






ESG report

2023.10

 Advance Residence Investment Corporation

 Advance Logistics Investment Corporation

 ITOCHU REIT Management Co., Ltd.

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About This ESG Report

●Advance Residence Investment Corporation (“ADR”), Advance Logistics Investment Corporation (“ADL”), and their asset management company, ITOCHU REIT Management Co., Ltd. (“IRM”) strive to disclose the status of its sustainability initiatives. This report was written to provide information regarding sustainability policies and the implementation status of its initiatives as disclosed on ADR, ADL and IRM websites to our stakeholders in an easy-to-understand manner.

●The disclosure in this report was prepared with reference to the GRI Standards (GRI 1: Foundation 2021). For comparisons, please refer to the Comparative Table with [GRI Standards](#).

●All numerical information included in this report is as of the end of September 2023, unless otherwise noted.

Date of Issue: October 31, 2023

Inquiries:

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Disclaimer

This report contains forward-looking statements on future operating results, plans, business objectives and strategies of the company.

Forward-looking statements provide current expectations of future events based on number of assumptions and include statements that do not directly relate to any historical or current facts.

Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements.

Although the financial figures in the report are based on Japanese GAAP, the report does not necessarily follow any official rules or regulations on financial disclosures.

This report was not created for the purpose of soliciting investment in the company. Investments should be based on your own judgment and responsibility.

Overview of the investment corporation



An investment corporation that boasts one of the largest asset holdings in Japan among REITs specializing in rental housing.

Rooted in the basic policy of realizing stable, long-term profit sharing, investments are diversified nationwide, mainly in central Tokyo. Types of dwellings are also diversified, from single to family-type units, to make investments in a well-balanced manner.

Name of Investment Corporation	Advance Residence Investment Corporation
Representative	Wataru Higuchi, Executive Director
Address of Head Office	17th Floor, Jimbocho Mitsui Building 1-105 Kanda-Jimbocho, Chiyoda Ward, Tokyo
Type of Assets under Management	Residential Property
Fiscal Term End	Six-month period from Feb.1 to Jul.31, and Aug.1 to Jan.31



An investment corporation that primarily owns and manages the “I Missions Park”.

Aiming to develop a logistics infrastructure for which demand is revitalized due to the expansion of EC transactions, etc.,. In addition, they strive to stabilize profits over the long term by utilizing the customer network and logistics operations experience that the ITOCHU Group has with logistics companies and shippers.

Name of Investment Corporation	Advance Logistics Investment Corporation
Representative	Tomoyuki Kimura, Executive Director
Address of Head Office	17th Floor, Jimbocho Mitsui Building 1-105 Kanda-Jimbocho, Chiyoda Ward, Tokyo
Type of Assets under Management	Logistics facilities
Fiscal Term End	Six-month period from Mar.1 to Aug.31, and Sep.1 to end of Feb.



Message from Top Management

Advance Residence Investment Corporation ("ADR") and Advance Logistics Investment Corporation ("ADL") are listed investment corporations managed by ITOCHU REIT Management Co., Ltd. ("IRM"), which was established on June 1, 2022 with the merger of AD Investment Management Co., Ltd. and former ITOCHU REIT Management Co., Ltd. ADR and ADL are sponsored by ITOCHU Corporation Group, which has strengths particularly in the lifestyle and consumption-related businesses.

Efforts to realize a sustainable society have been accelerating both domestically and globally each year, as seen in the adoption of the SDGs by the United Nations in 2015 and the adoption of the Paris Agreement at the UN Climate Change Conference (COP) which led to the ensuing continuing discussions on the establishment of specific goals for its implementation. Against this backdrop, the Japanese government pledged to achieve carbon neutrality by 2050 and indicated the medium-term target to reduce the country's greenhouse gas emissions by 46 percent by 2030 from the 2013 level.

ADR, ADL and IRM are strongly aware that the promotion of sustainability initiatives centered on contributing to achieving Net Zero by 2050, contributing to regional societies, enhancing tenant satisfaction, and promoting the diversity, equity and inclusion (DEI) of their officers and employees are all important agendas for them to address as business entities and essential if they are to maximize shareholder value. To achieve these agendas, IRM reviewed, reorganized, and revised its sustainability policy at the time of the above-mentioned merger.

ADR and ADL also set targets and KPIs to establish materiality (important issues in sustainability) and enhance the effectiveness of these materiality initiatives towards the implementation the sustainability policies.

Recently, in the GRESB Real Estate Assessment in 2023, ADR was awarded the high-rating of 4-star for the second year in a row, and was selected as the Residential and Asian Sector Leader among listed participants for the fourth consecutive year and the Residential and Asian Sector Leader among all participants, including non-listed participants for the first time. The ADL also achieved the highest rating of 5-star for the second year in a row. We believe this assessment is attributable to our steady efforts to date and are committed to continue promoting sustainability programs.

In response to the pressing issue of climate change, after expressing our support for the recommendations made by the Task Force on Climate-Related Financial Disclosures (TCFD) in March 2020, we have implemented a new scenario analysis based on the recommendations and released its results. To ensure the sustained growth of our business, we appropriately assess climate change-related risks and opportunities and reflect them in the operation policy and management of ADR, ADL and IRM with the aim of securing sustainable and stable earnings over the long term.

We also consider that our efforts to help resolve social challenges such as human rights issues and DEI as corporate entities are important challenges to realize a sustainable society. With this awareness, we are promoting the creation of a healthy and pleasant workplace environment where each of our officers and employees can fully utilize their abilities, by making use of regular employee satisfaction surveys and other means.

This ESG Report aims to help our investors and other stakeholders gain a broad understanding of the current state of sustainability measures, including those mentioned above, taken by ADR, ADL and IRM by summarizing the details of our sustainability policy and structure to promote it, as well as explaining specific initiatives, external assessments of the results of such initiatives, and various data.

We will continue to contribute to the realization of a sustainable society to the best of our ability, and to communicate to investors and other stakeholders the implementation status of our efforts in an easy-to-understand manner.

Your continued support is highly appreciated.



Wataru Higuchi

Executive Director

 Advance Residence Investment Corporation



Tomoyuki Kimura

Executive Director

 Advance Logistics Investment Corporation



Junichi Shoji

Representative Director , President & CEO

 ITOCHU REIT Management Co., Ltd.

Overview of the asset management company



ITOCHU REIT Management Co., Ltd.

An asset management company that provides asset management services for Advance Residence Investment Corporation and Advance Logistics Investment Corporation, J-REITs, Advance Private Investment Corporation, a private placement REIT, and private funds, as well as private placement services for overseas real estate funds.

Management Company	ITOCHU REIT Management Co., Ltd.
Representative	Junichi Shoji, Representative Director, President & CEO
Established	February 2, 2005
Capital	¥300 million
Shareholders	ITOCHU Corporation 80% ITOCHU Property Development, Ltd. 20%
Licenses and Registrations	Building Lots and Building Transactions Business License, Governor of Tokyo (4) No. 84325 Entrustment-based Agency Services for Transactions, etc. License, Minister of Land, Infrastructure, Transport and Tourism License No. 37 Financial Instruments Business Operator Registration, Director-General of the Kanto Local Finance Bureau (Financial Instruments) No. 309 First-class Architect Office: Governor of Tokyo Registration No. 58856
Memberships	The Investment Trusts Association, Japan Type II Financial Instruments Firms Association Japan Investment Advisors Association
Headquarter Address	17th Floor, Jimbocho Mitsui Building 1-105 Kanda-Jimbocho, Chiyoda Ward, Tokyo

IRM-Endorsed Initiatives

IRM recognizes that climate change is an important issue that may bring about drastic changes to the natural environment and social structure and substantially affect overall business activities. With this in mind, IRM aims to secure sustainable and stable earnings on a long-term basis by appropriately evaluating the risks and opportunities brought about by climate change and by incorporating evaluation results in the operations and management policies of IRM, ADR and ADL. IRM therefore endorses the following initiatives.

Recommendations of Task Force on Climate-related Financial Disclosures (TCFD)

In March 2020 IRM expressed support for the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD)*. We recognize climate change as a critical issue that will affect the continued growth of IRM as well as the investment corporations we manage in the years to come. Based on the TCFD recommendations, we will continue to contribute to the achievement of a sustainable society by assessing the impact of climate change on our businesses, counteracting risks and taking advantage of opportunities, and proactively disclosing related information.

In addition to supporting the TCFD, we also became a member of the TCFD Consortium (composed of Japanese companies and organizations that support TCFD).

* TCFD was established in 2015 by the Financial Stability Board, which consists of central banks and financial regulators of the world's major countries. In June 2017, TCFD issued recommendations urging companies to disclose information on climate-related business risks and opportunities in the medium to long term, their impact on corporate finances, specific actions and strategies to address those risks, and other factors in order to mitigate risks that could destabilize financial markets. Please refer to the [TCFD website](#) for details.



Japan Climate Initiative (JCI)

Subscribing to the fundamental principles of the Japan Climate Initiative (JCI), IRM became a member in July 2019.

* JCI: Following the adoption of the Paris Agreement for the prevention of global warming in 2015, JCI was established by a coalition led by Japanese corporations, municipalities, NGOs, and other bodies actively working to address climate change. It is intended to serve as a network for voluntary efforts toward the decarbonization of society. JCI is aiming for the achievement of a decarbonized society by creating a nationwide movement, supporting the activities of its member organizations while urging the government to take action, and cooperating with the international community. For more information, please visit the [JCI \(Japan Climate Initiative\) website](#).



Sustainability Policy and Structure

Sustainability Policy

IRM consider efforts to achieve Net Zero by 2050 and to address climate change and social issues as important issues in our business activities, and have established the "Sustainability Policy" and will contribute to the realization of a sustainable society by implementing this policy in our asset management operations and overall business activities.

1. Efforts toward achievement of Net Zero by 2050

We will contribute to achieving Net Zero by 2050 and to mitigating climate change by reducing greenhouse gas emissions from the operation of our property holdings by installing energy efficient equipment and adopting renewable energy.

2. Consideration and conservation of the global environment

We will contribute to the preservation of the global environment by analyzing data on environmental impacts, understanding the impact of our business activities on the environment, and giving due consideration to ecosystems and biodiversity.

3. Resource conservation and waste reduction

Through collaboration with stakeholders, We will contribute to the achievement of a society that conserves and recycles resources by encouraging tenants to conserve electricity and water and to recycle waste.

4. Creating a Great Place to Work

We will promote the creation of a work environment that is healthy and comfortable so that individual executives and employees can fully demonstrate their abilities. We will also promote initiatives that take DEI and human rights into consideration and foster an organizational culture that recognizes and respects diversity.

5. Contribution to tenants and local communities

We will strive to offer high quality properties to tenants and contribute to local communities through collaboration with our employees and other stakeholders including property management companies.

6 . Legal compliance and the establishment of an organizational structure

We will establish an appropriate organizational structure to ensure compliance with ESG-related laws and regulations to prevent risks.

7 . Transparent disclosure

When disclosing our ESG-related policies and initiatives, we will take the perspective of unitholders and make disclosures easy to understand.

Promoting Sustainability



We have defined the direction that we will take in promoting sustainability based on our Corporate Philosophy and Management Policy and on changes in our operating environment as our Sustainability Policy, and we are pursuing it as an organization in a systematic manner. In doing so, we have established KPIs for material issues, which are the priority challenges that the Company and our investment corporations must find solutions to, and we are implementing a PDCA cycle for target achievement.

Sustainability Promotion Framework

In order to systematically pursue sustainability improvement activities, IRM have established the Sustainability Promotion Committee, which is chaired by the representative director, and the Sustainability Practical Committee, which is composed of employees responsible for actual operations in each department.

► For more information, see '[Governance > Management's roles and oversight by the Boards of Directors of IRM and each investment corporation](#)' on P11.

Officer and Employee Training

To enhance sustainability awareness, IRM have awareness-raising programs for IRM's officers and employees including regular sustainability training (internal training as well as training by professional instructors) and events. So far, IRM have held power-saving challenges at employees' homes, and educational events such as lunch meeting (paid for by the company) to discuss SDGs themes, poverty, education, gender equality, and ensuring diversity.



External Assessment and Certification



Participation in GRESB Assessment

ADR and ADL have continuously participated in the GRESB real estate assessments and both ADR and ADL were rated highly in the 2023 assessments.



Advance Residence Investment Corporation

4 Star



The high-rating of 4-star for the second year in a row

Listed, Residential, Asia and Sector Leader for the fourth consecutive year

Residential, including listed and unlisted, Asia Sector Leader First time selected



Advance Logistics Investment Corporation

5 Star

The highest rating of 5-star for the second year in a row



Acquisition of SBT Certification

ADR obtained SBT* certification in March 2023 for our GHG emissions reduction target, as Science Based Targets, which is consistent with the level required by the Paris Agreement.

【Certificated GHG emissions reduction target】

Scope1-2

FY2030 to date (vs. FY2018) 51% reduction (total)

*SBT (Science Based Targets: emission reduction targets based on scientific evidence) is GHG emission reduction targets set by companies that are consistent with the levels required by the Paris Agreement (which aims to limit the global temperature increase to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C). The SBT Initiative is an international initiative of CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) to certify companies that set SBT.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Materiality and Targets

ADR has identified the following ten materiality items as important issues to be solved as a priority in promoting sustainability and are executing the PDCA cycle to achieve our goals. Also, in September 2022, ADR established targets and KPIs to enhance the effectiveness of materiality.

	Materiality	Related SDGs	Targets and KPIs
Environment	Management and reduction of energy consumption, CO2 emissions, water consumption and waste emissions		[Energy consumption] 20% reduction (intensity) by FY2030 (vs. FY2018) [Water consumption] No increase (common areas) [CO2 emissions (GHG)] Scope1-2 51% reduction (total) by FY2030 (vs. FY2018) Net zero by FY2050 Scope3 Identify corresponding categories and determine/calculate their scope [Waste] Recycling rate 65% (waste related to construction of exclusive use areas)
	Acquisition of environmental and energy-saving certifications		Percentage of properties with environmental or energy-saving certifications by FY2030: 30% or more (by total floor space)
	Collaboration with stakeholders on environmental friendliness		<ul style="list-style-type: none"> Regular exchange of opinions with and monitoring of suppliers (PMs, BMs, construction contractors, etc.) Signing of contracts that contain green lease clauses with new tenants Periodic training for employees of asset management companies to improve their sustainability awareness
Social	Improvement of tenant satisfaction, engagement with tenants		<ul style="list-style-type: none"> Regular tenant satisfaction surveys Install disaster prevention maps in all properties; provide free disaster prevention goods upon request Provide sustainability and disaster prevention education at all properties
	Contribution to local communities		<ul style="list-style-type: none"> Promote installation of AED equipment at all properties Promote installation of fundraising vending machines Support employees' volunteer activities; donate to charitable organizations and others Participate in local activities; revitalize local communities through dialogue
	Pursuit of unitholders' interests through customer-first business management		<ul style="list-style-type: none"> Organize a framework for conflict-of-interest management in operating multiple funds Honest and highly transparent information disclosure Pursue unitholder interests through establishing an asset management fee structure linked to investment performance
	Utilization of diverse human resources and skills development		<ul style="list-style-type: none"> Average years of service: 5 years or more Proportion of female employees: 30% or more Proportion of female managers: above 15% Offer employee training, encourage their participation, and support qualification acquisition for continuous skills development of employees
	Development of workplace environment that offers job satisfaction		<ul style="list-style-type: none"> Annual leave acquisition ratio: 70% or more Zero turnover due to life events using childcare and nursing care leave system Percentage of employees taking childcare leave: 50% or more Zero frequency rate of occupational accidents Conduct employee satisfaction surveys and undertake improvements Average monthly overtime: Less than 45 hours (Compliance with 36 agreements)
Governance	Robust corporate governance structure		<ul style="list-style-type: none"> Increase the number of fund officers; appointment of female officers; ratio of female officers: 25% Conduct in-house compliance training, attendance rate: 100% Maintain and improve the effectiveness of committees and the Board of Directors Annual internal audits to ensure the effectiveness of internal controls
	Raising of resilience		<ul style="list-style-type: none"> Response to severe disasters (earthquakes, floods, etc.) Response to TCFD (assessment and calculation of climate change-related risks and opportunities) Conduct annual BCP training Acquisition of CDP and SBTi certifications

Materiality and Targets



ADL has also identified the following ten materiality items as important issues to be solved as a priority in promoting sustainability and are executing the PDCA cycle to achieve our goals. Also, in September 2022, ADL established targets and KPIs to enhance the effectiveness of materiality.

