compact in December 2018, and participate in the Global Compact Network Japan.

Affiliation with RE100

The Mitsui Fudosan Group is a member of RE100, a global initiative committed to utilizing 100% renewable energy. We are also proud to be fighting climate change as a recognized member of the JCLP (Japan Climate Leaders’ Partnership), a local partner of RE100.

Supporting the Task Force on Climate-related Financial Disclosures (TCFD)

The Mitsui Fudosan Group agrees with the disclosure of the associated risks and opportunities regarding climate change proposed by the Task Force on Climate-related Financial Disclosures (TCFD). Furthermore, we are also active as a member of the TCFD Consortium, a collective of Japanese companies supporting the TCFD.

Greenhouse gas (GHG) emissions reduction targets validated by the SBT initiative

The Mitsui Fudosan Group’s Groupwide greenhouse gas (GHG) emissions reduction targets have been validated as scientifically sound by the international Science Based Targets (SBT) initiative.

Environmental Initiatives



Responding to Climate Change

Our Recognition of Climate-related Issues

As shown in the Paris Agreement (2015), the IPCC Report (2018), and other documents, the progression of climate change is a scientific fact. Climate change progression is expected to enlarge climate disasters such as intensified typhoons and heavy rains, frequent heat waves and droughts, and the progressive rise of global sea levels. In addition, as part of a concerted effort to mitigate climate change, a global transition to socioeconomic decarbonization, such as setting a framework for reducing greenhouse gas emissions and tightening emission regulations, is expected to continue. In this way, the progression of climate change is a material challenge that will lead to dramatic changes in the natural environment and social structure and have a significant impact on our business.

Identifying, assessing, and managing the risks and opportunities posed by climate change and improving business resilience (both in the sense of toughness and ability to recover) are essential matters for FRI to secure stable profits over the medium to long term, and to aim for stable distribution of dividends and maximization of unitholder value.

The Asset Management Company has established Guidelines for Addressing Climate Change in August 2021, which set forth a policy for addressing climate change-related risks and opportunities as well as initiatives concerning business and strategic resilienceto climate-related issues.

Support Expressed for the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

In January 2022, the Asset Management Company announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*¹ with the aim of improving transparency by disclosing climate-related risks in line with the TCFD recommendations. It also participates in the TCFD Consortium*², in which many companies and organizations that support the TCFD in Japan participate.



*1 The TCFD was established by the Financial Stability Board (FSB) to consider how best to disclose climate-related information and how financial institutions should respond. It regards climate change as a serious risk to the global economy, and recommends that companies understand and disclose information on governance, strategy, risk management, and metrics and targets.

*2 An organization established to discuss how to disclose and make use of climate-related information. Many companies and organizations that support the TCFD in Japan participate in this consortium.

Governance

To ensure the effectiveness of its sustainability initiatives, the Asset Management Company has established a Sustainability Committee chaired by the Chief Executive Officer (CEO) and Representative Director and comprising as members the Chief Investment Officer, Chief Financial Officer, and the Planning & Administrative Officer. It has also established a Sustainability

Secretariat as a body to examine matters before their discussion in the Sustainability Committee. The chief executive officer for climate-related issues is the Company's Chief Executive Officer (CEO) and Representative Director, who has final decision-making authority on sustainability promotion, and the operating officer for climate-related issues is the Chief Investment Officer. Matters related to climate change responses, such as identification and evaluation of the effects of climate change, management of risks and opportunities, progress in adaptation and mitigation initiatives, and setting of metrics and targets, are reported periodically to the chief executive officer for climate-related issues by the Sustainability Secretariat, and each agenda item is discussed and considered by the Sustainability Committee.

Strategy

Identification of risks and opportunities

About once a year, the Asset Management Company identifies and assesses climate-related risks and opportunities pertaining to itself and FRI.

	Projected future state	Financial impact	Timeline	Risk/Opportunity
Transition Risks	Impact on business of transitioning society and the economy to low carbon and carbon-free			
Policy and Legal Regulatory tightening by promoting low carbon and decarbonization through policy	Introduction of carbon taxes, introduction of emissions trading systems	Increase in carbon tax burdens, costs for purchase of carbon credits, and other costs	2030 (Mid term)	Risk
	Stricter regulations on total building carbon emissions and energy conservation standards	Occurrence of costs for retrofitting (modification of existing buildings to increase energy efficiency)	2030 (Mid term)	Risk
	Mandatory and stricter disclosure and reporting systems relating to building energy efficiency assessments	Occurrence of certification and other costs	2030 (Mid term)	Risk
Technology New low-carbon and decarbonization technologies and their mainstreaming	Advances in and dissemination of energy-saving technology and ZEB (net zero energy building) technologies	Lower utility expenses as a result of introduction of energy efficient equipment and ZEB conversion	2030 (Mid term)	Opportunity
		Increase in costs with introducing energy efficient equipment and ZEB conversion	2030 (Mid term)	Risk
Market Fluctuations in energy prices and changes in service demand, etc.	Increased demand from investors and financial institutions regarding ESG factors and portfolio environmental performance in funding	Diversification of financing methods and expansion of the breadth of investors	2030 (Mid term)	Opportunity
		Increase in capital procurement costs	2030 (Mid term)	Risk
	Selection of properties by tenants with an emphasis on environmental performance	Higher rents at properties with high environment performance	2030 (Mid term)	Opportunity
		Lower occupancy rates at properties with low environment performance	2030 (Mid term)	Risk
Reputation Negative changes in reputation from stakeholders	Selection of properties by tenants with an emphasis on disaster preparedness	Higher rents at properties with low disaster risks	2030 (Mid term)	Opportunity
		Lower occupancy rates at properties with high disaster risks	2030 (Mid term)	Risk
Physical Risks	Impact on business caused by changes from traditional climate patterns as climate change progresses			
Acute Caused by events	Increase in torrential rains, typhoons, floods, and storm surges	Loss of sales opportunities due to suspension of public transportation, Loss of sales opportunities due to building flooding, Increase in repair costs and casualty insurance premiums due to building flooding	2050 (Long term)	Risk
Chronic Stemming from long-term shifts in climate patterns	Rising sea levels	Loss of sales opportunities due to building flooding, Increase in repair costs and casualty insurance premiums due to building flooding	2050 (Long term)	Risk
	Increase in average temperature	Increase in air conditioning costs	2050 (Long term)	Risk

Assessment of risks and opportunities

The identified risks and opportunities were assessed under the scenarios of a global temperature rise of 1.5°C and 4°C, taking into account uncertainties regarding the progress of climate change. We will take priority measures regarding those risks and opportunities with a large impact according to the assessment results.

Scenario analysis assumptions

	4°C scenario	1.5°C scenario
Transition Risks	IEA (International Energy Agency) World Energy Outlook 2020 SPS	IEA World Energy Outlook 2020 NZE2050
Physical Risks	IPCC (Intergovernmental Panel on Climate Change) Fifth Assessment Report IPCC RCP8.5	IPCC Fifth Assessment Report IPCC RCP4.5

Financial impact of risks and opportunities based on the scenario analysis

	Financial impact	Risk/ Opportunity	4°C scenario Impact	1.5°C scenario Impact
Transition Risks				
Policy and Legal	Increase in carbon tax burdens, costs for purchase of carbon credits, and other costs	Risk	Small	Large
	Occurrence of costs for retrofitting (modification of existing buildings to increase energy efficiency)	Risk	Medium	Large
	Occurrence of certification and other costs	Risk	Small	Medium
Technology	Lower utility expenses as a result of introduction of energy efficient equipment and ZEB conversion	Opportunity	Small	Medium
	Increase in costs with introducing energy efficient equipment and ZEB conversion	Risk	Medium	Large
Market/ Reputation	Diversification of financing methods and expansion of the breadth of investors	Opportunity	Small	Medium
	Increase in capital procurement costs	Risk	Small	Medium
	Higher rents at properties with high environment performance	Opportunity	Medium	Medium
	Lower occupancy rates at properties with low environment performance	Risk	Medium	Medium
	Higher rents at properties with low disaster risks	Opportunity	Medium	Small
	Lower occupancy rates at properties with high disaster risks	Risk	Medium	Small
Physical Risks				
Acute	Loss of sales opportunities due to suspension of public transportation, Loss of sales opportunities due to building flooding, Increase in repair costs and casualty insurance premiums due to building flooding	Risk	Medium	Small
Chronic	Loss of sales opportunities due to building flooding, Increase in repair costs and casualty insurance premiums due to building flooding	Risk	Medium	Small
	Increase in air conditioning costs	Risk	Medium	Small

Initiatives to mitigate risks and realize opportunities

We are implementing the following initiatives to mitigate climate-related risks and realize climate-related opportunities:

- Environmental initiatives through real estate investment (P13)
- Implementation of building assessments for medium- to long-term decarbonization planning

Through these initiatives, we will enhance resilience to climate change and climate-related issues.