	Materiality	Related SDGs	Targets and KPIs
Environment	Management and reduction of energy consumption, CO2 emissions, water consumption and waste emissions		【Energy consumption】 10% reduction (intensity) by FY2030 (vs. FY2020) 【Water consumption】 No increase (intensity) 【CO2 emissions (GHG)】 Scope1-3 category13 10% reduction (intensity) by FY2030 (vs. FY2020) Scope3 Identify corresponding categories and determine/calculate their scope 【Waste】 No increase (intensity)
	Acquisition of environmental and energy-saving certifications		Percentage of properties with environmental or energy-saving certifications by FY2030: 90% or more (by total floor space)
	Collaboration with stakeholders on environmental friendliness		<ul style="list-style-type: none"> Regular exchange of opinions with and monitoring of suppliers (PMs, BMs, construction contractors, etc.) Signing of contracts that contain green lease clauses with new tenants Periodic training for employees of asset management companies to improve their sustainability awareness
Social	Improvement of tenant satisfaction, engagement with tenants		<ul style="list-style-type: none"> Regular tenant satisfaction surveys Install disaster prevention maps in all properties; expand disaster prevention equipment Conduct disaster prevention drills and life saving drills in properties owned Promote new amenity services
	Contribution to local communities		<ul style="list-style-type: none"> Promote signing of agreements with municipalities for disasters Install AED equipment in multiple properties Support employees' volunteer activities; donate to charitable organizations and others Consider holding events to promote local employment
	Pursuit of unitholders' interests through customer-first business management		<ul style="list-style-type: none"> Organize a framework for conflict-of-interest management in operating multiple funds Honest and highly transparent information disclosure Pursue unitholder interests through establishing an asset management fee structure linked to investment performance
	Utilization of diverse human resources and skills development		<ul style="list-style-type: none"> Average years of service: 5 years or more Proportion of female employees: 30% or more Proportion of female managers: above 15% Offer employee training, encourage their participation, and support qualification acquisition for continuous skills development of employees
	Development of workplace environment that offers job satisfaction		<ul style="list-style-type: none"> Annual leave acquisition ratio: 70% or more Zero turnover due to life events using childcare and nursing care leave system Percentage of employees taking childcare leave: 50% or more Zero frequency rate of occupational accidents Conduct employee satisfaction surveys and undertake improvements Average monthly overtime: Less than 45 hours (Compliance with 36 agreements)
Governance	Robust corporate governance structure		<ul style="list-style-type: none"> Increase the number of fund officers; appointment of female officers; ratio of female officers: 25% Conduct in-house compliance training, attendance rate: 100% Maintain and improve the effectiveness of committees and the Board of Directors Annual internal audits to ensure the effectiveness of internal controls
	Raising of resilience		<ul style="list-style-type: none"> Response to severe disasters (earthquakes, floods, etc.) Response to TCFD (assessment and calculation of climate change-related risks and opportunities) Conduct annual BCP training



Environment

Climate Change Initiatives

Recognition Regarding Climate Change

Recognizing that climate change is an important challenge that dramatically changes the natural environment and social structure and has a significant impact on all business activities, IRM expressed its support for the recommendations made by the Task Force on Climate-Related Financial Information Disclosures (TCFD) in March 2020. Based on these TCFD recommendations, ADR and ADL conduct climate change-related analyses and disclosures under the framework of ***governance, strategy, risk management, and metrics and targets***, to appropriately assess climate change-related risks and opportunities and reflect them in their management and operation policies with the aim of ensuring sustainable and stable income over the long term.



Governance

Management's roles and oversight by the Boards of Directors of IRM and each investment corporation

- IRM has established the Sustainability Promotion Committee, which is chaired by the representative director, and the Sustainability Practical Committee, which is composed of employees responsible for actual operations in each department.
- The Sustainability Promotion Committee meets at least twice a year to implement a PDCA cycle with the aim of improving asset value over the medium to long term. The PDCA cycle consists of the following steps: formulate sustainability goals and initiatives, identify and evaluate climate-related risks and opportunities, analyze climate-related risks and manage them company-wide, monitor environmental performance as well as the results of ESG evaluation by external organizations, verify the degree of achievement of goals, and reset goals for remaining and new challenges.
- Sustainability goals are set by the representative director, who is the chief executive officer of sustainability, and the progress made toward goals and on initiatives is reported to the Board of Directors of IRM and each investment corporation at least once a year. The Sustainability Practical Committee is responsible for promoting various measures needed to achieve these goals.

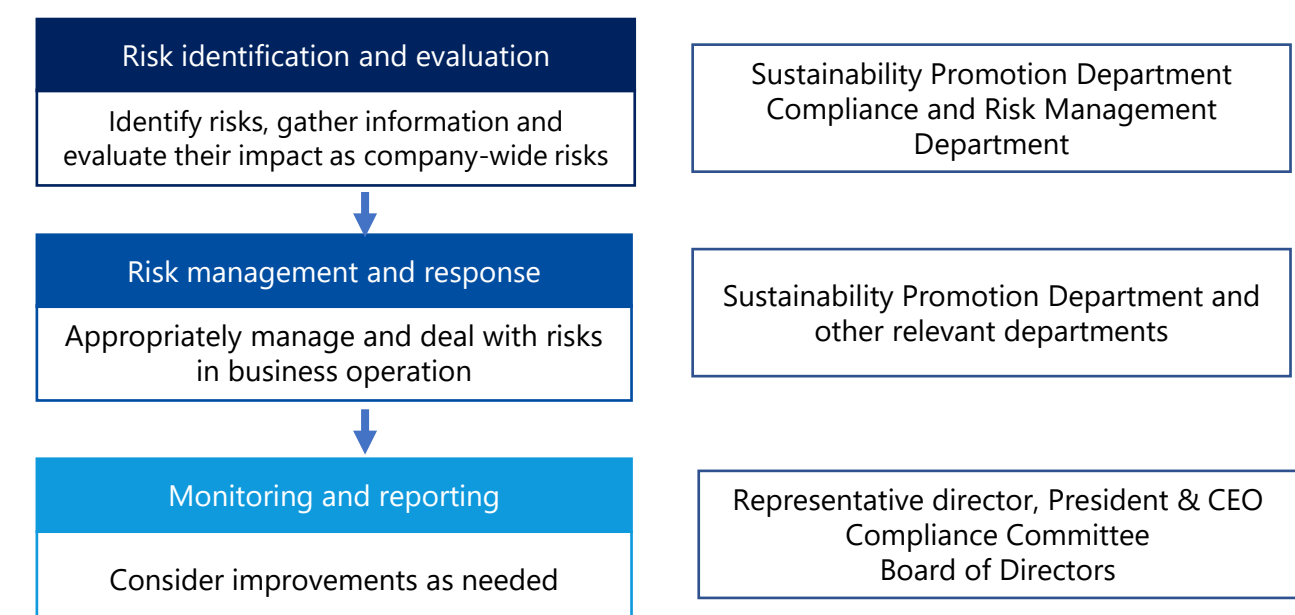


Risk Management

Management Process (risk identification and evaluation and integration with company-wide risk management)

- IRM has established the Risk Management Rules and Risk Management Standards as its internal rules to comprehend various risks and opportunities including those related to climate change, to clearly set out our basic approach and internal management structure for such risks and opportunities, and to help ensure the appropriate operation of our business and the soundness of our business management.
- While positioning climate-related risks as having a material impact on the financial and strategical aspects of our business, IRM also sees climate-related risks as opportunities and manages them as part of the company-wide risk management process whereby the Compliance and Risk Management Department gathers information on risks including climate-related risks from other departments, evaluates the degree of their impact, and then identifies company-wide risks following discussions by the management team.
- The Compliance and Risk Management Department reports to the representative director, who is the Chief Executive Officer of IRM, the monitoring status of company-wide risks and opportunities twice a year as well as making reports to IRM's Compliance Committee and Board of Directors as needed.

Climate-related risk management process chart



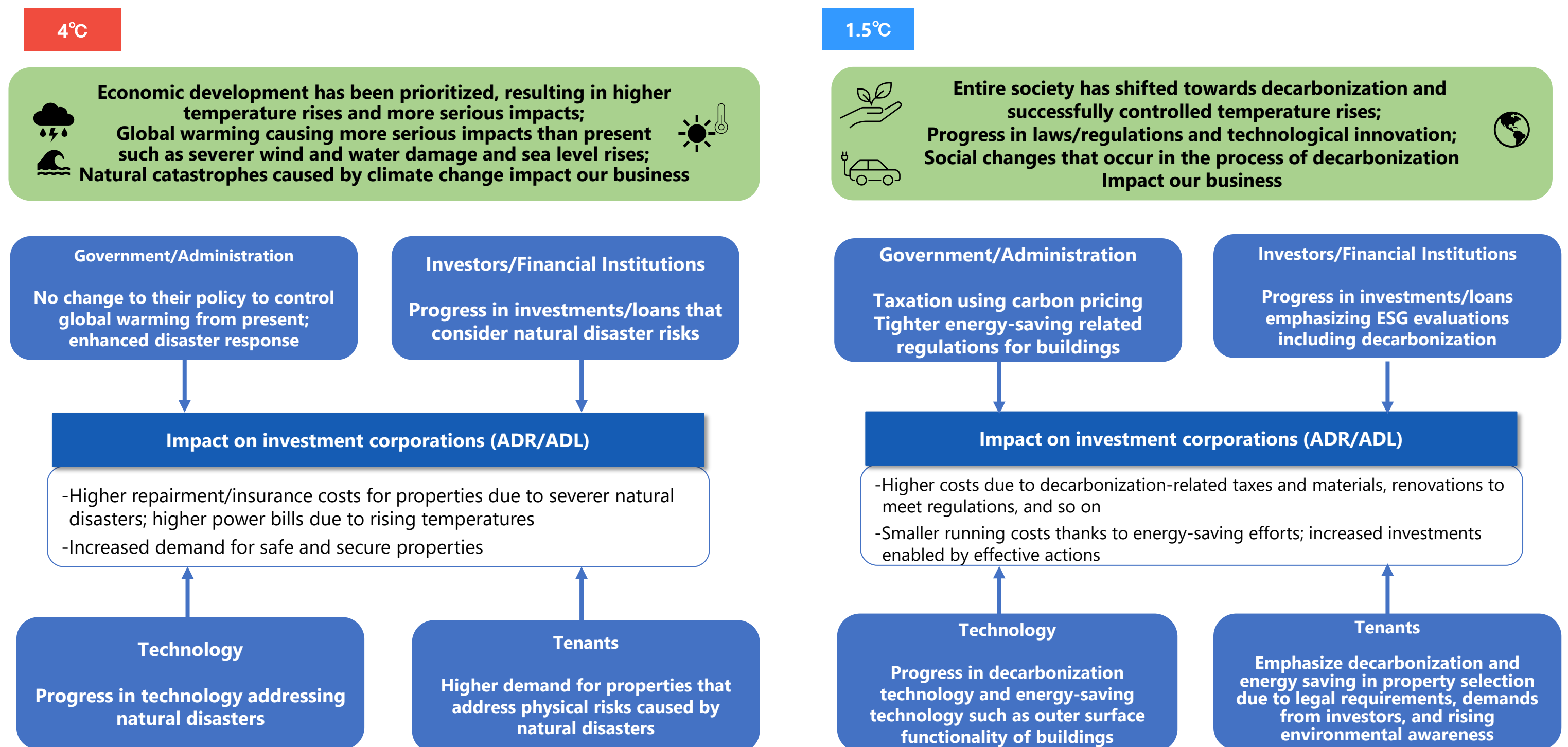
Climate Change Initiatives

Strategy

Scenario Analysis

We classify various change factors in the external environment resulting from climate change into *transition risks* and *physical risks* and identify and evaluate them as risks and opportunities. We select any factors that have a material impact on our business and run scenario analysis. We mainly analyze and calculate transition risks related to "policies/regulations, markets, reputation," and physical risks in the categories of "acute/chronical," and opportunities related to "markets, energy sources, resource efficiency, products and services." We aim to reduce our environmental impact while achieving a medium- and long-term growth by addressing climate change-related *risks* and enhancing our efforts to capture *opportunities*.

The following chart shows the images of the world surrounding our investment corporations in the climate change scenarios with 4-degree Celsius temperature rise and a 1.5-degree Celsius temperature rise as the background for risk and opportunity identification and evaluation.



Main Reference Scenarios

IPCC(Intergovernmental Panel on Climate Change) SSP1-1.9

Main Reference Scenarios

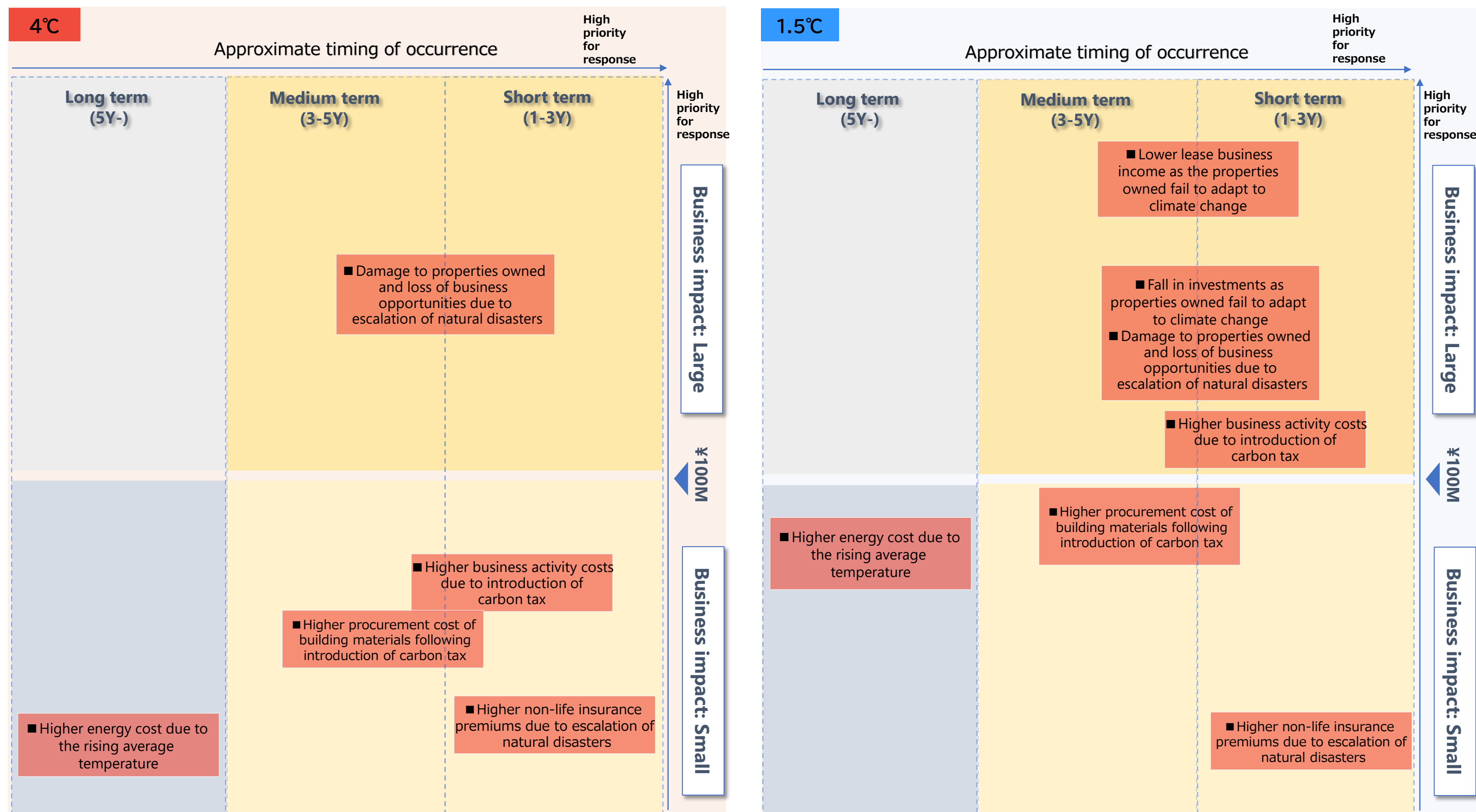
IEA (International Energy Agency) NZE(Net Zero Emission by 2050 Scenario),APS(Announced Pledges Scenario)



Climate Change Initiatives

Risk and opportunity identification and impact analysis

In order to identify the climate-related risks assumed in scenarios with a 4-degree Celsius temperature rise and 1.5-degree Celsius temperature rise, as well as to understand the priority level of response, ADR has examined the "timing of onset of each risk" and presented it in the following diagram. The "Business Impact" is based on the financial impact of each risk. The specific financial impact and response measures for each risk, as well as the opportunities identified, are shown on the next page.



※The "Approximate timing of occurrence" indicates the time when each risk is assumed to have a high likelihood of occurrence, as of FY2023, when the analysis was conducted. The timing of occurrence is based on a qualitative consideration of the world view of each scenario based on the advice of a third-party organization, and does not guarantee the accuracy of the timing of occurrence.



Climate Change Initiatives

The following shows potential climate change-related risks for ADR in the images of the world in the 4-degree Celsius and 1.5-degree Celsius scenarios, their financial impacts, countermeasures, and possible opportunities for ADR's business.

Category		Factor	Impact (Risk/Opportunity)	Financial impact (millions of yen)		Countermeasures
				4°C	1.5°C	Overview
Transition risk	Policies/ regulations	Tightening of relevant regulations to control CO2 emissions	Higher business activity costs following introduction of carbon tax	85	132	- Install LED lightning - Introduce renewable energy (purchase non-fossil certificates and green energy certificates)
			Higher procurement cost of building materials following introduction of carbon tax	62	97	- Use subsidiaries and incentive systems
	Reputation	Progress in investments and loans emphasizing climate change actions	Fall in investments as properties owned fail to adapt to climate change (higher interest rates as preferential interest rates are not applied)	-	231	- Continue acquiring environmental certificates (issue sustainability bonds) - Enhance information disclosure and engage investors
	Markets	Changing tenants' demands (Growing needs for properties adapting to climate change)	Lower lease business income as properties owned fail to adapt to climate change	-	1,054	- Continue acquiring environmental certificates - Anti-flood measures (install water stops, drainage pumps, water sensors, alarm devices) - Conduct disaster drills; secure disaster prevention goods - Reduce damage (lost rents) by purchasing fire insurance
Physical risk	Acute	Escalation of natural disasters such as torrential rain, typhoon, flooding, landslide and high tide; higher risk of wind and water damage	Damage to properties owned and loss of business opportunities due to escalation of natural disasters	438	219	
	Chronic	Rising average temperature and escalation of natural disasters	Higher energy cost due to the rising average temperature	5	86	- Install LED lightning
			Higher non-life insurance premiums due to escalation of natural disasters	11	5	- Regular review of fire insurance policies
Opportunities	Resource efficiency	Strengthening of energy saving-related regulations	Smaller operating costs due to adoption of energy-saving measures			-
	Products and services	Changing tenants' demands (Growing needs for the properties adapting to climate change)	Higher rent income through provision of low CO2 emissions facilities and services to tenants (higher occupancy and higher rents)			-
	Markets	Progress in investments and loans emphasizing climate change actions	Fall in funding cost and increase in investments as actions are taken to address climate change (lower interest rates as preferential interest rates are applied)			-

(Note) The figures stated as financial impact represent the annual monetary impact. An analysis was conducted on the risks and opportunities of climate change factors that are deemed to have a particularly material impact on ADR's business activities. Furthermore, the above estimates were calculated based on ADR's past investment performance, scenarios presented by international organizations and others, and data released by relevant government agencies or other third parties. ADR therefore does not guarantee the accuracy of these figures. The countermeasures listed are also presented for the purpose of calculating the impact; no plan or decision has been made for their implementation.

Metrics and Targets, Results

Energy consumption

20% reduction (intensity) by FY2030 (vs. FY2018)

Please refer to P40 [Environmental performance data](#) for actual results.

CO2 emissions (GHG)

Scope1-2 51% reduction (total) by FY2030 (vs. FY2018)

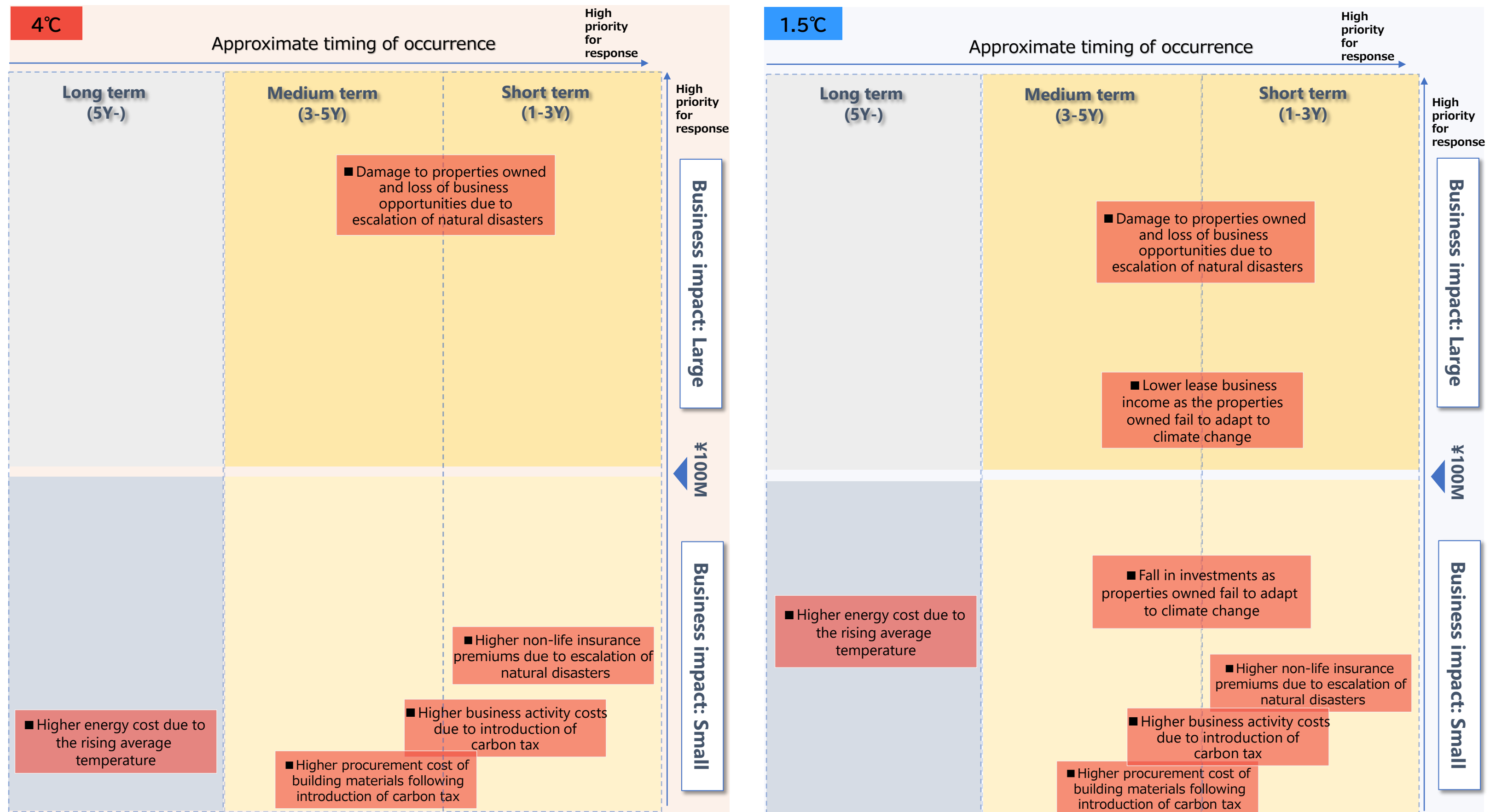
Net zero by FY2050

Climate Change Initiatives



Risk and opportunity identification and impact analysis

In order to identify the climate-related risks assumed in scenarios with a 4-degree Celsius temperature rise and 1.5-degree Celsius temperature rise, as well as to understand the priority level of response, ADL has examined the "timing of onset of each risk" and presented it in the following diagram. The "Business Impact" is based on the financial impact of each risk. The specific financial impact and response measures for each risk, as well as the opportunities identified, are shown on the next page.



※The "Approximate timing of occurrence" indicates the time when each risk is assumed to have a high likelihood of occurrence, as of FY2023, when the analysis was conducted. The timing of occurrence is based on a qualitative consideration of the world view of each scenario based on the advice of a third-party organization, and does not guarantee the accuracy of the timing of occurrence.

Climate Change Initiatives



The following shows potential climate change-related risks for ADR in the images of the world in the 4-degree Celsius and 1.5-degree Celsius scenarios, their financial impacts, countermeasures, and possible opportunities for ADL's business.

Category		Factor	Impact (Risk/Opportunity)	Financial impact (millions of yen)		Countermeasures
				4°C	1.5°C	Overview
Transition risk	Policies/ regulations	Tightening of relevant regulations to control CO2 emissions	Higher business activity costs following introduction of carbon tax	2	2	- Install LED lightning - Introduce renewable energy (purchase non-fossil certificates and green energy certificates)
			Higher procurement cost of building materials following introduction of carbon tax	1	1	- Use subsidiaries and incentive systems
	Reputation	Progress in investments and loans emphasizing climate change actions	Fall in investments as properties owned fail to adapt to climate change (higher interest rates as preferential interest rates are not applied)	-	52	- Continue acquiring environmental certificates (issue sustainability bonds) - Enhance information disclosure and engage investors
	Markets	Changing tenants' demands (Growing needs for properties adapting to climate change)	Lower lease business income as properties owned fail to adapt to climate change	-	199	- Continue acquiring environmental certificates - Anti-flood measures (install water stops, drainage pumps, water sensors, alarm devices) - Conduct disaster drills; secure disaster prevention goods - Reduce damage (lost rents) by purchasing fire insurance
Physical risk	Acute	Escalation of natural disasters such as torrential rain, typhoon, flooding, landslide and high tide; higher risk of wind and water damage	Damage to properties owned and loss of business opportunities due to escalation of natural disasters	1,022	511	
	Chronic	Rising average temperature and escalation of natural disasters	Higher energy cost due to the rising average temperature	2	27	- Install LED lightning
			Higher non-life insurance premiums due to escalation of natural disasters	7	3	- Regular review of fire insurance policies
Opportunities	Resource efficiency	Strengthening of energy saving-related regulations	Smaller operating costs due to adoption of energy-saving measures			-
	Products and services	Changing tenants' demands (Growing needs for the properties adapting to climate change)	Higher rent income through provision of low CO2 emissions facilities and services to tenants (higher occupancy and higher rents)			-
	Markets	Progress in investments and loans emphasizing climate change actions	Fall in funding cost and increase in investments as actions are taken to address climate change (lower interest rates as preferential interest rates are applied)			-

(Note) The figures stated as financial impact represent the annual monetary impact. An analysis was conducted on the risks and opportunities of climate change factors that are deemed to have a particularly material impact on ADR's business activities. Furthermore, the above estimates were calculated based on ADR's past investment performance, scenarios presented by international organizations and others, and data released by relevant government agencies or other third parties. ADR therefore does not guarantee the accuracy of these figures. The countermeasures listed are also presented for the purpose of calculating the impact; no plan or decision has been made for their implementation.

Metrics and Targets, Results

Energy consumption

10% reduction (intensity) by FY2030 (vs. FY2020)

Please refer to P41 [Environmental performance data](#) for actual results.

CO2 emissions (GHG)

10% reduction (intensity) by FY2030 (vs. FY2020)



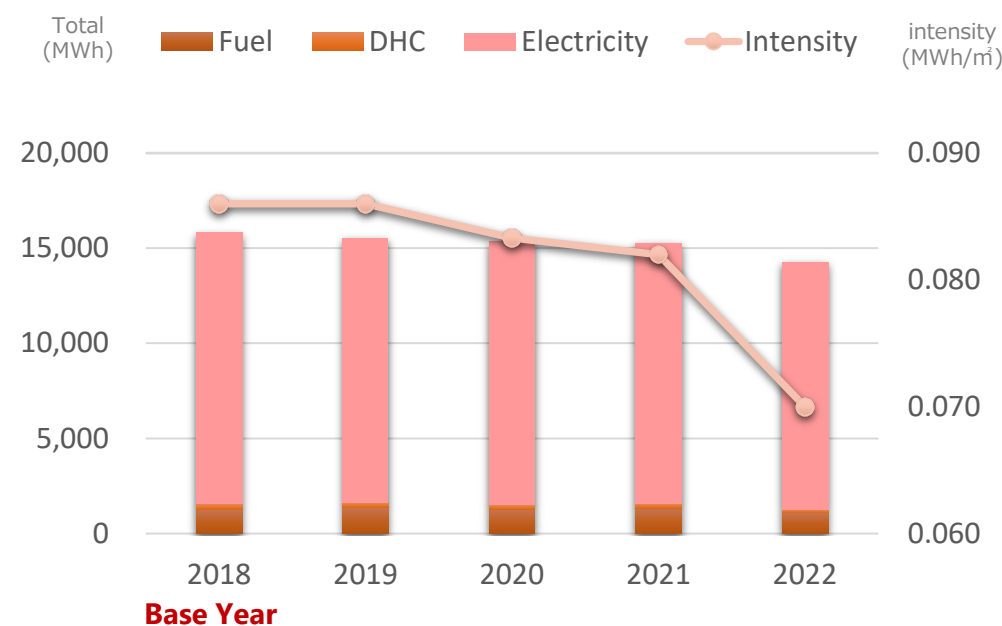
Environmental Performance Data



The graph below shows the evolution of environmental performance data in ADR and ADL up to FY2022. Detailed data can be found in the [ESG Data](#) section of this report.