Risk Management

The Asset Management Company establishes countermeasures for material climate-related risks and opportunities discussed by the Sustainability Committee and considers them in terms of company-wide risk management programs in an effort to integrate the risk identification, assessment, and management processes.

Metrics and Targets

In its initiatives to mitigate risks or realize opportunities, the Asset Management Company defines KPIs and manages them through monitoring and target setting.

The targets and actual results for energy consumption, greenhouse gas (GHG) emissions, water consumption, and waste recycling rate, which are set as KPIs for mitigating climate-related risks, can be seen in p.12.

Targets for Reducing Environmental Burden

As part of the efforts to reduce environmental burden, the Asset Management Company has set the following reduction targets for energy consumption, greenhouse gas (GHG) emissions, water consumption, and waste recycling rate.

Indicators for 2022 marked with * have been independently assured by KPMG AZSA Sustainability Co., Ltd.

Boundary The entire portfolio pertaining to properties owned by FRI and beneficiary rights.

Reporting Period

Energy consumption, Greenhouse gas (GHG) emissions, Water consumption:
12-month period from January to December

The reporting period for data for 2021 and before has been changed to 12-month period from January to December, and the base year in setting targets for greenhouse gas (GHG) emissions and water consumption have also been changed from FY2019 to 2019.

Waste recycling rate:

Until FY2021: 12-month period from April to March

FY2022: 12-month period from January to December

Energy consumption

1. Target setting

- Pursuant to the Energy Conservation Act (Act on the Rational Use of Energy), the basic target has been set for reducing the basic unit of energy consumption by 1% annually on average over the medium to long term for the entire portfolio and individual properties.
- The term for the medium-to long-term target is set for the upcoming five years.

2. Actual results of our energy consumption

	Unit	2018 (Base Year)	2020	2021	2022
Energy consumption	kWh	281,751,586	213,922,981	220,445,290	223,244,104*
Per-unit energy consumption	kWh/m ²	245	195	197	199*
Data coverage	%	96.8	98.6	99.4	99.8

Calculation methods/Emission factors

Energy consumption (unit: kWh)

(Consumption) Fuel: usage of each fuel type × unit calorific values × electricity energy conversion factor

Electricity: purchased amount

(Basic unit) energy consumption ÷ property floor area (total floor area)

Greenhouse gas (GHG) emissions

1. Target setting

- Achieve 30% reduction in 2030 compared with the base year (2019) for GHG emitted as part of the operations of shopping centers (SC) owned (total of scopes 1-3; per-unit basis).

2. Actual results of our greenhouse gas (GHG) emissions

	Unit	2019 (Base Year)	2020	2021	2022
GHG emissions	t-CO ₂	90,400	75,511	76,706	77,684
	Scope1 t-CO ₂	374	438	389	435*
	Scope2 t-CO ₂	1,805	1,556	1,304	1,383*
	Scope3 t-CO ₂	88,221	73,518	75,013	75,865*
Per-unit GHG emissions	t-CO ₂ /m ²	0.081	0.068	0.068	0.069*
Annual reduction rate to the base year (Per-unit)	%	—	-16.0	-16.0	-14.8
Data coverage	%	98.4	98.7	99.4	99.8

Calculation methods/Emission factors

Greenhouse gas (GHG) emissions (unit: t-CO₂)

(Emissions) energy consumption × CO₂ emission factor

(Basic unit) GHG emissions ÷ property floor area (total floor area)

- GHG emissions consist with only CO₂.

- GHG emissions related to the electricity usage are calculated based on the basic emissions factors in the "Emissions factors for purchased electricity for each power company (for the use of greenhouse gas emission calculations by specified emitters)" (Ministry of the Environment and Ministry of Economy, Trade and Industry) for each fiscal year.
- GHG emissions other than those related to electricity are calculated based on the emissions factors in the "List of calculation methods and emission factors used in the Greenhouse Gas Emissions Calculation, Reporting and Publication System" (Ministry of the Environment).

- Definitions of each scope are as follows.

Scope1: Direct GHG emissions from locations owned or controlled by the organization (physical facilities and processes that release GHG into the atmosphere).

In FRI's portfolio, this represents the direct CO₂ emissions from the fuel usage at common areas in multi-tenant properties as well as pass-through master lease properties.

Scope2: GHG emissions caused by the generation of electricity, heat and steam purchased by the organization.

In FRI's portfolio, this represents the indirect CO₂ emissions from the usage of electricity, heat and steam supplied by third party at common areas in multi-tenant properties and pass-through master lease properties.

Scope3: This represents GHG emissions other than Scope 1 or Scope 2 generated from sources that are owned or controlled by other organizations, but are related to the activities of the organization.

In FRI's portfolio, only category 13 (emissions from the operation of assets that are owned by the reporting company (acting as lessor) and leased to other entities) is included in Scope 3 which represents the indirect CO₂ emissions other than Scope 1 or Scope 2 from the usage of electricity, heat and cold water supplied by third party as well as fuel usage.

Water consumption

1. Target setting

- For water consumption on a per-unit basis of the portfolio as a whole not to exceed the base year (2019).

2. Actual results of our water consumption

	Unit	2019 (Base Year)	2020	2021	2022
Water consumption	m ³	1,124,224	926,407	940,709	977,771*
Per-unit water consumption	m ³ /m ²	1.014	0.844	0.842	0.871*
Annual reduction rate to the base year (Per-unit)	%	—	-16.7	-16.8	-14.0
Data coverage	%	98.5	98.4	100.0	100.0

Calculation methods/Emission factors

Water consumption

(Water consumption) Calculated by aggregating with water usage, gray water usage, rainwater usage, well water usage, recycled water usage, and industrial water usage. This is aggregated by considering the water intake volume to be the water consumption.

(Basic unit) water consumption ÷ property floor area (total floor area)

- Well water usage, recycled water usage, and industrial water usage were added from 2022. Well water usage, recycled water usage and industrial water usage were added for data for 2021 and before.

Waste recycling rate

1. Target setting

- Cooperate with tenants to conduct initiatives to improve the recycling rate.

2. Actual results of our waste recycling rate

	Unit	FY2019	FY2020	FY2021	FY2022
Waste recycling rate	%	50.8	54.1	45.6	37.2
Data coverage	%	88.6	88.0	89.5	86.3

Calculation methods/Emission factors

Waste recycling rate

Calculated based on emissions worked out in accordance with the standards of each municipality.

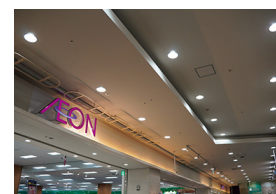
Environmental Initiatives through Real Estate Investment

Environmental management for the portfolio as a whole

Aiming to continuously conduct management related to environmental impacts, including efforts to reduce energy consumption, FRI carries out data collection, compilation and analysis through outside experts.

Promotion of the switch to LED lighting

FRI strives to promote energy saving by installing LED lighting.



AEON MALL
NAGOYADOME-Mae



VIORO

Utilization of renewable energy

FRI utilizes renewable energy through the installation of solar panels and wind turbines.



Solar panels
LaLaport IZUMI



Wind turbines
LaLaport IWATA



Wind turbines with
attached solar panels
LaLaport SHIN-MISATO

Installation of electric vehicle chargers

FRI has installed quick chargers for electric vehicles at its facilities in various regions.



LaLaport IWATA



LaLaport SHIN-MISATO

Promotion of greening, conservation of biodiversity

FRI implements the greening of walls, rooftops, and so on, thereby contributing to the conservation of biodiversity.



AEON MALL
NAGOYADOME-Mae



LaLaport SHIN-MISATO

BRANCH Hakata Papillon Garden

FRI is leasing part of this site to the authorities free of charge as “Chiyo Higashi Ryokuchi” (“Chiyo East Green Space”). Within the facility, there is a large park rich in greenery.



Reduction of water consumption

FRI strives to reduce water consumption through a variety of initiatives, including installation of water-saving toilets and water-efficient taps.



BRANCH Hakata Papillon Garden

Reduction of waste

FRI strives to reduce waste by working with tenants to recycle food waste from restaurants and other facilities as fertilizer and animal feed, and by promoting used paper collection.



Ecospo (Collecting used paper)
BRANCH Hakata Papillon Garden

Environmentally-Conscious Initiatives with Stakeholders

Green-lease, engagement programs

In order to promote the environmentally-conscious management of its portfolio, FRI is sequentially introducing green-lease clauses in lease contracts with tenants.