Energy consumption (ADR)

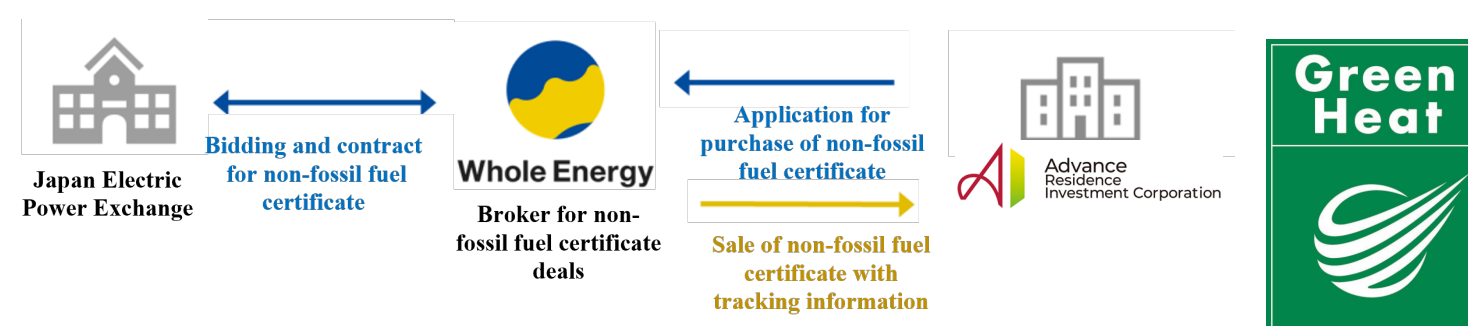
Target : 20% reduction (intensity) by FY2030 (vs. FY2018)



Introduction of renewable energy through purchase of non-fossil certificates and green heat certificates

In FY2022, ADR achieved the 100-percent sourcing of energy used in the common spaces of its properties from renewable energy sources and a 100-percent offset of Scope 2 GHG emissions through the following initiatives.

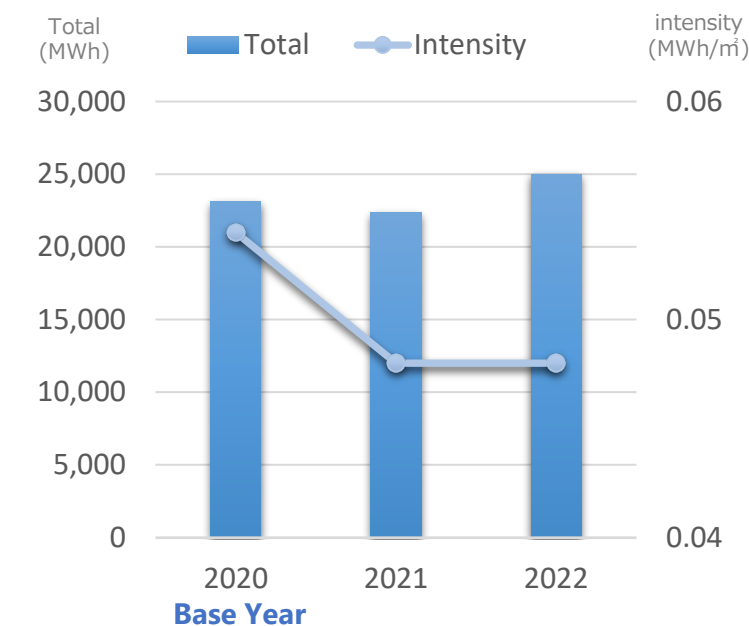
- Purchase of non-fossil certificates (for the power used in the common areas of properties)
 ※ Purchased FIT non-fossil certificates with tracking information in the renewable energy value market through a vendor (Whole Energy, Inc.)
- Introduction of green heat certificates (for the heat used in the common areas of Pacific Royal Court Minatomirai Ocean Tower)
 ※ Purchased a green heat certificate from an issuer (Japan Natural Energy Company Limited).



► For more information, see the 'Press release' disclosed on 21 July 2023.

Energy consumption (ADL)

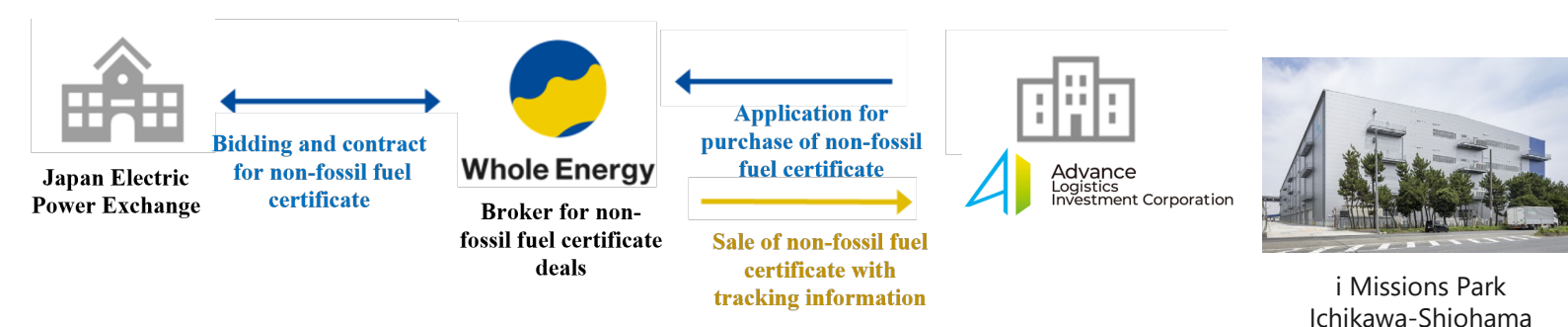
Target : 10% reduction (intensity) by FY2030 (vs. FY2020)



Purchase of non-fossil certificates and Introduction of renewable energy at i Missions Park Ichikawa-Shiohama

In FY2022, ADL achieved the 100-percent sourcing of energy used in the common spaces and part of tenant areas of its properties from renewable energy sources and a 100-percent offset of Scope 2 GHG emissions and a 14-percent offset of Scope 3 Category 13 emissions through the following initiatives.

- Introduction of renewable energy to the entire building of i Missions Park Ichikawa-Shiohama
 In addition to the power generated from solar panels provided by VPP Japan, we purchased electricity with a non-fossil value from ITOCHU Corporation, achieving the 100 percent sourcing of energy used in i Missions Park Ichikawa-Shiohama from renewable energy sources in FY2022.
- Purchased a non-fossil certificate (for the power used in the common areas and part of tenant areas of i Missions Park Noda, Moriya, and Moriya 2)
 ※ Purchased a green heat certificate from an issuer (Japan Natural Energy Company Limited).



► For more information, see the 'Press release' disclosed on 21 July 2023.



Environmental Performance Data

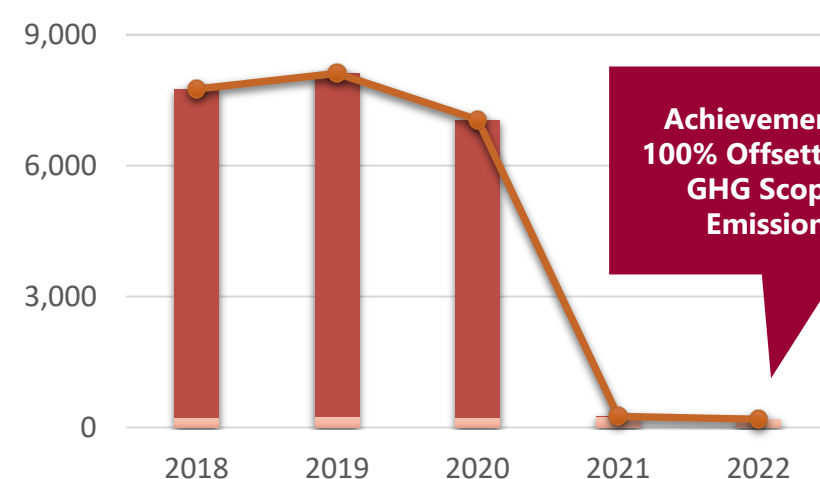


The graph below shows the evolution of environmental performance data in ADR and ADL up to FY2022. Detailed data can be found in the [ESG Data](#) section of this report.

CO2 emissions (GHG) Scope1&2 (ADR)

Target : 51% reduction (total) by FY2030 (vs. FY2018)
Net zero by FY2050

(t-CO₂) scope1 scope2 Total



VS. FY2018

-97.6%

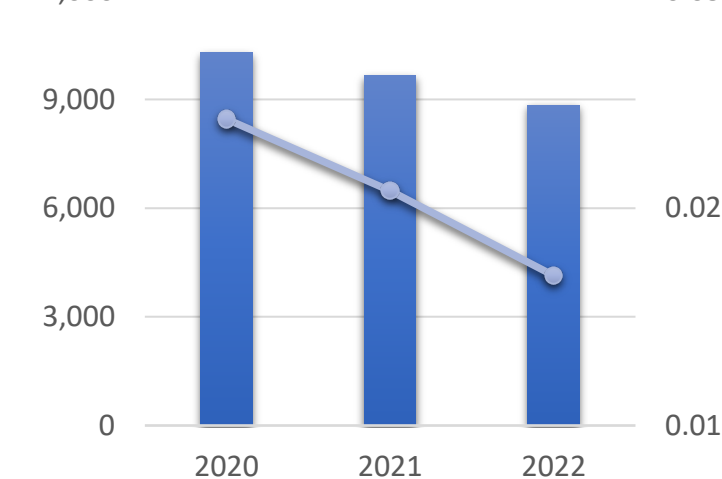
Reduction rate of total in 2022

Base Year

CO2 emissions (GHG) Scope1•2•3 (category13) (ADL)

Target : 10% reduction (intensity) by FY2030 (vs. FY2020)

(t-CO₂) Total Intensity (t-CO₂/m²)



VS. FY2020

-29.9%

Reduction rate of intensity in 2022

Base Year

ADR and ADL specified and calculated each category of Scope 3 CO2 emissions (GHG) as shown below.

Calculating and making visible the impact of these GHG emissions will help us further collaborate with our business partners, officers, employees and the entire supply chain to consider and promote measures to achieve net zero by 2050.

GHG Emissions by Category (Scope3)

Unit:t-CO₂

Category		FY2022
1	Purchased goods and services	2,085
2	Capital goods	18,354
3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	44
5	Waste generated in operations	124
6	Business travel (Target : IRM officers)	33
7	Employee commuting (Target : IRM officers and employees)	23
13	Downstream leased assets (Target: Exclusive areas of owned properties)	9,080
Total		29,743

*1 Calculated using the guidelines for the calculation of GHG emissions of an organization throughout the supply chain provided by the Ministry of the Environment of Japan. The categories not mentioned above either do not have any emission source or are calculated in Scope 1 or 2.

GHG Emissions by Category (Scope3)

Unit:t-CO₂

Category		FY2022
1	Purchased goods and services	112
2	Capital goods	383
3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	0
5	Waste generated in operations	6
6	Business travel (Target : IRM officers)	33
7	Employee commuting (Target : IRM officers and employees)	23
13	Downstream leased assets (Target: Exclusive areas of owned properties)	8,841
Total		9,398

*1 Calculated using the guidelines for the calculation of GHG emissions of an organization throughout the supply chain provided by the Ministry of the Environment of Japan. The categories not mentioned above either do not have any emission source or are calculated in Scope 1 or 2.



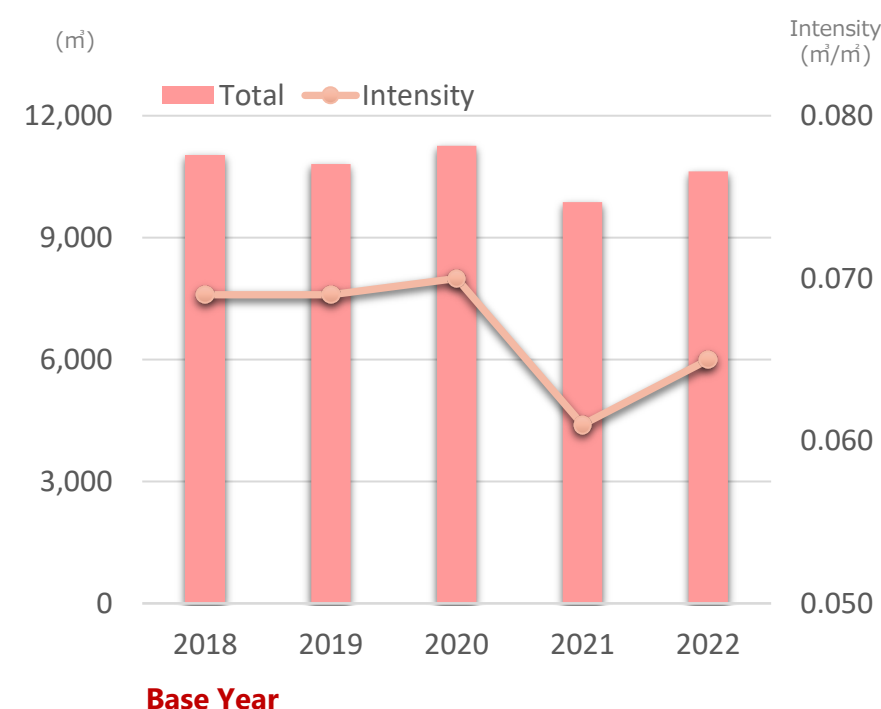
Environmental Performance Data



The graph below shows the evolution of environmental performance data in ADR and ADL up to FY2022. Detailed data can be found in the [ESG Data](#) section of this report.

Water consumption (ADR)

Target : No increase (common areas) (vs. FY2018)



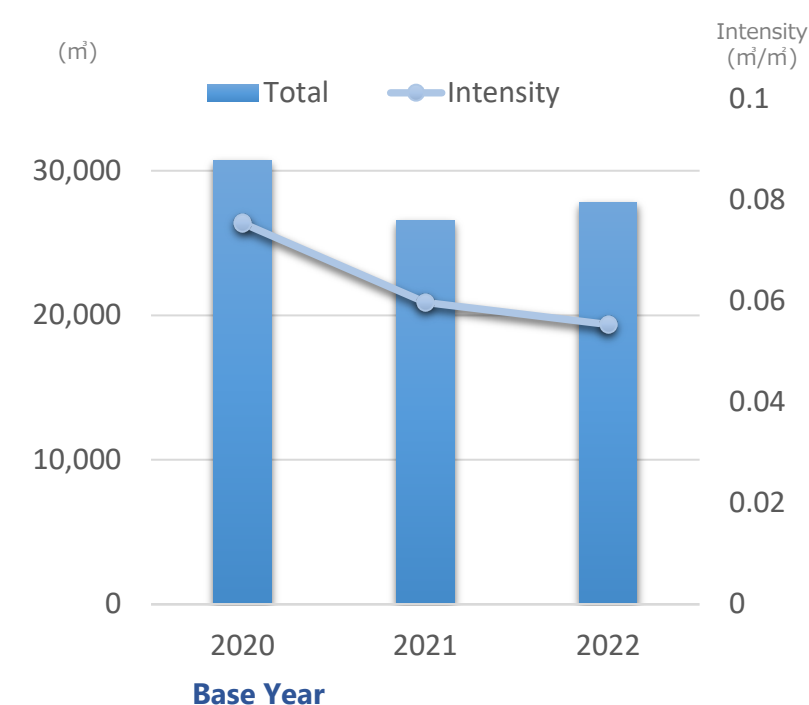
VS. FY2018

-5.8%

Reduction rate of intensity in 2022

Water consumption (ADL)

Target : No increase (intensity) (vs. FY2020)



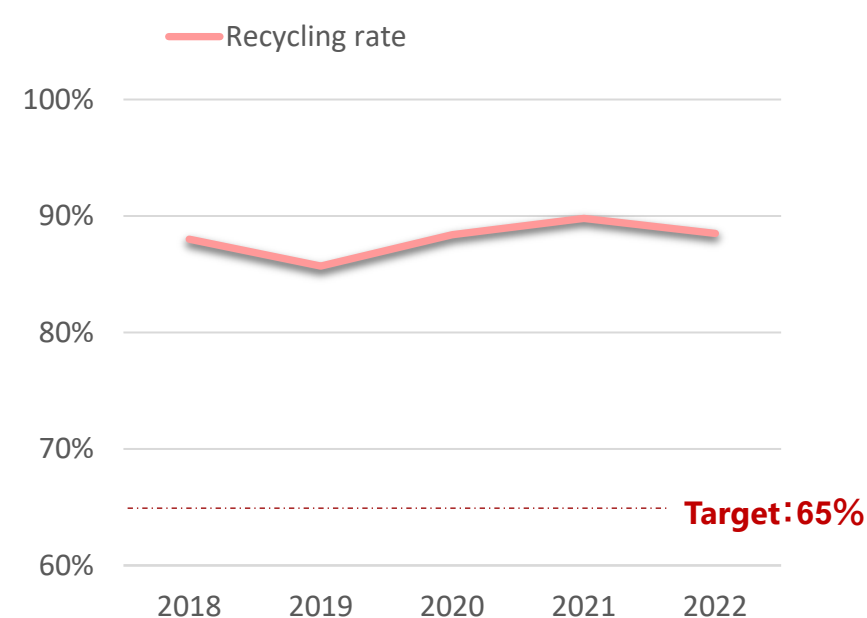
VS. FY2020

-26.7%

Reduction rate of intensity in 2022

Waste (ADR)

Target : Recycling rate 65% (waste related to construction of exclusive use areas)



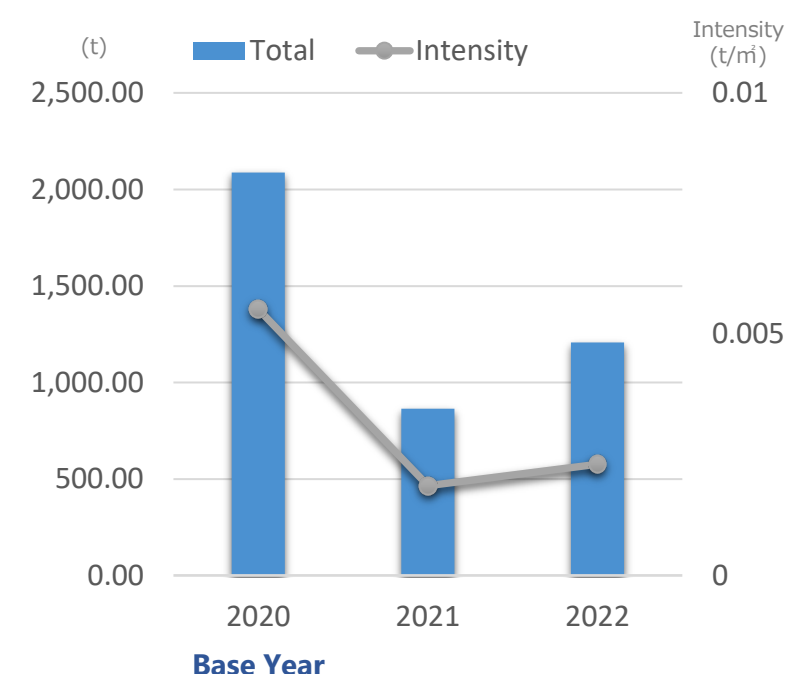
Recycling rate

88.5%

FY2022 actual results

Waste (ADL)

Target : No increase (intensity) (vs. FY2020)



VS. FY2020

-58.1%

Reduction rate of intensity in 2022



Certification and assessment in portfolios



Status of environmental certifications

ADR and ADL are proactively seeking environmental certification, such as the Green Building Certification and energy efficiency ratings. Detailed data can be found in the [ESG Data](#) section of this report.

Target : Percentage of properties with environmental or energy-saving certifications by FY2030: 30% or more (by total floor space)

Target : Percentage of properties with environmental or energy-saving certifications by FY2030: 90% or more (by total floor space)

Rank S ★★★★★

RESIDIA TOWER Meguro-Fudomae
RESIDIA TOWER Kami-Ikebukuro(Tower)
RESIDIA Minami-senju

Rank A ★★★★★

RESIDIA TOWER Kami-Ikebukuro(Park)
RESIDIA Shibaura
RESIDIA Nishijin
Park Tower Shibaura Bayward Urban Wing
RESIDIA Shin-Okachimachi II
RESIDIA TOWER Azabujuban

Other 6 properties.

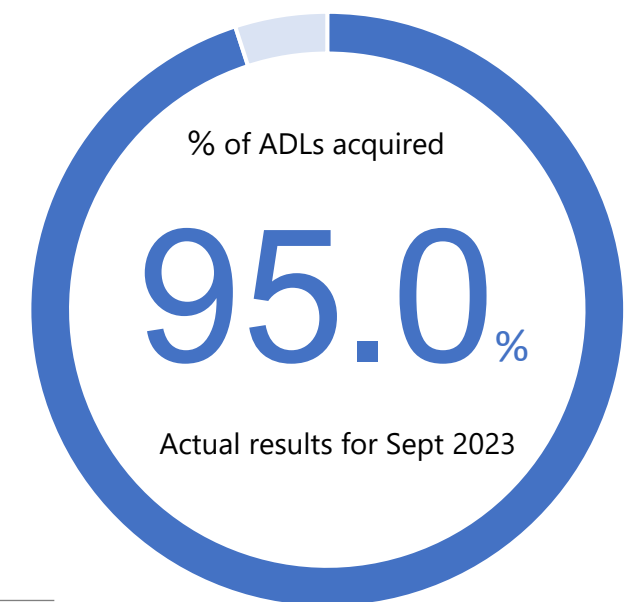
CASBEE Certification for Real Estate

CASBEE®

17 properties

Rank S ★★★★★

i Missions Park Kashiwa2
i Missions Park Ichikawa-Shiohama



★★★★★

RESIDIA Roppongi-Hinokichokoen
RESIDIA TOWER Nakameguro
RESIDIA Kinshicho

★★★★

RESIDIA Yutenji
RESIDIA Sasazuka II
RESIDIA Kamata

DBJ Green Building Certification



DBJ Green Building

6 properties

★★★★★

i Missions Park Moriya
i Missions Park Misato
i Missions Park Inzai
i Missions Park Inzai 2
i Missions Park Tokyo Adachi
i Missions Park Miyoshi

★★★★

i Missions Park Kashiwa
i Missions Park Noda

8 properties



i Missions Park Kashiwa

★

RESIDIA Ochanomizu II

BELS

BELS

1 property

★★★★★

i Missions Park Moriya
i Missions Park Chiba-Kita
i Missions Park Inzai
i Missions Park Kashiwa2
i Missions Park Inzai 2
i Missions Park Tokyo Adachi
i Missions Park Miyoshi

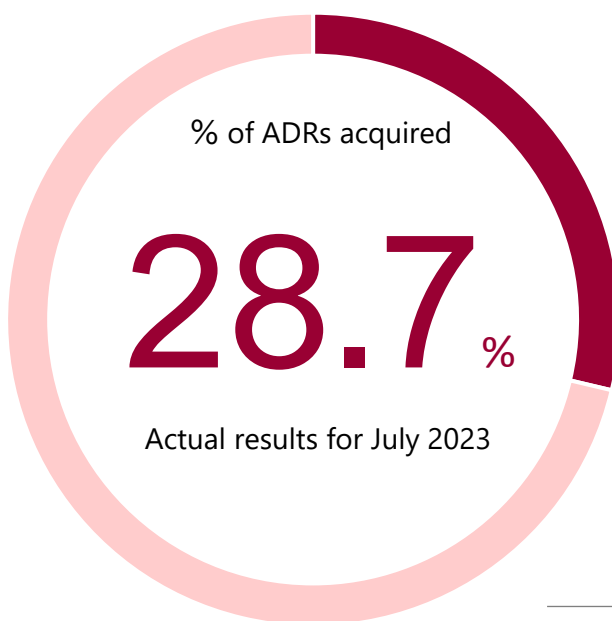
★★★★★

i Missions Park Misato

8 properties



i Missions Park Miyoshi



RESIDIA TOWER Kami-Ikebukuro

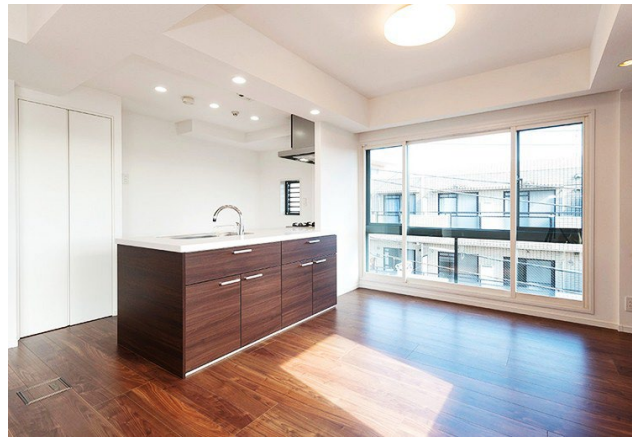


RESIDIA Minami-senju



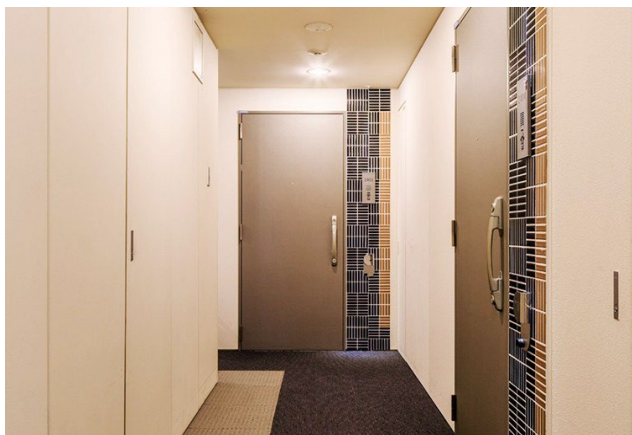
Environmentally Conscious Asset Management

ADR manages its assets while reducing their environmental impact by saving energy and water, investing in a wide variety of properties, etc.



Large-Scale Repair/Maintenance (Environmental contribution by extending property lifespan)

ADR aims to raise unitholders' value while contributing to the environment (e.g. reducing life cycle CO2 emissions) by extending the economic life and maintaining the value of building structures through large-scale repairs and value enhancement renovations.



Installation of LED Lighting

As of July 2023, LED lighting is installed in 128 properties (46.2% of portfolio)



Installation of Heat-shielding Paint Roofing

ADR has applied heat-shielding to the roofs of some of its properties to reduce the rise in indoor temperatures and save electricity and energy.



Encouraging Tenants to Conserve Energy Usage

(through posters on common area billboards and periodical "RESIDIA News" and sending of sustainability guides)

Investments Towards Urban Revitalization

ADR invests in various types of properties, promoting the reduction of environmental burdens and contributing to the revitalization of towns and communities.

●Investment in Mixed-Use/Multi-Use Properties

ADR invests in flexible/mixed use properties (as of July 2023, 83properties, 30% of the portfolio), thereby contributing in reducing environmental impact, revitalizing the area and providing convenient facilities to tenants and local residents. In addition, those flexible /mixed use properties have stores and squares open to public which contributes to the revitalization of the cities and the communities, by providing places for people gather.

- Investments in properties close to railway stations, promoting the use of public transportation to reduce CO2 emissions.
- Investments in properties with amenities for daily life such as supermarkets and convenience stores.
- Investments in properties that have public spaces for use by nearby residents.
- Investments in properties that accommodate the elderly such as those with barrier-free facilities.

●Investments in properties developed as part of urban regeneration projects*, etc.

Through investments in properties developed as part of urban regeneration projects, etc. we contribute to the revitalization of towns and communities and the enhancement of convenience to nearby residents.

* Laws and regulations restrict J-REITs from development activities including the construction of properties.

(Example) Pianetta Shiodome
Residents of the area proposed ideas for new manufacturing activities and the creation of a community for lifestyle improvements. Agreeing with this, ADR invested in the properties located in this area developed by urban regeneration projects.



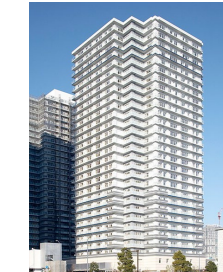
●Other urban redevelopment properties acquired by ADR.



RESIDIA Minami Senjyu



RESIDIA TOWER
Kami-Ikebukuro



Pacific Royal Court
Minato Mirai Ocean Tower



RESIDIA Tsutsujigaoka

Environmentally Conscious Asset Management

ADL works with tenant companies, examines the introduction of energy-efficient equipment, and utilises renewable energy sources. It actively promotes energy-saving, water-saving and recycling activities.

Creation of renewable energy

We lease spaces on the rooftops of some of our properties to tenants for the installation of solar panels to help them generate renewable energy. In addition, some of the power used in i Missions Park Ichikawa-Shiohama is sourced from solar power.

► Please click [here](#) to read about renewable energy initiatives at i Missions Park Ichikawa-Shiohama.



i Missions Park Noda



i Missions Park Misato



i Missions Park Kashiwa 2

CO2 Reduction with tenants

Some of ADL's properties have been approved for the Comprehensive Efficiency Plan under the Act on Advancement of Integration and Streamlining of Distribution Business, and the company is promoting CO2 reduction in collaboration with tenants.



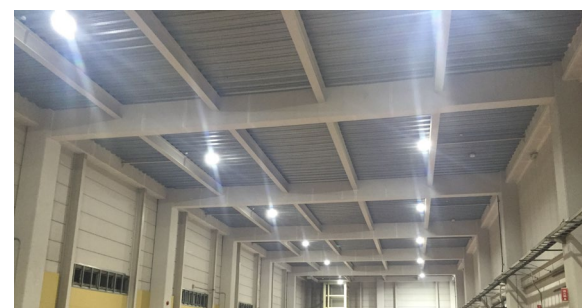
i Missions Park Chiba-Kita

LED lighting

ADL is promoting the use of LED lighting in our owned properties to reduce energy consumption.



i Missions Park Misato



i Missions Park Moriya 2

Demand Controls

Demand control, a system that automatically adjusts the operation of properties according to electricity demand, has been installed in some ADL-owned properties. The introduction of this system has led to a reduction in electricity consumption.