Moreover, FRI is working in collaboration with tenants, for example, by promoting the visualization of data through the provision of energy data to tenants.

Number of cases of the introduction of
green-lease clauses at FRI properties

11
(as of June 30, 2023)

Urban regeneration

By investing in properties developed through urban regeneration projects, FRI is contributing to the revitalization of towns and communities, and to improved convenience for local residents.

LaLaport SHIN-MISATO

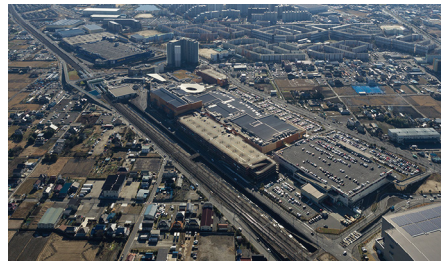
A development project at the site of a former freight car classification yard, which had seen no development for about 20 years, has given rise to a new lifestyle space for the town.

Musashino classification yard in Saitama prefecture was established in 1974 as a freight car classification yard between Misato Station and Yoshikawa Station.

Subsequently, operations were discontinued in 1986, after which the site was not developed. In 2008, FRI's sponsor, Mitsui Fudosan and other project partners brought about the rebirth of the 51.1 ha site of the classification yard as Shin-Misato LaLaCity, a large-scale urban complex. This new town comprises a large-scale retail facility zone and a residential zone, both of which were central to development that capitalized on an extensive plot of land.



Before (Musashino classification yard)



After (Shin-Misato LaLaCity)

Investment in redeveloped districts

FRI is reinvesting in properties that have already been developed, thereby contributing to the revitalization of towns and communities, and to improved convenience for local residents. Furthermore, for the acquisition, FRI obtained real estate appraisal reports, engineering reports, etc. in addition to on-site inspections and investigations and disclosure materials from sellers, carried out investigations related to brown fields and hazardous substances, and confirmed appropriate measures had been taken for properties for which measures were necessary.

BRANCH Hakata Papillon Garden

FRI reacquired a property which had been a conventional roadside shopping mall with a parking lot as its focal point, and was reborn as a neighborhood shopping center that is highly migratory and has a sense of unity.

The previous facility had been developed on the former site of the Fukuoka factory of Japan Tobacco Inc. (JT), FRI's former sponsor. 25 years had passed since it was built and the buildings were aging. In addition, changes to the surrounding environment created an opportunity, and a project to increase the value of the facility began in collaboration with Daiwa Lease Co., Ltd. FRI assigned the existing buildings to the Daiwa Lease, which then constructed new buildings (extension and reconstruction).

Subsequently, FRI acquired the new buildings after construction was completed in 2019.



Before



After

Summit Store Yokohama Okano (land interest)

This property was built on a former factory site as part of redevelopment of the area. Although minor soil contamination was found in this area in early stage of the redevelopment project, FRI acquired this property after confirming that appropriate measures were taken on brownfield.

Green Building Certification

• Status of Green Building Certifications (as of June 30, 2023)

Number of certified properties
13

Certified area
936,119m²

Percentage of certified properties*
87.6%

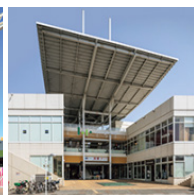
* Percentage of certified properties is calculated on a floor area basis (excluding land interest properties)

• DBJ Green Building Certification (as of October 1, 2023)

Certification rank ★★★★★ Properties with exceptionally high environmental & social awareness



Mitsui Shopping Park
LaLaport SHIN-MISATO



Mitsui Shopping Park
LaLaport KASUKABE



Mitsui Outlet Park IRUMA



Mitsui Shopping Park
LaLaport IWATA



You Me Town Hiroshima

Certification rank ★★★ Properties with excellent environmental & social awareness



Ikebukuro Square



AEON MALL Ibaraki



AEON MALL
NAGOYADOME-Mae



VIORO



AEON STYLE
Shinagawa Seaside



Ikebukuro GLOBE

DBJ Green Building Certification

DBJ Green Building Certification Program was launched by DBJ in April, 2011 for the purpose of supporting the properties which give proper care to environment and society (Green Building).



CASBEE Assessment (as of October 1, 2023)

Assessment rank Rank **S**



BRANCH Hakata Papillon Garden

Assessment rank Rank **A**



GINZA GLASSE

CASBEE Assessment

The "Comprehensive Assessment System for Built Environment Efficiency" ("CASBEE") is a system for comprehensively assessing and ranking the environmental performance of buildings with regard to aspects such as the enhancement of environmental quality and performance including indoor comfort and consideration for the landscape, on top of the aspect of environmental consideration such as energy saving and the use of materials and equipment with a lower environmental burden.

FRI has received CASBEE Assessment for the following properties.

Green Finance

FRI aims to build a more solid financial foundation through efforts to expand the breadth of its investors by spurring demand among investors with a strong interest in ESG and to diversify its financing methods, as well as to go further in its pursuit of initiatives related to reducing environmental impact and building sustainable relationships with various stakeholders as stipulated in the Sustainability Policy.

Overview of Green Finance Framework

Eligibility criteria and process for selection

The criteria for eligibility are discussed by the Sustainability Committee, which is chaired by the Chief Executive Officer and Representative Director of the Asset Management Company, and decided by the authority of the Chief Executive Officer and Representative Director.

The person in charge of finances at the Asset Management Company considers whether projects that will utilize the proceeds meet the criteria for eligibility, carries out an evaluation and makes selections.

Criteria for eligibility

(1) Eligible green assets

Properties that have acquired or plan to acquire any of the certifications below, from third-party institutions:

- DBJ Green Building Certification : five stars, four stars or three stars
- CASBEE real estate certification : S, A or B+ rank
- BELS Certification : five stars, four stars or three stars
- LEED rating system : Platinum, Gold or Silver rank

(2) Repair work

Any of the following repair work:

- Repair work carried out to improve the rank in certifications(1) above by one rank or more and to renew or acquire environmental certification
- Repair work to facilities and other aimed at making beneficial improvements for the environment, such as improving energy efficiency and water consumption performance (work resulting in a 30% or more improvement in performance)

Use of proceeds from Green Finance

Proceeds from Green Finance shall be allocated towards the acquisition of green buildings (Eligible green assets) that meet the following eligibility criteria, to make repairs, or to refinance such loans.

Management of proceeds

The proceeds from green financing is promptly or swiftly used to acquire Eligible green assets, to repay loans used to acquire Eligible green assets, or to redeem investment corporation bonds issued to acquire Eligible green assets.

When some of the proceeds is not allocated, the liability amount calculated by multiplying the total acquisition cost for the Eligible green assets held by the FRI by the fiscal period-end LTV that can be calculated at the confirmation point (Eligible green liability amount) is set as the maximum for green financing, and the green financing balance is managed so that it does not exceed the Eligible green liability amount.

Green loan

Lender	Borrowing Amount (million yen)	Interest Rate ¹	Drawdown Date	Maturity Date ²	Remarks
Mizuho Bank, Ltd.	1,500	Annual rate 0.83250%	June 23, 2022	June 23, 2032	Unsecured / Unguaranteed
Sumitomo Mitsui Banking Corporation	1,000	Annual rate 0.61750%	July 3, 2023	July 3, 2030	Unsecured / Unguaranteed
Sumitomo Mitsui Banking Corporation	1,000	Annual rate 0.90125%	July 3, 2023	July 4, 2033	Unsecured / Unguaranteed
Total	3,500	—	—	—	—

*1 Interest rate is fixed until the maturity date.

*2 Borrowing will be repaid in a lump sum on the maturity date.

Green bonds

Name	Issued amount (million yen)	Interest rate	Issuance date	Maturity date	Collateral/ Guarantee
6th Series Unsecured Investment Corporation Bonds (with special pari passu conditions among specified investment corporation bonds)	1,500	0.400%	October 29, 2021	October 29, 2031	Unsecured / Unguaranteed
7th Series Unsecured Investment Corporation Bonds (with special pari passu conditions among specified investment corporation bonds)	1,000	0.660%	October 29, 2021	October 29, 2036	Unsecured / Unguaranteed
Total	2,500	—	—	—	—

Evaluation by Outside Organizations

The Investment Corporation obtained a Green 1 (F) rating from Japan Credit Rating Agency, Ltd. (JCR) in the JCR Green Finance Framework Evaluation, which is its highest rating in this third-party evaluation of its Green Finance Framework. Please see below for details.

Social Initiatives



Policy Concerning Respect for Human Rights

The Asset Management Company stipulates the following human rights policies based on Mitsui Fudosan's "Mitsui Fudosan Group Human Rights Policy" and "Mitsui Fudosan Group Sustainable Procurement Standards."

Respect for human rights

The Asset Management Company respects human rights without discriminating based on gender, age, birthplace, nationality, ethnicity, race, creed, religion, health, disability or any other reason, and promotes initiatives, such as the formation of internal systems and a work environment where diverse personnel can play active roles.

Prevention of child labor and forced labor

The Asset Management Company will observe laws and regulations and internal rules, and will thoroughly eliminate and prevent child labor and forced labor.

Prevention of overwork

The Asset Management Company will work to suppress overwork and reduce overtime work, taking into consideration the maintenance and improvement of employees' health and work-life balance.

Respect of the freedom of association and right to collective bargaining

The Asset Management Company recognizes that employees have the right to organize, the right to collective bargaining and the right to strike.

Payment of wages higher than the minimum wage

The Asset Management Company's basic policy is to not only observe minimum wage rules in the labor laws, but to pay a wage that exceeds those requirements.

Initiatives for Respecting Human Rights

The status of The Asset Management Company's initiatives is as follows.

Respect for human rights

None of the various types of harassment, such as sexual harassment or power harassment, or discrimination have occurred thus far.

The Asset Management Company is advancing enhancement activities, such as by continuing to regularly carry out training related to the various types of harassment, discrimination and LGBT awareness.

(Training examples)

September 2022	Unconscious bias training
September 2022	Business and human rights
February 2023	Human rights enlightenment training

Prevention of child labor and forced labor

The Asset Management Company has never used child or forced labor.

We thoroughly observe laws and regulations so that child labor and forced labor do not occur.

Prevention of overwork

There have been no cases of long overtime work that violates the Article 36 agreement.

The Asset Management Company will observe the "Article 36 agreement" by monitoring working hours to reduce unreasonably long working hours and overtime work.

In addition to the Article 36 agreement, we internally communicate the various labor agreements, work regulations, etc. posted on our internal portal site.

Appropriate wage payment

The Asset Management Company clearly indicates internal regulations, such as salary regulations, the composition and breakdown of salary in labor contracts, the calculation method and the wage table, which is based on job grade, and pays appropriate wages.

Initiatives for Local Communities

&EARTH Clothing Support Project

In spring and autumn every year, the Mitsui Fudosan Group kicks off the &EARTH Clothing Support project, inviting the public to donate unneeded clothing at retail facilities. The clothing is then distributed to people in need through the NPO Japan Relief Clothing Center.

Asset Management Company employees also take part in running the project.

Organizer: NPO Japan Relief Clothing Center

Cooperation: Mitsui Fudosan Co., Ltd., Mitsui Fudosan Retail Management Co.,Ltd.

27th &EARTH Clothing Support Project (Spring 2023)

Participants

343

Clothing
collected

1,930_{kg}

Additional
donations

¥21,150

Facility	Results			
	Date	Participants	Clothing collected	Additional donations
Mitsui Shopping Park LaLaport SHIN-MISATO	May 20, 2023	38	284kg	¥6,723
Mitsui Shopping Park LaLagarden KASUKABE	May 28, 2023	175	975kg	¥8,385
Mitsui Shopping Park LaLaport IWATA	May 28, 2023	130	671kg	¥6,042



人と地球がともに豊かになる社会をめざして

&EARTH

Support at the time of major disasters

With its disaster measures, it aims to support the safety and security of members of the community by coordinating with municipalities.

LaLaport IWATA

Concluded agreement with Iwata City regarding providing support in the event of a large-scale disaster



Social Contribution Events

Various social contribution events for visitors, primarily the residents of the surrounding areas, are held at the Investment Corporation properties.

Mitsui Outlet Park IRUMA



Environmental education event



Disaster readiness event

Promoting a barrier-free environment

The Investment Corporation properties have installed barrier-free facilities so that various people, including elderly persons and persons with disabilities, can use them with peace of mind.

BRANCH Hakata Papillon Garden



Ensuring safety in preparation for times of disaster

Disaster drills

It conducts a disaster response drill for all executives and employees once a year. Using a scenario in which an earthquake strikes directly below the Tokyo metropolitan area, the drill is aimed at improving disaster readiness, from first response to the setup of crisis management headquarters and ascertaining the extent of damage at properties.



Engagement with tenants

Distribution of sustainability guide

As a part of initiatives for encouraging collaboration with tenants, it creates and distributes a sustainability guide, and is appealing for work to be undertaken on reducing the environmental burden and generating environmental awareness.

Implementing an exchange of ideas with tenants

While undertaking initiatives to reduce electricity and water consumption and to reduce the amount of waste, particularly regarding large-scale properties that have a significant effect on the portfolio as a whole, once a year it establishes the opportunity to compare figures and confirm whether there are any irregularities concerning various indicators with the tenant or the facility management company in relation to each fiscal year, and is implementing various initiatives with the cooperation of tenants for linking with future operations and so on.

Information disclosure to and dialogue with stakeholders

FRI periodically carries out interviews with institutional investors in Japan and overseas institutional investors in Asia, Europe, North America, etc.

Furthermore, by participating in events for the individual investors held by the Association for Real Estate Securitization, securities companies, etc., FRI carries out IR activities that strive for direct communication with individual investors.



IR activities in 2022

Financial results briefing

Institutional investor (domestic and overseas) meetings

Property tours for institutional investors

Participation in events for individual investors, etc.

Initiatives for Employees at the Asset Management Company

The Asset Management Company regards developing professionals with sophisticated and specialized skills, broad knowledge, and a firm sense of ethics as a key priority. Accordingly, the Asset Management Company carries out a range of initiatives related to developing employees' abilities, ensuring employee health and safety, and creating rewarding workplaces.

Personnel Training

Support for acquiring qualifications

To support all executives and employees in acquiring qualifications needed to enhance their specialized knowledge or further develop their abilities, The Asset Management Company have established an internal system that offers subsidies and other forms of aid. The major qualifications we have supported are as follows.

Qualification	Number of people*
ARES Certified Master	17
Real estate notary	15
Tax accountant	1
Securities analyst	1

* All executives and employees who have obtained the qualification as of April 1, 2023

Implementation of various types of training

Training in specialized fields

With the purpose of periodically updating the fundamental knowledge necessary for asset management for all employees (including full-time employees, contractors, and temporary staff), the Asset Management Company is using external seminars and the appointment of external lecturers to periodically implement training in sustainability, changes to laws and regulations relating to asset management, and so on.

Implementation examples

- Audit corporations/securities monitoring
- Industry bodies/sustainability training

Training using educational institutions

In order to improve specialized knowledge and abilities in the business practice of REIT asset management companies, the Asset Management Company is promoting attendance at programs held periodically by the Waseda University Institute for Business and Finance.

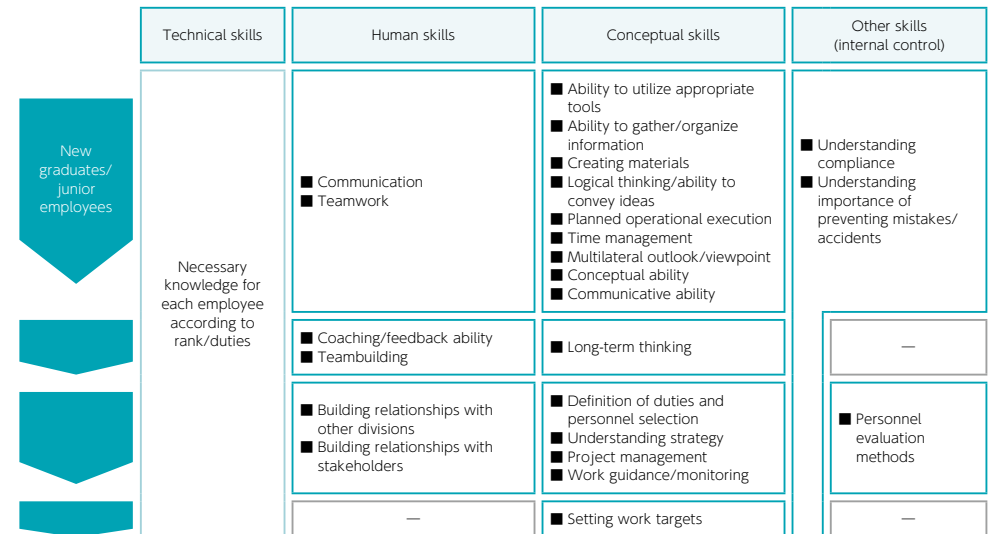
Attendance record

- Fund Management Program
- Investment Banking Program

Job ranking-based training

The Asset Management Company is endeavoring to improve the skills of employees through their attendance at external seminars, the content of which is appropriate to each stage, from managers to mid-level and junior employees.