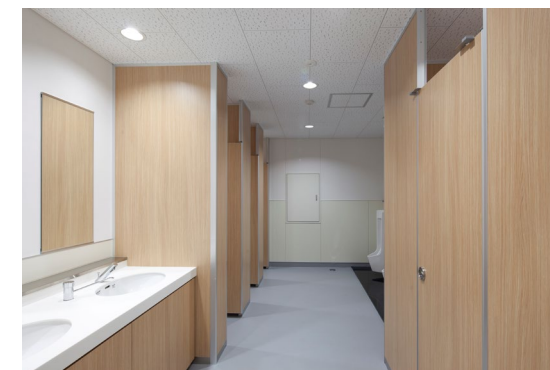


i Missions Park Noda

Demand control
(centralized control unit)

Water-saving toilet and sink

Water-saving products are being placed in toilets and sinks in owned properties to conserve water resources.



i Missions Park Noda

Greening

Greening is being promoted in the car parks of some owned properties as part of efforts related to climate change adaptation.



i Missions Park Misato

Cooperation with Stakeholders

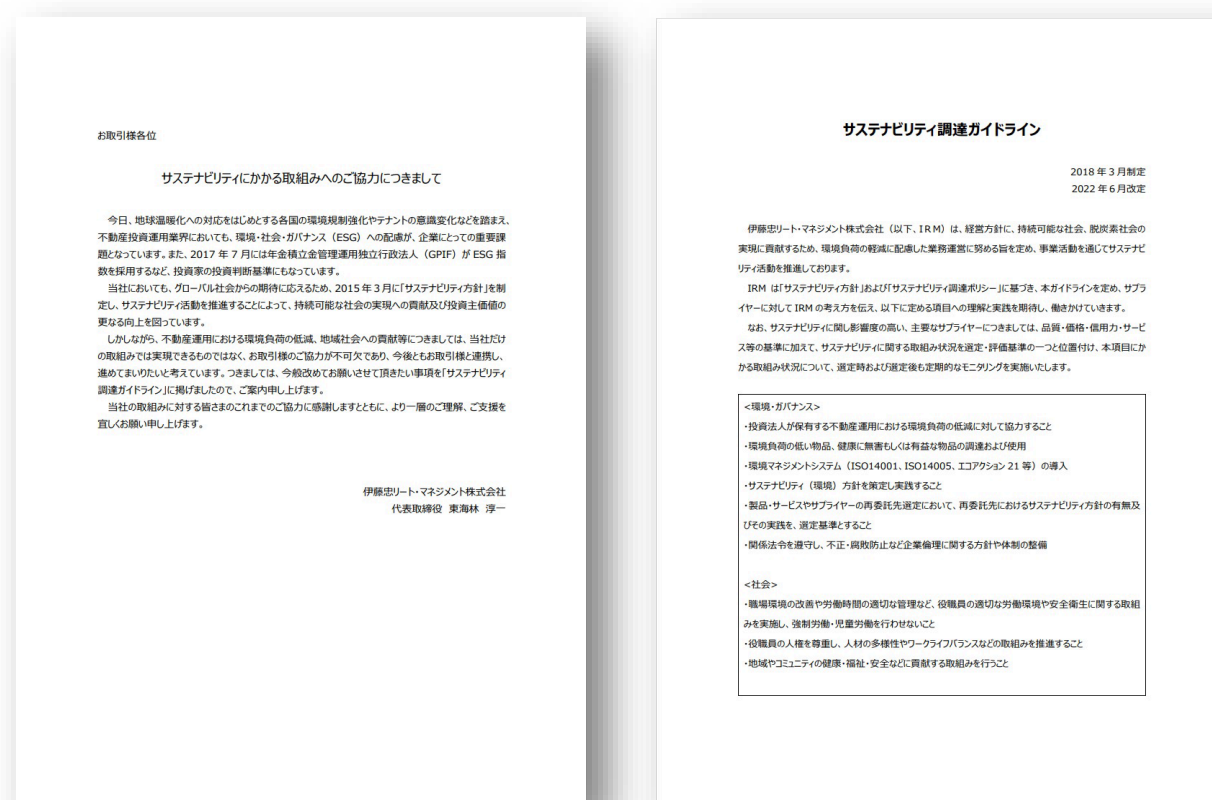
Cooperation with Stakeholders

●Green Lease Clause

ADR and ADL have lease clauses with tenants concerning energy and water conservation. In ADR, green lease clauses have already been introduced in lease contracts for approximately 66.6% of the leased units as at end-July 2023, and in ADL, clauses have been concluded for 36.8% of the leased units based on gross floor area as at end-March 2023. Green lease clauses are also set forth in the management agreement with the all property management companies.

●Supply Chain Management

To realize the items listed in the Sustainability Policy, IRM collaborates with its suppliers and has in place a Sustainability Procurement Policy. Based on this policy, IRM has administered a questionnaire with questions related to sustainability initiatives to all property management companies and evaluates the results. This questionnaire is administered at the beginning of the partnership as well as once every year thereafter and, by doing so, strengthens the transactions with the suppliers. IRM also believes it is important that all suppliers understand and cooperate with the procurement policy and we again notified the Sustainability Procurement Guideline to the property management and building management companies who are our key business partners.



Cooperation with Sponsor Group

Regarding environmental friendliness, ADR and ADL is collaborating with its sponsor, ITOCHU Group.

●Property Development and Purchase

Proactive promotion of transactions including logistics facilities and mixed/multi-purpose for Residential Property, etc. that can contribute to the environment and region. Acquisition of green building certifications.

●Property Management

Contribution to the region through environmental consciousness such as energy-saving awareness campaigns and installation of AEDs.

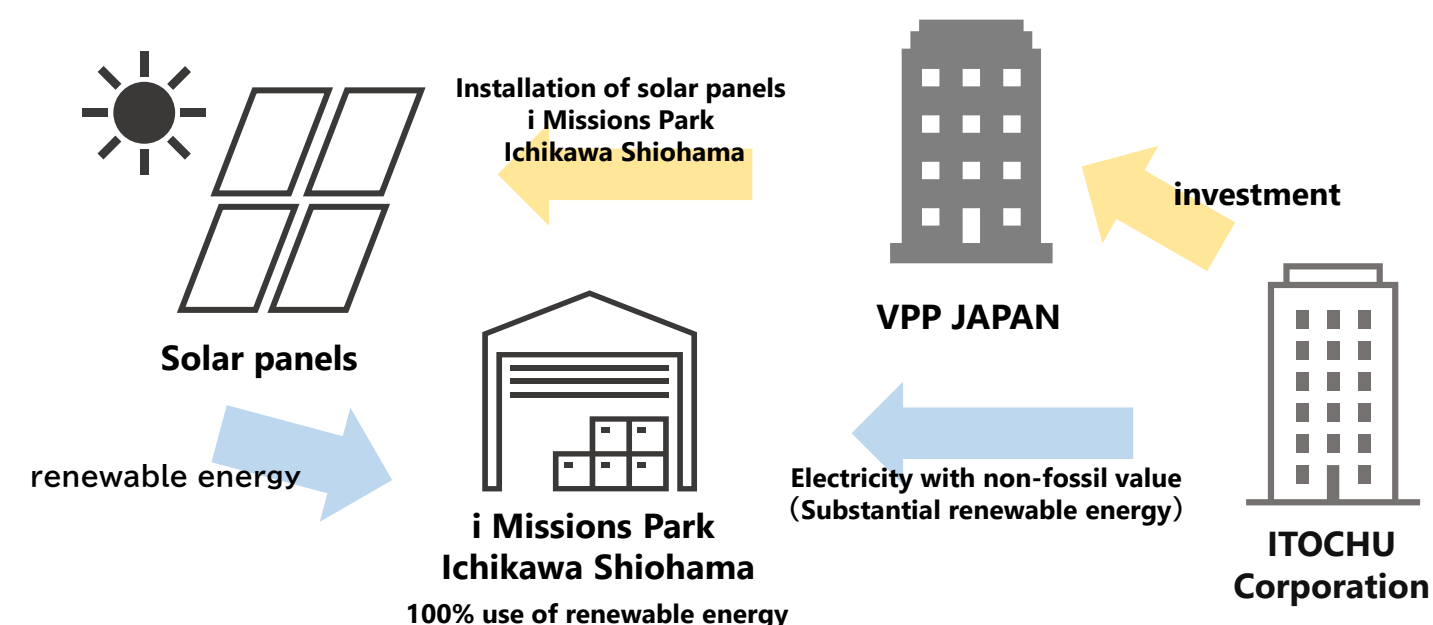
●Example of Cooperation with Sponsor Group

i Missions Park Ichikawa-Shiohama (ADL)

At i Missions Park Ichikawa-Shiohama, developed by our sponsor, ITOCHU Corporation, LED lighting is used exclusively throughout the building. Solar panels provided by VPP Japan, one of ITOCHU Corporation's investments, are installed on the roof and all electrical power to the property is provided carbon dioxide free. Furthermore, the building is equipped with offices, meeting rooms, break rooms, and employee restrooms on every floor to create a considerate work environment.



i Missions Park Ichikawa-Shiohama





Social



Initiatives for Tenants and Regional Contribution

ADR recognizes that enhancing the satisfaction of tenants leads to stable and improved earnings from the properties and therefore are implementing the following initiatives.

Customer Satisfaction Survey

A survey of satisfaction and desire for the RESIDIA brand is carried out periodically (about every three years) for the residents of RESIDIA properties.

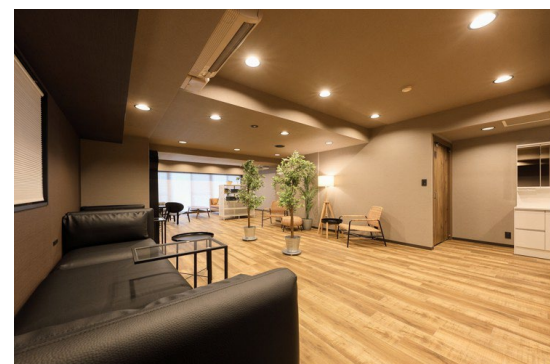
	Date of the survey	No. of Respondents	Total No. of People Surveyed	Response Rate	Total No. of Leasable Units	Survey Coverage
1	Between April to July 2014	3,106	14,155	21.9%	19,078	74.2%
2	Between Sept. to Nov. 2017	3,945	16,445	24.0%	20,842	79.0%
3	Between Apr. to Jun. 2020	7,705	18,000	42.8%	21,322	74.2%
4	Between May. to Jun. 2023	5,533	18,821	29.4%	21,836	86.2%

Tenant Services

To enhance customer satisfaction and tenant retention, residents are offered a wide range of services including a dedicated support desk, RESIDIA Customer Support, which provides residents with a variety of services, as well as the discount program "Moving Style" for tenants moving from one RESIDIA property to another.

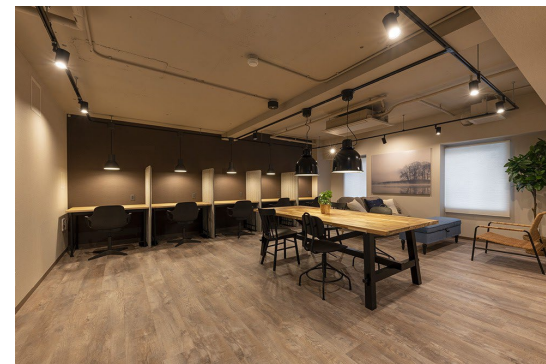
Conversion to shared spaces, etc.

In response to lifestyle changes caused by the new coronavirus, the common areas of the following two properties have been renovated and offered to tenants as shared space.



RESIDIA Kamata

Conversion of unused meeting rooms into shared spaces.



RESIDIA Nakano-Fujimidai

Common rooms converted into working space.

Installation of Disaster Prevention Map and Distribution of Disaster Kits

On common area walls of properties, ADR puts up emergency maps (as of end of July 2023, in 100% of its 277 properties). indicating evacuation routes to evacuation sites which help to ensure safety during the occurrence of a disaster as well as to raise disaster prevention awareness.

Also, in many of its "RESIDIA" branded residence, ADR distribute emergency kits free of charge to any tenant who wishes for such kits.



Emergency Maps



Emergency Kits

Installation of AED and donation vending machines

In many ADR's properties, AEDs are available for public use and vending machines that make charitable donation to a pediatric cancer treatment facility using part of the proceeds from the sales of its merchandise are installed.



AED



Vending Machines with Donation Function

Initiatives for Tenants and Regional Contribution

ADL also recognizes that enhancing the satisfaction of tenants leads to stable and improved earnings from the properties and therefore are implementing the following initiatives.

Tenant Satisfaction Survey

A tenant satisfaction survey regarding the facilities and management is carried out twice a year so that corporate tenants can use the facilities more comfortably.



Installation of AEDs

AEDs are installed in some owned properties to ensure that tenant companies can use the facilities with peace of mind.



Ensuring safety of tenant employees

i Missions Park Inzai has adopted a distinctive specification whereby tenant employees approach the second floor by escalator directly from the car park to enter the building, and pedestrian and truck traffic lines are separated to ensure safety.



Signing Ceremony (May 2022)



Disaster preparedness training (Feb 2023)

Conclusion of Disaster Prevention Agreement

ADL and Noda City of Chiba Prefecture executed an Agreement for Acceptance of Evacuees and Relief Supplies at the Time of Disaster at i Missions Park Noda. In the event of a disaster, if Noda City is unable to secure space to receive relief supplies and evacuees, ADL will provide a part of the grounds and building of i Missions Park Noda as a temporary evacuation space to store and manage relief supplies and to accept evacuees, thereby enabling rapid responses to the support needs of local residents and citizens.

Disaster drill was held at i Missions Park Noda in February 2023 jointly with the city and tenants.



Emergency Supplies Storehouse



Emergency Power Generation Equipment

Logistics Continuity at Emergencies

At i Missions Park Atsugi 2, the following initiatives are being implemented for tenant companies to ensure that logistics functions can be maintained even during emergencies.

Installation of Emergency Supplies Storehouse

Water, food and portable toilets are stockpiled for tenant companies.

Installation of emergency power Generation Equipment

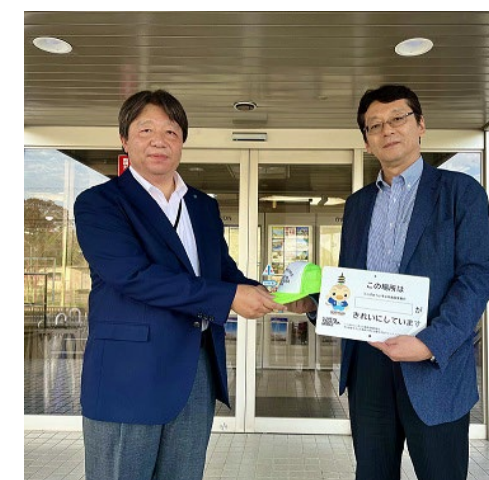
Enables operation continuity at emergency by supplying power for a certain time.

※i Missions Park Atsugi 2 is a property developed by sponsor for which ADL holds preferential negotiation right.