Image of job ranking-based training program



Training for new graduates

After graduating and entering the company, employees on secondment from our sponsor complete a training program for the development of human resources.

Field-based human resource development business seminars (occupational specialisms)

To develop the abilities of all executives and employees, The Asset Management Company recommend and provide support for outside training programs as well as various seminars and courses.

- SMBC Business Seminar (general business topics and education)
- Japan Knowledge Center Seminar and Dynamic Marketing Co., Ltd. (retail facilities and real estate)
- The Association for Real Estate Securitization and the Investment Trusts Association, Japan Seminar (Investment Trust Act, Financial Instruments and Exchange Act, etc.)

Compliance Training

The Asset Management Company continue to provide compliance training for all executives and employees with the aim of improving compliance awareness and forming an organizational culture that emphasizes compliance.

Fiscal 2022 Training and Seminar Attendance

	Annual total ^{*1}	Per person ^{*2}
Training hours	413 hours	16 hours/year
Training fees	1.74 million yen	67 thousand yen/year

*1 Total number of hours and amount of fees for training attended by all executives and employees

*2 Calculated by dividing the annual totals by the number of all executives and employees as of April 1, 2022

Personnel evaluations

Regarding the execution of business by employees, we introduced a personnel evaluation system that assesses employees' abilities and performance from multiple perspectives, including those related to sustainability-related initiatives.

In addition, supervisors hold meetings with their subordinates at the beginning, middle, and end of each fiscal year to give advice that helps them hone their abilities, to identify issues, and to check progress and results.

	Meeting implementation rate
FY2022 results	100% (15 of 15 people)

Strategy for the development and securing of human resources

At the Asset Management Company, in order to be able to secure the appropriate human resources at the appropriate times and in line with changes in the business situation, environment, etc., in addition to undertaking new recruitment on an ongoing basis, we are promoting the development of various skills for employees via the aforementioned education and training programs.

Furthermore, in order for employees to continue working with peace of mind, we are advancing the enhancement of employee welfare and the provision of employee-friendly workplace environments, and we are aiming to improve labor efficiency through longer retention and increased motivation of employees.

At the Asset Management Company, as a part of improvements to levels of operational execution, we are accepting personnel with specialized skills as employees on secondment, where appropriate and in addition to those from our sponsor.

Furthermore, employees at a managerial level on secondment from our sponsor possess both specialized knowledge and organizational management skills due to the human resources development system at the assignor company, and are contributing to asset management and organizational revitalization at the Asset Management Company.

Officers of the Asset Management Company are under the jurisdiction of the Board of Directors and the General Meeting of Shareholders, and personnel in other managerial positions are determined based on the approval of the Director and President. When personnel are relocated,

we select the appropriate managerial candidates from direct-hire employees and our sponsor's human resources pipeline, and we plan for the inheritance of business and executive positions to be undertaken smoothly.

Furthermore, while the recruitment of new graduates is not being undertaken at the Asset Management Company at present, it is being undertaken periodically at our sponsor, and the Asset Management Company is also accepting the secondment of junior employees who have completed training programs for developing human resources at our sponsor and who entered the company less than ten years ago.

The situation regarding employees on secondment from our sponsor. (as of April 1, 2023)

Company name	Number of people
Mitsui Fudosan Co., Ltd.	9

Diversity and inclusion

At the Asset Management Company, we are advancing with the creation of an organization for personnel with a diversity of values, talents, and lifestyles to demonstrate the individual abilities they can possess to the maximum possible extent, and with the creation of employee-friendly workplaces.

HR Data

Item		FY2021	FY2022	FY2023
Number of employees	Male	5	5	6
	Female	7	7	8
Number of contract employees	Male	2	2	2
	Female	2	1	1
Number of dispatched employees	Male	7	7	7
	Female	2	3	2
Number of temporary staff	Male	0	0	0
	Female	0	1	0
Total number of executives and employees	Male	14	14	15
	Female	11	12	11
Percentage of female executives and employees ^{*2}		44.0%	46.1%	42.3%
Percentage of female director		0.0%	0.0%	0.0%
Percentage of temporary staff		0.0%	3.8%	0.0%
Average length of service ^{*3}		5.7 years	6.7 years	6.0 years
Number of new hires ^{*4}	Male	0	0	1
	Female	0	0	1
Number of persons who left the Company ^{*4,5}		0	1	1
Attrition rate in the fiscal year ^{*4,5}		0.0%	3.8%	3.8%
Paid leave usage rate ^{*4}		82.3%	81.8%	81.8%
Number of people who have taken childcare leave ^{*4}		0	0	0
Number of people who have taken caregiving leave ^{*4}		0	0	0
Percentage of global staff with a disability		0.0%	0.0%	0.0%

There have been no mergers or acquisitions that necessitated layoffs and there have been no large-scale layoffs.

*1 Figures are as of April 1 of each fiscal year.

*2 The percentage of women among the total number of executives and employees.

*3 Calculated based on the number of employees at the Asset Management Company as of April 1 of each fiscal year.

*4 For previous fiscal year (regular employees and contract employees).

*5 The employees who reached the retirement age are not included.

Employee-friendly working environments and work-life balance

Employee awareness survey

The Asset Management Company undertakes an annual survey (employee awareness survey) regarding the present state of awareness and behavior, to understand the reality and the requirements of employees with the aim of understanding the issues and considering the appropriate policies and measures. With reference to the relevant survey results, the Asset Management Company is striving to improve internal systems, working environments, and so on.

Implementation status of awareness survey

	Conducted September 2022 (sixth survey)
Number of subjects	19
Response rate	100%

Employee benefits

As a part of creating a working environment that enables employees to continue working with peace of mind, the Asset Management Company is establishing various types of employee benefit systems.

Childcare support (direct-hire employees)

childcare leave system, sick child leave system, childcare reduced working hour

Caregiving support (direct-hire employees)

caregiving leave system, caregiving reduced working hour system

Special leave systems (direct-hire employees)

refreshment leave (five days), leave for comprehensive health checks, leave for special occasions or bereavement, menstrual leave, leave for pregnancy-related hospitalization or impairment, pre and post-childbirth leave.

Other employee benefit systems

- Collaboration with companies providing employee benefit services (direct-hire employees)
- Introduction of flextime system and staggered work hours system (all employees)
- Remote work system (all employees)
- Provision of satellite offices (all employees)
- Provision of smartphones and portable laptops (all employees)
- Introduction of defined contribution pension plan (DC) system (direct-hire employees)
- End-of-year bonus (regular employees)
- System for subsidizing the cost of influenza vaccinations (all employees)

Introduction of cumulative unit investment program

The Asset Management Company has introduced a cumulative unit investment program that enables the acquisition of unit investments in the Investment Corporation, and for which direct-

hire employees (full-time employees and contractors) of the Asset Management Company are eligible. Furthermore, officers, etc. of the Asset Management Company can also use the cumulative unit investment program of the assignor company, Mitsui Fudosan, to acquire unit investments in the Investment Corporation. It is expected that this system will further increase awareness of improvements to the performance of all employees, and as a consequence, we believe this will contribute to ongoing growth of the Investment Corporation and to increased value for investors. We are also granting financial incentives to employees who utilize the system and aiming to improve employee welfare.

Employee health and well-being

At the Asset Management Company, we declare health management, and we are actively promoting preventive support with consideration for prioritizing the health and well-being of all employees and in order to maintain and improve their health.

The asset management company has been recognized as a 2023 Certified Health & Productivity Management Outstanding Organization (small- and medium-scale corporation sector) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program for the five consecutive years. This Recognition Program recognizes large enterprises, SMEs and other organizations that are engaged in particularly impressive health management, based on initiatives aimed at addressing health-related issues in communities and initiatives aimed at improving health led by the Nippon Kenko Kaigi.



Also, The Asset Management Company earned Silver Certification as a company with a superior health program from the Tokyo Association, National Federation of Health Insurance Societies in July 2023

Periodic ordinary health checks

The Asset Management Company put the health of executives and employees first and mandate they get health checks. Regarding periodic ordinary health checks or comprehensive health checks, The Asset Management Company have set up a system for taking leave to receive a comprehensive health check and provide subsidies for examination fees as The Asset Management Company actively support and promote the improvement of executive and employee health. In addition, The Asset Management Company provide subsidies for influenza vaccination fees.

Percentage of executives and employees who received ordinary and comprehensive health checks (fiscal 2022)

100% (14 of 14 people)

Sharing of health-related information and use of industrial physicians

The Asset Management Company disseminates a wide range of health-related information internally and periodically holds meetings on how to improve one's health. In addition, The Asset Management Company use platforms like this to provide opportunities for getting advice from industrial physicians.