Clean-up activities around the property

An agreement was signed with Tsukubamirai City, where i Missions Park Moriya and Moriya 2 are located, under the 'Public Facility Foster Parent System'; on 5 October 2023, employees of the asset management company conducted a clean-up activity around the properties.



Tsukubamirai City gave us hats for our activities and signs attesting to our cleaning management.

※What is the 'Public Facility Foster Parent System'? In order to continuously promote the development of a beautiful city, this is a system in Tsukubamirai City whereby public facilities such as parks and roads are seen as 'children' and citizens and organisations act as 'foster parents', regularly volunteering to clean and weed these facilities.

Initiatives for Tenants and Regional Contribution

IRM actively implements social contribution activities, including employee-participatory activities, in addition to company initiatives.

Participation in Famima Food Drive

In cooperation with Family Mart Co Ltd, an ITOCHU Group company, employees participate in the Famima Food Drive as part of their social contribution activities and donate food products.

*About 'Famima Food Drive'...

This is an initiative in which households bring in uneaten food to Family Mart shops and provide it to those in need through cooperating partners such as local authorities and NPOs. Through the Famima Food Drive initiative, uneaten food from the home is utilised, leading to a reduction in food loss. In addition, by using Family Mart shops nationwide as collection points, local residents can easily participate in social contribution activities.

Various food items, including instant foods and confectionery, are collected from employees each time.

*Note: FamilyMart does not normally accept food items on a company-by-company basis.



Periodic Cleaning of the Area Surrounding the Office

As a member of the area, IRM employees have proactively and continuously participated in the cleanup of Chiyoda Ward where the IRM office is located.



Participating in Cleanup Activity

Participation in Eco-Cap Campaign

In an endorsement of the Eco-Cap Campaign, IRM collects caps from used PET bottles for recycling purposes. The collected bottle caps are sold to recyclers via the certified NPO, the Japan Committee for Vaccines for the World's Children, and the proceeds are used to help children around the world suffering from diseases. The campaign also promotes the employment of people with disabilities who are tasked with separating the collected caps.



Supporting Students

To provide opportunities for and support architecture and design students as well as to create interest in IRM and the REIT industry, IRM sought renovation ideas for its RESIDIA leased residences by holding a student competition. Renovation based on the best design was actually carried out.

Support Social Participation of People With Physical Disabilities

In 1987, ITOCHU Corporation, the parent company of IRM, founded a special subsidiary company ITOCHU Uneedus Co., Ltd. to provide motivational and rewarding work to people with physical and mental disabilities.

IRM supports ITOCHU Uneedus by placing orders for its company's business cards and envelopes. Please refer to [this page](#) for company details.(In Japanese)

Supporting ITOCHU Foundation

ITOCHU Foundation, founded in 1974 by ITOCHU Corporation, the parent company of IRM, has continued to promote social contribution activities aiming for the sound development of young people. Current projects include the Children's Literature Collection Grant and the Project for Promotion of E-book Libraries, which contribute to the healthy growth of children. IRM supports the Foundation through donations.

Human Rights Policy and the Promotion of Diversity

Human Rights Policy

IRM has established a Human Rights Policy to fulfill its responsibility of respecting the human rights of all people involved in its business operations. As part of implementing this policy, IRM is advancing initiatives such as positive action initiatives to support the active participation of women as a means of increasing diversity.

1. Support for international norms and guidelines

We support international norms on human rights, including the Universal Declaration of Human Rights, the Declaration on Basic Principles and Rights in Labor of the International Labor Organization (ILO), and the United Nations Global Compact. In addition, we respect human rights in accordance with the United Nations' Guiding Principles on Business and Human Rights.

Furthermore, the parent company ITOCHU Corporation's Itochu Group Human Rights Policy applies to all officers and employees of IRM.

2. Non-complicity in human rights violations

We endeavor not to violate human rights ourselves or be complicit in human rights violations by others.

3. Respect for freedom of association and collective bargaining rights

We respect the freedom of association and the right to collective bargaining in accordance with relevant laws and regulations, and we do not engage in illegal or improper discrimination in employment and occupation.

4. Elimination of forced labor

We strive to eliminate and prevent all forms of forced labor at IRM and in our supply chain.

5. Effective abolition of child labor

We support and practice the effective abolition of child labor from IRM and our supply chain. We do not hire children who are not above the legal minimum working age.

6. Elimination of discrimination in employment and occupation

We do not treat people differently or disadvantage them based on characteristics that are irrelevant to their capabilities or specific job requirements. Those characteristics include ethnicity, skin tone, gender, religion, political views, nationality (country of birth), social origin, age, disability, HIV infection/AIDS, trade union membership, and sexual orientation.

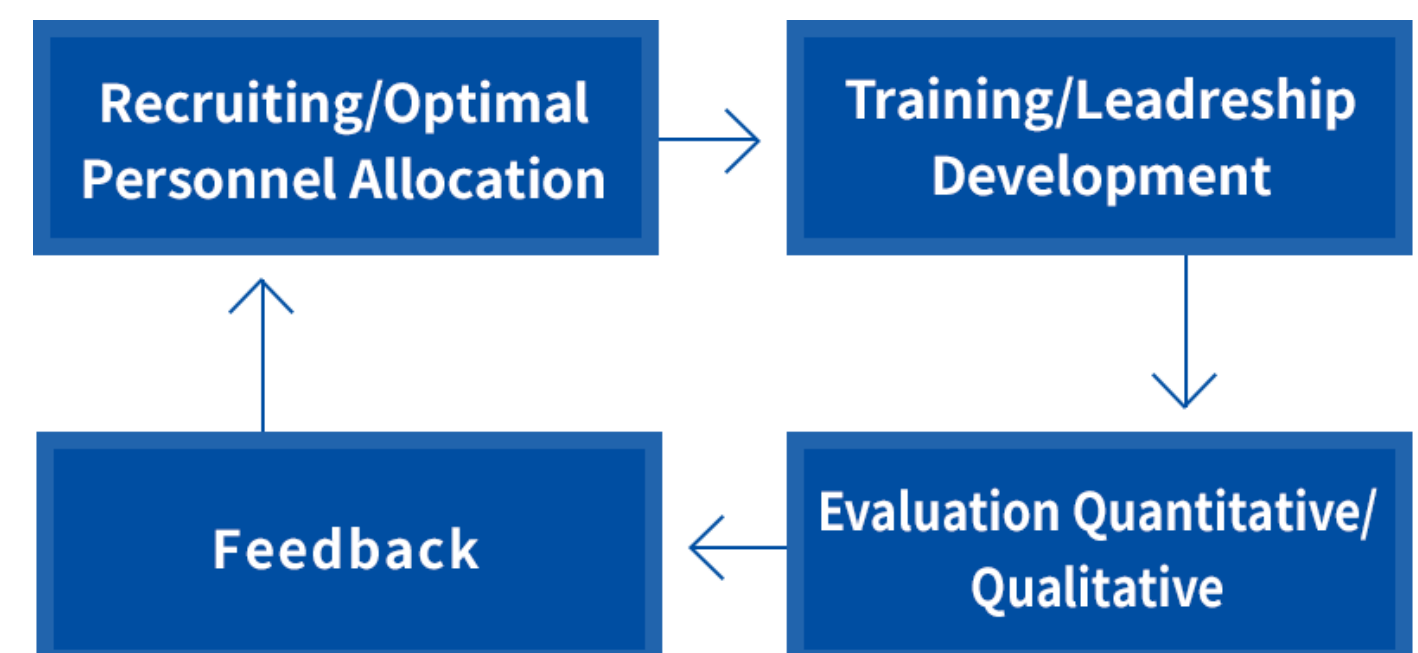
Human Resource Strategy

Based on the awareness that the stable growth of each investment corporation and investment fund is dependent on our personnel, IRM is pursuing a human resource strategy with the aims of enabling people to unleash their full potential and of achieving overall human resource optimization.

Specifically, IRM has established a personnel evaluation system that defines the perspectives as well as the competencies and skills required for each level of work. This system enables IRM to hire, train, assign, and promote highly competent personnel. To help employees realize their potential and develop their career, IRM has established a system through which they can indicate their career path intentions, leading to the optimal assignment of employees.

* In accordance with the Act on Investment Trusts and Investment Corporations, the investment corporations whose assets IRM manages are prohibited from hiring employees, and therefore outsource operations including asset management, custody, and administration.

【 Human Resource Strategy 】



Initiatives for Employees

Career development

In addition to a job rotation program, IRM has a system for employees to indicate their desired career path once a year and discuss it with their superior. Moreover, each new hire is assigned a senior employee as an instructor as well as a separate employee to act as a mentor who can be consulted on work and other various matters.

Performance appraisals and feedback process

Our personnel evaluation consists of "performance evaluation," which evaluates the degree of achievement against one's own business goals, and "behavioral evaluation," which evaluates the performance required by each organization and position.

Goal management interviews are held three times a year at the beginning of the fiscal year (goal setting), middle of the term (review), and at the end of the fiscal year (feedback) to establish a transparent goal-setting process with good communication between supervisors and subordinates, and an evaluation system to support employees' achievement of goals, expansion of results, and growth. In particular, during the review process, the supervisor and the subordinate confirm "GOOD (what went well, what was accomplished)" and "MORE (what can be improved further)," which leads to concrete actions to achieve goals.

Fixed salaries and bonuses are determined based on the evaluation, and bonuses for employees (including non-executive officers and non-operating departments) are partially linked to the performance of each investment corporation and fund under management. In addition, through individual interviews, we provide feedback on evaluations and dialogue on individual career development, which is used to formulate personnel strategies.

【 Processes for achieving targets in Goal management interviews 】



Support and financial aid for acquiring certifications

IRM has a system in place to subsidize the cost of acquiring qualifications in order to improve work performance and acquire specialized knowledge. All executives and employees (including contract employees) are eligible for this program.

Professional development and training programs

We have set up a wide range of training programs and self-development support systems matched to job levels and other factors.

Examples of Training	Details
Training for New Managers	Participants acquire knowledge and skills essential for leaders, such as management, trust building, team building, human resource development, and labor management, through a total of six sessions.
Next Generation Business Leader Training	To foster a sense of management as a mid-level employee. To recognize the role required of them as the core of the organization, based on their own strengths and weaknesses.
Step-up Training	Learn key points of job management such as organizational skills, task management and visualization, to improve communication skills and to raise business skills.
Follow-up Training for Young Employees	A 3-day course for young employees to consider and design their own careers and learn the ability to set issues and grasp the essence of issues in order to become mid-level employees.
Line Care Training	Understand the mechanism of mental health issues and learn prevention skills as the primary prevention of mental health issues and understand the key points in creating a healthy workplace.
Team Building Training	Review the roles expected of team leaders correctly, learn the key points in building better teams, and raise awareness and broaden perspectives concerning teams in the workplace
Life Planning Training	Enable experienced staff members to take inventory of their career and skills to further utilize their skills and to design their careers using their strengths

Wellbeing (Initiatives for health and comfort)

IRM strives to create a healthy and comfortable working environment in which all executives and employees can fulfil their full potential.

Promotion of Health Management

In October 2020, IRM established the Health and Productivity Management Policy and declared that we will advance efforts towards the maintenance and improvement of employees' and their families' health in mind and body. These programs received recognition by external organizations and health and productivity management-related certifications were acquired. IRM has now been awarded the 'Gold Certification' for the first time as an excellent health company as of 20 September 2023.



The following priority measures have been established to promote Health and Productivity Management that emphasizes the creation of a comfortable work environment and the promotion of employee health.

1. Recognize health issues at the beginning of each fiscal year, set specific goals (plans and numerical targets) based on health issues, verify the results at the end of the fiscal year, and implement the "PDCA (Plan-Do-Check-Act) cycle of health management" to achieve further improvements in the new fiscal year.
2. Enhancement of work-life balance (harmony between work and life)
3. Ensure 100% of employees receive regular health checkups, encourage family members (dependents) to receive checkups, and prevent serious illnesses (improve the rate of retests and full examinations).
4. Mental health measures (implementation of stress checks, group analysis, and mental health training)
5. Measures to prevent overwork
6. Measures to prevent infectious diseases
7. Measures to prevent passive smoking
8. Promotion of communication to vitalize the workplace
9. Support for balancing work and medical treatment
10. Improvement of health literacy (setting up educational opportunities for managers or employees)
11. Efforts to maintain and promote women's health (addressing health issues specific to women)
12. Efforts to improve dietary habits and promote exercise opportunities
13. Initiatives to provide opportunities for specific health guidance

Human Resources System

Childcare leave, shortened work hours for childcare, nursing leave

To support the balance between work and child rearing, a childcare leave system is available until the child is two years old, and a shorter working hour system for childcare is available until the child enters primary school. In addition, employees can use special leave (paid) to care for a child while the child is in primary school, in addition to paid leave to care for a child before the child starts primary school.

Caregiver leave, shortened work hours for caregivers, caregiver absence

To assist employees in balancing work and caregiving, we offer caregiving leave, shortened work hours for caregivers, and caregiver absence.

Hourly paid leave

For five days (40 hours) each year, paid leave can be taken in one-hour increments.

Telecommuting and staggered workday systems

IRM has introduced telecommuting and staggered workday systems to realize diverse work styles and promote efficient operations.

Continued employment

IRM has set the retirement age at 60, but eligible employees may choose to be reemployed as a commissioned employee under a renewable annual contract.

Congratulatory and condolence money

IRM provides congratulatory benefits for employees' marriages and childbirths, and IRM also has a system of providing condolence money in preparation of loss of family members.

Wellbeing (Initiatives for health and comfort)

Employee Benefits

Cafeteria-style benefits package

The cafeteria-style benefits package offers employees preferential rates for the unlimited use of a broad range of services provided by various partners, such as hotels, fitness clubs, and childcare providers. The objective is to support employees in balancing work and family life, and in improving their health.

Employee investment unit ownership program

We have established an investment unit ownership program for investing in units of the investment corporations whose assets we manage (Advance Residence Investment Corporation and Advance Logistics Investment Corporation). The aim is to further align the interests of our employees with those of the investment corporations' unitholders and to expand employee benefits.

Company gatherings

The organization of social gatherings, walking events and various communication events deepens the friendship between employees. By promoting good health and fostering communication between employees in various departments, company-wide morale is enhanced.

Periodic monitoring of employee satisfaction

To be a company where employees can work with pride and satisfaction, we conduct annual employee satisfaction surveys and apply the results to such efforts as improving the workplace environment.

【Results conducted in FY2022】

Surveyed: Directors and Full-time employees

Response rate: 94.1%

Office environment development

IRM has developed its office environment so that each and every officer and employee can work comfortably, and in April 2023, a major layout change was made to expand the shared space in the office.



Expansion of internal meeting spaces

Meeting space has been expanded to stimulate communication between employees. Not only team meetings, but also cross-departmental exchanges have become more active.



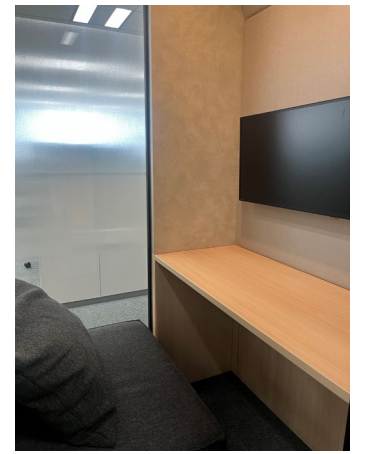
Employee interaction in communication spaces

A communication space has been set up in the office. Employees are free to use the communication space for internal meetings and lunches, and it provides a place for interaction.