Stress checks

The Asset Management Company conduct stress checks as part of our efforts to prompt executives and employees to practice self-care and to prevent mental health problems.

Governance Initiatives



FRI's Corporate Governance

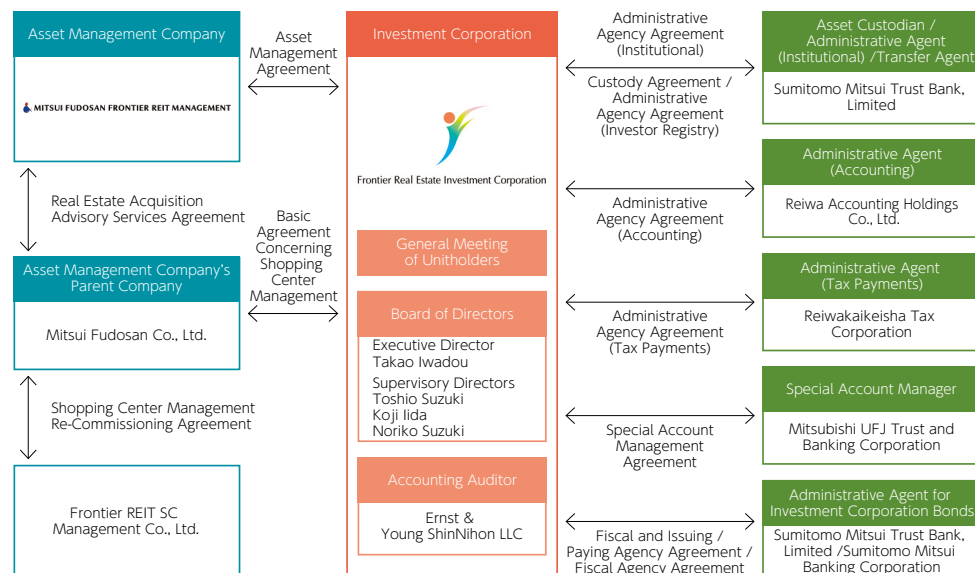
Corporate Governance

The Investment Corporation shall have at least one executive director and at least two supervisory directors (the number of supervisory directors must be equal or larger than the number of executive director(s) plus one).

The executive director(s) and the supervisory directors shall constitute the Board of Directors of the Investment Corporation.

The Investment Corporation's institutions are made up of one executive director, three supervisory directors, the Board of Directors comprising all executive directors and supervisory directors, and the accounting auditor, in addition to the Investment Corporation's unitholders, who constitute the General Meeting of Unitholders.

Basic Structure



Director information

Title	Name	Gender	Attendance at Board of Directors meetings (FY2022)	Total compensation amount in the 38th Period ended June 30, 2023
Executive Director	Takao Iwadou	Male	100% (13 times / 13 times)	3,000 thousand yen
Supervisory Director	Toshio Suzuki	Male	100% (13 times / 13 times)	1,800 thousand yen
Supervisory Director	Koji Iida	Male	100% (13 times / 13 times)	1,800 thousand yen
Supervisory Director	Noriko Suzuki	Female	100% (13 times / 13 times)	1,800 thousand yen

Brief Biographies

Executive Director Takao Iwadou	April 1973	Entered Mitsui Fudosan Co., Ltd. (Mitsui Fudosan)
	April 1999	Appointed General Manager of Affiliated Business Division, Group Management Department, Mitsui Fudosan
	April 2001	Appointed General Manager of General Administration Department and Internal Audit Department, Mitsui Fudosan
	April 2003	Appointed Managing Officer and General Manager of General Administration Department and Internal Audit Department, Mitsui Fudosan
	April 2005	Appointed Managing Officer and General Manager of General Administration Department, Mitsui Fudosan
Supervisory Director Toshio Suzuki	April 2007	Appointed Advisor, Mitsui Fudosan
	March 2014	Senior Corporate Auditor, Mitsui Fudosan Residential Co., Ltd.
	April 2018	Retired Advisor, Mitsui Fudosan
		Retired Senior Corporate Auditor, Mitsui Fudosan Residential Co., Ltd.
		Appointed Executive Director, Frontier Real Estate Investment Corporation (present post)
Supervisory Director Koji Iida	April 1971	Entered Mitsubishi Corporation
	April 2000	Retired Mitsubishi Corporation
	December 2009	Registered as an attorney (Daiichi Tokyo Bar Association)
	December 2009	Entered Sakuragi, Koikai & Sakurai
	April 2016	Appointed Supervisory Director, Frontier Real Estate Investment Corporation (present post)
Supervisory Director Noriko Suzuki	June 2020	Retired Sakuragi, Nakano & Co. (former, Sakuragi, Koikai & Sakurai)
	June 2020	Entered Aoyama Tokyo Law Offices (present post)
	April 1981	Entered Asahi & Co. (currently, KPMG AZSA LLC)
	December 1984	Registered as a certified public accountant
	May 1998	Appointed Partner, Asahi & Co. (currently, KPMG AZSA LLC)
Supervisory Director Toshio Suzuki	May 2007	Appointed Representative Partner, KPMG AZSA & Co. (currently, KPMG AZSA LLC)
	July 2010	Appointed Representative Partner, KPMG AZSA LLC
	June 2019	Retired KPMG AZSA LLC
	July 2019	Established Iida CPA Office (present post)
	April 2020	Appointed Supervisory Director, Frontier Real Estate Investment Corporation (present post)
Supervisory Director Noriko Suzuki	March 1981	Entered Chuo Accounting Corporation
	March 1989	Entered Chuo Coopers & Lybrand International Tax Office (currently, PwC Tax Japan)
	October 1992	Entered ASAHII SHINWA & Co. (currently, KPMG AZSA LLC)
	April 1996	Registered as a certified public accountant
	October 2008	Appointed Senior Manager, KPMG AZSA & Co. (currently, KPMG AZSA LLC)
Supervisory Director Koji Iida	September 2015	Retired KPMG AZSA LLC
	October 2015	Appointed part-time audit staff, KPMG AZSA LLC
	October 2015	Established Suzuki Noriko CPA Office (present post)
	March 2020	Contract ended part-time audit staff, KPMG AZSA LLC
	April 2020	Appointed Supervisory Director, Frontier Real Estate Investment Corporation (present post)
Supervisory Director Toshio Suzuki	June 2021	Appointed Outside Director (Member of Audit and Supervisory Committee), Nishimatsu Construction Co., Ltd. (present post)

FRI's Corporate Governance

Directors' Compensations

The Investment Corporation has made the following arrangements as to the standard for payment of the directors' compensations and the time when the payment is made.

- (1) The compensations for each executive director shall be up to 800,000 yen per month, and the amount determined by the Board of Directors that is deemed reasonable in light of the general price trends and wage trends, etc. shall be paid for a relevant month by the end of said month and shall be done so each month.
- (2) The compensation for each supervisory director shall be up to 500,000 yen per month, and the amount determined by the Board of Directors that is deemed reasonable in light of the general price trends and wage trends, etc. shall be paid for a relevant month by the end of said month and shall be done so each month.

Audit remuneration paid to the independent auditor for the last period was as follows.

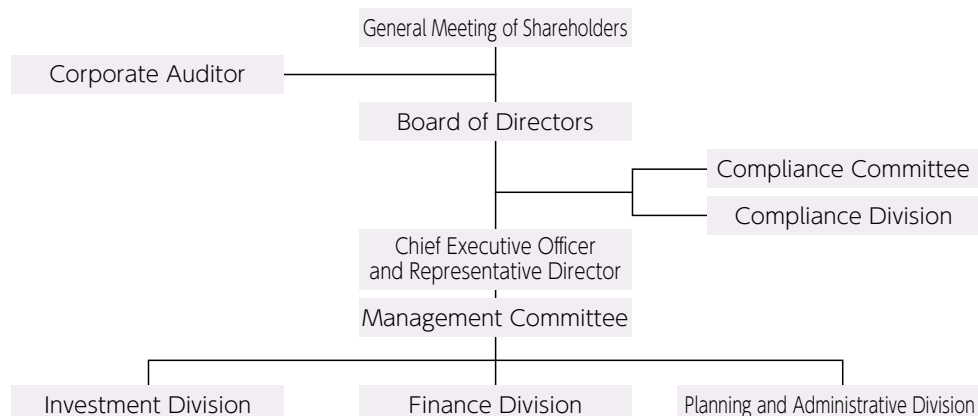
Name	Total 38th period compensation
ERNST & YOUNG SHINNIHON LLC	¥12,400 thousand

* Includes compensation for auditing English financial statements.

There were no fines due to ESG issues from January 1, 2022, to December 31, 2022

Management System

Management of the Investment Corporation's assets is entrusted to Mitsui Fudosan Frontier REIT Management Inc., the asset management company, which performs its assignments based on the asset management agreement concluded with the Investment Corporation under the following organizational structure.



Compliance

The Investment Corporation and Mitsui Fudosan Frontier REIT Management Inc., the asset management company (the "Asset Management Company"), which are bearers of the listed investment corporation system that plays the role of the financial brokerage system through the securities market, position compliance as the fundamental principle for business operations and proactively work to promote compliance.

The Asset Management Company has established the compliance regulations as its internal rules, in which it defines compliance as "implementing corporate activities with integrity and in a fair manner, fully understanding the social norms as well as strictly abiding by all laws relating to its operations, various regulations, internal rules and market rules." By incorporating the function to promote compliance into its corporate governance system, it endeavors to ensure appropriate asset management and protect investors.

The Investment Corporation, in close coordination with the Asset Management Company, implements fair and highly transparent asset management operations through appropriate administration of the Board of Directors and other bodies.

Establishment of system to eliminate anti-social forces

The Asset Management Company shall prepare a manual to cope with anti-social forces as its internal rules, and establish a company-wide system to eliminate anti-social forces. As part of such a system to eliminate them, all officers and employees of the Asset Management Company shall review and assess the attributes of its business partners and shareholders upon initiating transactions as well as confirming the identity of such parties, in order to avoid all involvement, transaction and use of any kind of anti-social forces.

Rules concerning conflicts of interest

The Asset Management Company has determined Rules Concerning Conflicts of Interest regarding transactions with parties.

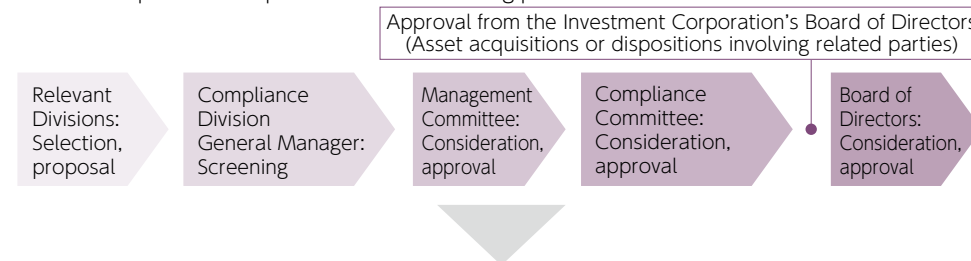
[Rules Concerning Conflicts of Interest](#)

Investment management decision-making process

- Decision-making process for establishing and changing management guidelines and asset management plans



- Asset acquisition / disposition decision-making process

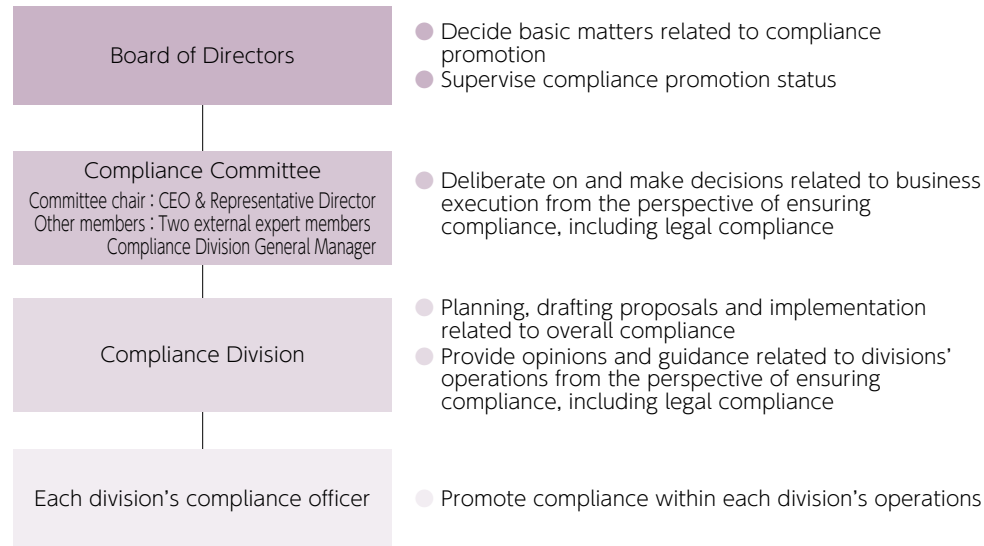


Ensuring appropriate asset management and Protecting unitholders

Compliance

Compliance Promotion Framework

The Asset Management Company promotes compliance based on the following framework.



<Annual compliance program>



Internal audits

Internal audits target all divisions: Investment Division, Finance Division, Planning and Administrative Division, and Compliance Division. For those internal audits, the Compliance Division General Manager performs the role of the internal audit officer for the Investment Division, Finance Division, and Planning and Administrative Division, while the Planning and Administrative Division General Manager performs that role for the Compliance Division.

Every year, we have an audit plan formulated for the purpose of regular audits, which are conducted twice a year. These consist of the overall audit, which is carried out with assistance from a service provided by an entrusted external party, a follow-up to that audit, and audits that monitor voluntary inspection items, etc. The internal audits are carried out based on the audit plan, and their results are compiled into an internal audit report, which is presented to the Chief Executive Officer and Representative Director, the Board of Directors, and the Compliance Committee. Based on the results of the internal audit, follow up action is then carried out as necessary, including reflecting such results in compliance programs.

Compliance training

The asset management company continue to provide compliance training for all executives and employees with the aim of improving compliance awareness and forming an organizational culture that emphasizes compliance.

Training track details

May 2022	Compliance general remarks
June 2022	Conflicts of interest
July 2022	Conflicts of interest (examples)
November 2022	Information management (personal information, insider trading)
December 2022	Trends in financial administration, securities monitoring
January 2023	Elimination of relationships with antisocial forces/ grievances, etc.

Compliance

Policy concerning the anti-fraud and political involvement

The Asset Management Company has determined Rules Concerning Conflicts of Interest regarding transactions with parties.

1. Anti-bribery

The Asset Management Company will keep our relationship with related parties and business partners within a socially acceptable scope, and will not have a relationship that may raise suspicion or distrust from society.

2. Anti-corruption

The Asset Management Company will establish a code of conduct concerning the "elimination of antisocial forces," "prevention of money laundering," "appropriate management of conflicts of interest," "prohibition of insider trading," etc., and will work to thoroughly observe compliance and prevent corruption.

3. Political involvement

The Asset Management Company will not make donations for the political activities of those other than political parties and political funding organizations. In the event that we support or make political donations to political parties or political funding organizations, we will observe laws and regulations, such as the Political Funds Control Act and the Public Offices Election Act.

	FY2020	FY2021	FY2022
Number of cases of corruption being exposed	0	0	0
Amounts of money paid in fines, charges, and settlements related to corruption (yen)	0	0	0
Punishments or dismissals related to corruption	none	none	none
Total amount of money in political donations (yen)	0	0	0

Establishment of compliance consultation desk (fraud prevention, etc.) and structure for collecting grievances

Consultation desks have been established both inside and outside the Asset Management Company based on the internal consultation and whistleblower system regulations. The Asset Management Company has a system in place where executives and employees are able to anonymously report to the Compliance Division General Manager or an external legal firm on acts in violation of laws and regulations at an organizational level or at an individual level (acts in violation of laws, or internal company rules such as the code of ethics or compliance manuals, or acts under suspicion of such violation). Under these same regulations, it is forbidden to treat whistleblower unfairly, which includes such measures as protection of whistleblower information and the prohibition on taking retaliatory action, and the Company is obligated to decide on and implement appropriate measures concerning the reported content.

The consultation seeker or whistleblower is protected by the Whistleblower Protection Act and cannot be treated unfairly by the Company based on the matters discussed in the consultation or whistleblowing.

Risk Management

The Asset Management Company serves as the financial instruments business operator that manages the Investment Corporation's assets. In this role it has created the Risk Management Regulations to help ensure the soundness of business operations and, fully aware of the importance of comprehensive risk management, works to appropriately manage each type of risk and to minimize risk. This stance serves as the basis of its management.

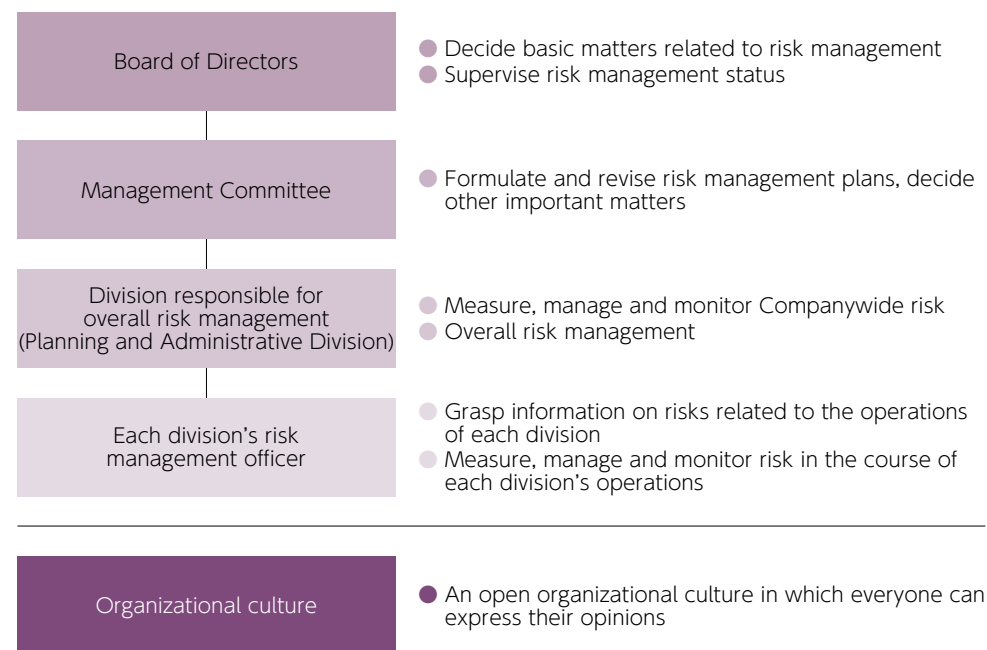
Risk Management Framework

The Asset Management Company carries out risk management based on the following framework. The Asset Management Company has established a basic rationale regarding risk management along with the Risk Management Regulations for its internal risk management system, and it has put in place management systems based on the regulations and appropriately manages the various types of risks.

In addition, in order to manage risks regarding conflicts of interests, the Asset Management Company has set forth regulations on transactions with interested parties and strictly established the Rules Concerning Conflicts of Interest.

When establishing and abolishing the Risk Management Regulations that stipulate basic matters of risk management, the Risk Management Company is required to have such decisions determined by the Board of Directors after the matters have been dealt with by resolution by the Management Committee. For the specific methods for conducting risk management, the Asset Management Company formulates a risk management plan to establish the priority items to be monitored for each type of risk along with the countermeasures that should be taken, and it conducts management after the plan thereof has been dealt with by resolution by the Management Committee. The results of implementing such risk management plan are reported to the Management Committee, the Board of Directors and also the Investment Corporation's Board of Directors.

Under the Asset Management Company's internal risk management framework, the general managers of each division serve as the risk management officer for their respective division, while the Planning and Administrative Division, which is the division responsible for overall risk management, carries out integrated risk management.



The Role of Risk Management Plans

The Asset Management Company regards risk management and compliance as integral to management strategy and organizational culture and, as one of its management tasks, works to carry out risk management plans in coordination with internal audit plans.



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KPI Actual Results

The Investment Corporation and the Asset Management Company set KPIs(Key Performance Indicators) to measure the progress of initiatives for materialities.

Materiality		KPI	Scope	KPI Results		
				2020	2021	2022
Enviroment *	Reducing carbon emissions by pursuing energy efficiency	Per-unit energy consumption	Energy consumed in facility operations	195 kWh/m ²	197 kWh/m ²	199 kWh/m ²
		Data coverage	Floor area basis, excluding land interest properties and properties for which data is unavailable	98.6%	99.4%	99.8%
		Per-unit greenhouse gas (GHG) emissions	Greenhouse gas (GHG) emissions from facility operations	0.068 t-CO ₂ /m ²	0.068 t-CO ₂ /m ²	0.069 t-CO ₂ /m ²
		Data coverage	Floor area basis, excluding land interest properties and properties for which data is unavailable	98.6%	99.4%	99.8%
	Conserving water and other resources while reducing waste	Per-unit water consumption **	Water use attributable to facility operations	0.844 m ³ /m ²	0.842 m ³ /m ²	0.871 m ³ /m ²
		Data coverage	Floor area basis, excluding land interest properties and properties for which data is unavailable	98.4%	100.0%	100.0%
	Reducing hazardous substances and ensuring health and safety	Waste recycling rate ***	Waste recycling rate attributable to facility operations	54.1%	45.6%	37.2%
Society	Cooperation and coexistence with local communities	Asset Management Company employees who take part in running activities for &EARTH Clothing Support Project	Asset Management Company employees who participate in the project	0	4	3
		Participants of the &EARTH Clothing Support Project in FRI Properties		206	183	637
		Clothing collected of the &EARTH Clothing Support Project in FRI Properties	The &EARTH Clothing Support Project in FRI Properties	1,122 kg	1,524 kg	2,912 kg
		Additional donations of the &EARTH Clothing Support Project in FRI Properties		¥14,300	¥6,664	¥27,023
	Collaboration with the Mitsui Fudosan Group and tenants	Percentage of engagement programs for tenants	Providing energy data to tenants	KPI was set in 2023		
	Engaging with our employees	Average annual training hours per employee ****		1.7 hours	13.0 hours	16.0 hours
		Average annual training expenses per employee ****		¥34,000	¥68,000	¥67,000
		Employees with official certifications (ARES Certified Master; Real estate broker; Tax accountant; Securities analyst)	Employees of the Asset Management Company	32	34	31
				ARES Certified Master: 15 Real estate broker: 15 Tax accountant: 1 Securities analyst: 1 (as of April 1,2020)	ARES Certified Master: 17 Real estate broker: 13 Tax accountant: 1 Securities analyst: 1 (as of May 1, 2021)	ARES Certified Master: 16 Real estate broker: 13 Tax accountant: 1 Securities analyst: 1 (as of April 1, 2022)
				Employee awareness survey	Carried out in August 2020	Carried out in September 2021
	Establishing trusting relationships with our investors	Percentage of portfolio with environmental certification (DBJ Green Building Certification or CASBEE Rank *****) (floor area basis, as of the end of December)		75.1% (as of December 31, 2020)	83.4% (as of December 31, 2021)	83.4% (as of December 31, 2022)
		External certifications as of the end of December	External recognitions or certifications of portfolio properties or of FRI or the Asset Management Company	15 (DBJ Green Building Certification: 10; CASBEE: 1; GRESB Assessment; SMBC Environmental Assessment; Silver Certification from the National Federation of Health Insurance Societies;2020 Certified Health & Productivity Management Outstanding Organization) (as of December 31, 2020)	17 (DBJ Green Building Certification: 11; CASBEE: 2; GRESB Assessment; SMBC Environmental Assessment; Silver Certification from the National Federation of Health Insurance Societies;2021 Certified Health & Productivity Management Outstanding Organization) (as of December 31, 2021)	17 (DBJ Green Building Certification: 11; CASBEE: 2; GRESB Assessment; SMBC Environmental Assessment; Silver Certification from the National Federation of Health Insurance Societies;2022 Certified Health & Productivity Management Outstanding Organization) (as of December 31, 2022)
				4	3	2
		Governance	Clarifying corporate governance structure	Number of compliance trainings ****	The governance structure of FRI and the Asset Management Company	6
Compliance training attendance rate ****	93.0%			100.0%		97.3%
Number of independent Directors (Supervisory Directors)	3 (as of April 1, 2020)			3 (as of April 1, 2021)		3 (as of April 1, 2022)
Enhancing corporate governance systems	Board of directors' meeting attendance rate ****		The governance systems of FRI	100.0%	100.0%	100.0%
	Number of female director			1 (as of April 1, 2020)	1 (as of April 1, 2021)	1 (as of April 1, 2022)

* Data tabulation periods: Energy consumption, greenhouse gas (GHG) emissions, water consumption :12-month period from January to December

** The reporting period for data for 2021 and before has been changed to 12-month period from January to December.

*** Well water usage, recycled water usage, and industrial water usage were added from 2022. Well water usage, recycled water usage and industrial water usage were added for data for 2021 and before.

**** Until FY2021: 12-month period from April to March

FY2022: 12-month period from January to December

The emissions are calculated in accordance with the standards of the respective local government body.

***** 12 month period from April to March

***** FRI has not received any other green building certifications.

GRI Standards Content Index

[GRI Standards Content Index](#)

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Mitsui Fudosan Frontier REIT Management Inc.
(Financial Instruments Business Registration No. 395; issued by Director-General of the Kanto Finance Bureau based on the Financial Instruments and Exchange Law)