Individual booths

From the perspective of promoting in-house DX, individual booths are set up for online meetings and telephone conferences. They are well received within the company as they allow employees to concentrate on their work.



Creation of magnetic spaces

Free coffee servers, water servers, multifunctional machines and other equipment that can be shared by employees are located together, creating a magnet space where people naturally gather. Communication across departmental boundaries takes place not only during breaks but also at work.

Governance

Compliance Structure

IRM has established a corporate governance framework by clearly defining our commitment to our fiduciary duty, setting up compliance and investment committees, and other means. The framework enables us to ensure risk management and compliance in our operations, fairly handle transactions involving conflicts of interest, and work toward improving and further enhancing our corporate governance.

Supervision by the Board of Directors and other bodies

The status of risk management is reported to the Board of Directors of IRM and each investment corporation as required.

IRM formulates a compliance program each term to serve as a detailed plan of action for putting into practice the compliance manual, which is our code of conduct. The program is finalized after deliberation by the Compliance Committee and approval by the Board of Directors. The results of verification of the program's progress and other factors are reported to the Compliance Committee and the Board of Directors. In addition, the results of internal audits and the operational status of the whistleblowing system are also reported to the Compliance Committee and the Board of Directors.

IRM also has a system in place in which the Compliance Committee and the Boards of Directors of IRM and each investment corporation can offer opinions and make other suggestions regarding the reported matters as needed to ensure that improvement efforts are effective.

Furthermore, the Sustainability Promotion Committee identifies and evaluates climate-related risks and opportunities, formulates strategic plans for key challenges, and verifies the results of measures based on the Climate Change and Resilience Policy, after which it reports these matters to the CEO and to the Board of Directors.

Attendance

- Over the past year, attendance rates of executive and supervisory directors at the board meetings of ADR and ADL have been 100%. *1
- The attendance rate of directors and auditors at Board of Directors meetings of the asset management company was 98% in FY2022.

*1 The figures for the terms ending January 2023 (25th term) and July 2023 (26th term) are used for ADR. The figures for the terms ending February 2023 (9th term) and August 2023 (10th term) are used for ADL.

Basic Policy on Customer-Oriented Business Conduct

IRM places the highest priority on faithfully managing the funds entrusted to us by investors and have established the Basic Policy on Customer-Oriented Business Conduct and publish the appropriate management of conflicts of interest transactions, clarification of fees, and other relevant matters on the website.

Please refer [here](#) for the Basic Policy on Customer-Oriented Business Conduct on the IRM website(in Japanese).



Directors and Officers investment unit ownership program

IRM has introduced an investment unit ownership program for directors and officers with the objective of achieving growth in unitholder value over the long term by strengthening the alignment of interests between our officers and the unitholders of ADR and ADL, both listed companies. The executive compensation of IRM's representative director is partly linked to the progress of ESG-related initiatives.

Preventing Misconduct and Corruption

IRM recognizes that legal compliance is a given, and that we must ensure compliance to continue being an organization that is trusted by society. We have therefore established our Anti-Corruption Policy as part of our Compliance Manual. Our Anti-Corruption Policy stipulates that we will maintain sound relationships with our stakeholders and that we will not provide entertainment or gifts that may lead to the suspicion or distrust of society.

As specific measures, IRM implements guidelines related to bribery and internal audits are conducted every year to confirm that expenses are not being misused every year.

The ITOCHU Group has also established the ITOCHU Group Anti-Corruption Policy based on the Corporate Ethics Code of Conduct. It prohibits the provision of money and goods, entertainment, convenience and other profits to public officials and officers and employees of private entities, in Japan or overseas, for the purpose of gaining an illegal advantage.

Anti-corruption Policy

- 1. We will not engage in or be complicit in any form of corruption, including embezzlement, fraud, money laundering, or the obstruction of justice.**
- 2. We will not provide money, services, conveniences, or other benefits to civil servants or persons in similar positions in Japan or elsewhere for the purpose of obtaining illicit gains.**
- 3. We will not provide money, services, convenience, or other benefits to the officers and employees of private-sector business partners for the purpose of obtaining illicit gains.**
- 4. We will not request business partners and others to provide entertainment or gifts that go beyond personal benefits or common sense.**

ITOCHU Group Policy

The ITOCHU Group ensures the implementation of compliance principles, that is, legal compliance, and recognizes that it must continue to be an organization with acceptable standards in a modern society. We have no tolerance for any gain obtained through illegal means.

To address the risk of bribery and corruption, the ITOCHU Group has established rules that cover, among others, application and approval procedures and recording methods. These rules describe behaviors that are commonly found in scenarios where bribery or corruption take place and instruct the strict observance of those rules. The rules were established based on the Regulations Concerning the Prohibition of Giving Illicit Benefit, as well as four related guidelines about public officers, foreign public officers, business partners, and investments.

【 ITOCHU Group Anti-Corruption Policy 】

- 1. No money, entertainment, gifts, or anything of value shall be given to any public or quasi-public official inside or outside of Japan, to obtain illicit gains.**
- 2. No money, entertainment, gifts, or anything of value shall be given to any director, officer or employee of any private entity, to obtain illicit gains.**

For more information on the ITOCHU Group Anti-Corruption Policy, please click [here](#).

Preventing Misconduct and Corruption

Internal audit structure

We have an Internal Audit Office under the direct control of the president. Based on our Internal Audit Regulations, the Internal Audit Office conducts internal audits on the overall operations of all departments once a year to verify the status of their compliance with laws, regulations, the Articles of Incorporation, and internal regulations, as well as the procedures for executing duties and the validity of the work done. It also carries out unannounced inspections of information management and other operations two times a year. Furthermore, a system audit of IRM and property management companies is conducted by an external third-party organization once every five years. The Internal Audit Office itself is also evaluated by an external third-party organization once every five years.

If problems are identified or requests for improvement are made in audits, the audited department is required to formulate a plan for improvement and have it approved by IRM's Board of Directors. Later, the Internal Audit Office conducts a follow-up audit and reports the progress made on improvement to the Board of Directors.

Whistleblowing system

We have set up whistleblowing contacts where all officers and employees can directly report misconduct (four internal, two at the parent company, and one at an independent third-party). Under the whistleblowing system, we have established an appropriate handling mechanism, protect whistleblowers, and maintain the confidentiality of information. The system is designed to strengthen compliance management through the early detection and correction of improper acts, including bribery. The operational status of the whistleblowing system is reported to the Compliance Committee and the Board of Directors once a year.

The Compliance Officer immediately investigates the facts when report or consultation concerning a fact that is the subject of a report is received, unless there is a valid reason not to investigate the subject matter. The results of the investigation are reported to the representative director, president & CEO and to the general manager of the General Affairs and Management Division, and corrective action and measures to prevent recurrence are decided through discussion. If an internal disciplinary action is deemed appropriate, We will impose an appropriate disciplinary action on the officers and employees involved in the subject case in accordance with the Company's internal rules such as the Employment Regulations.

In addition, in compliance with the Whistleblower Protection Act, we prohibit disadvantageous treatment against whistleblowers.

Implementation of compliance training

IRM continuously provides education and awareness-raising programs on compliance to ensure that each officer and employee understands the purpose of laws and regulations, social norms, business rules, and other standards and complies with them with an enhanced compliance mindset.

IRM offers a variety of compliance training for all officers and employees (not just full-time employees but also temporary employees and others) several times a year. To date, we have covered topics such as responding to legal amendments, measures to prevent power harassment and sexual harassment, and personal information management. By focusing on issues of interest in society in a timely manner, we are continuously working to enhance the compliance knowledge of officers and employees and to foster a mindset of compliance.

Initiatives	Details
General Training	Training sessions held for all officers and employees In FY2022, we offered the following series of training sessions to all officers and employees (including temporary employees and others in addition to full-time employees): Administrative Disposition Cases, Information Security Structure. We also conducted exams on compliance every other month.
Training at the time of hire	In FY2022, for new hires (including mid-career hires, dispatched employees, and others), we provide training and review exams over a total of nine sessions on matters that they need to understand for their work at IRM.
Rank-based training	IRM provides rank-based training every year.
Others	Compliance-related information (including matters linked to preventing corruption) such as internal rules and regulations, revision of laws and regulations, and compliance incidents and efforts at other companies is provided as appropriate. As part of ITOCHU Group compliance, ITOCHU Corporation conducts on-site compliance training once a year.

Case in IRM

- In FY2022 (April 2022 to the end of March 2023), there were no incidents of compliance violations disciplinary action based on our Employment Regulations or Board of Directors Regulations.
- There have been no incidents of violations of our Anti-corruption Policy, nor were any officers or employees disciplined or dismissed for this reason.
- IRM has never paid any fines or settlements related to corruption.
- No payments of fines or settlements have been identified as ESG issues in our audited accounts.
- IRM complies with the Political Funds Control Act, the Public Offices Election Act, and other relevant laws and regulations, and has never paid any political contributions.



Preventing Misconduct and Corruption



Disclosure

In order to ensure disclosure transparency, in addition to statutory disclosures, ADR and ADL will disclose information it deems useful and valuable on a timely basis in an easy-to-understand form. Specifically, ADR and ADL will actively disclose information on its website in addition to disclosing on the Tokyo Stock Exchanges disclosure system.

Management Fee Structure

Management fee structures for ADR and ADL are linked to unitholders' interests. Moving forward, we aim to further align the interests ADR and ADL unitholders with the interests of IRM.

Advance Residence Investment Corporation

Fee Category	Fees Linked To	Maximum Rate
AM Fee I	NOI*	7.00%
AM Fee II	AM Fee I X Adjusted FFO Per Unit*	0.05%

* NOI = Gross Operating Income minus Gross Operating Expense (excluding depreciation and loss from fixed asset retirement)

* Adjusted FFO per Unit = (net profit excluding AM Fee II + depreciation expense - gains on transfer of real estate + losses on transfer of real estate + impairment losses) / Number of investment units issued as of the closing date of the accounting term

Advance Logistics Investment Corporation

Fee Category	Fees Linked To	Maximum Rate
AM Fee I	Total Assets	0.05%
AM Fee II	NOI	5.00%
AM Fee III	Net Income Before Tax X Adjusted EPU*	0.004%

* Adjusted EPU = Net profit excluding AM Fee I, II, III / Number of investment units issued as of the closing date of the accounting term

Disclosure of rewards

The executive compensations of ADR and ADL officers are determined based on the Investment Corporation Agreements. Specific compensation amounts are found in the asset management report of the respective corporations.

ADR Asset Management Reports: [Click here](#) to see the asset management reports of ADR for previous fiscal terms.

ADL Asset Management Reports: [Click here](#) to see the asset management reports of ADL for previous fiscal terms.

Green Finance



Green Finance



Green finance refers to financing (i.e., issuance of bonds (green bonds) and/or procurement of loans (green loans)) for which use of proceeds is limited to environmentally-conscious projects. IRM intends to use the proceeds from green financing for implementing sustainability-promoting initiatives in line with its Basic Sustainability Policy, and will proactively recognize the required level of environmental, social, and governance (ESG) practices through a dialogue with investors and apply such knowledge to its asset management strategy.

Green Financing Framework

	ADR	ADL
Purpose of funds procured through green finance	<ul style="list-style-type: none"> Costs of acquisition of green eligible assets Costs of renovation work which meets the eligible criteria or costs of the repayment of loans or redemption of investment corporation bonds that initially funded such acquisitions or renovations 	<ul style="list-style-type: none"> Costs of acquisition of green eligible assets Repayment of loans borrowed for acquisition of green eligible assets Redemption of investment corporation bonds issued for acquisition of green eligible assets
Eligibility criteria	<p>The green eligible assets are selected from assets for which ADL has obtained or plans to obtain one or more of the following third-party certifications</p> <ul style="list-style-type: none"> 5,4,or 3stars of the DBJ Green Building Certification S,A or B+ rank of CASBEE Certification 5,4,or 3stars of BELS Certification 	<p>The green eligible assets are selected from assets for which ADL has obtained or plans to obtain one or more of the following third-party certifications</p> <ul style="list-style-type: none"> 5 or 4 stars of the DBJ Green Building Certification S or A rank of CASBEE Certification 5 or 4 stars of BELS Certification
Green Finance Framework Evaluation *Please see below for details of the evaluation results of each investment corporation. ADR ADL	ADR and ADL received the "Green 1 (F)" rating, the highest rating in the JCR Green Finance Framework Evaluation by the Japan Credit Rating Agency, Ltd. (JCR), which assesses if a framework is in line with the requirements of the Green Bond Principles of the International Capital Market Association, the Green Bond Guidelines of the Ministry of the Environment of Japan, and the Green Loan Principles of the Loan Market Association and the Asia Pacific Loan Market Association.	

Green Finance Performance

**Number of properties****3** properties**Total Floor Area****89,651.14**m²**Green finance appropriation amount****9,600**million yen**Number of properties****3** properties**Total Floor Area****285,181.72**m²**Green finance appropriation amount****22,700**million yen

Reporting

The status of funds raised with green financing is updated annually and uploaded on the websites of ADR and ADL. Reporting on the effectiveness of environmental improvement (impact reporting) of green eligible assets is also uploaded on the ADR and ADL websites on an annual basis.



ESG Date



Environmental performance data

Category	Unit	FY 2018 (Base Year)	FY 2019	FY 2020	FY 2021	FY 2022		
							Coverage	% Change (vs FY2018)
Energy Consumption Total	Total Usage (MWh)	15,749	15,536	15,354	15,266	14,274	100.0%	-10.5%
	Intensity (MWh/m ²)	0.086	0.086	0.083	0.082	0.077		
Electricity	Total Usage (MWh)	14,273	13,926	13,860	13,705	13,009	100.0%	-10.3%
	Intensity (MWh/m ²)	0.078	0.077	0.075	0.074	0.077		
Fuel	Total Usage (MWh)	1,248	1,365	1,263	1,313	1,091	100.0%	-13.3%
	Intensity (MWh/m ²)	0.060	0.064	0.042	0.061	0.052		
District Heating and Cooling	Total Usage (MWh)	229	245	230	248	174	100.0%	-25.0%
	Intensity (MWh/m ²)	0.016	0.017	0.016	0.017	0.012		
GHG Emission(CO ₂) Total (scope1+2)	Total Usage(t)	7,757	8,119	7,052	253	188	100.0%	-97.6%
	Intensity(t/m ²)	0.043	0.045	0.038	0.001	0.001		
Direct Emission Scope1	Total Usage(t)	219	239	221	230	188	100.0%	-14.2%
	Intensity(t/m ²)	0.010	0.011	0.007	0.011	0.009		
In-direct Emission Scope2	Total Usage(t)	7,538	7,880	6,831	23	0	100.0%	-100.0%
	Intensity(t/m ²)	0.041	0.044	0.037	0.000	0.000		
Water Usage	Total Usage (m ³)	11,035	10,817	11,263	9,879	10,637	100.0%	-5.8%
	Intensity (m ³ /m ²)	0.069	0.069	0.070	0.061	0.065		
Water intake	Total Usage (m ³)	11,035	10,817	11,263	9,879	10,637	-	-
	Intensity (m ³ /m ²)	0.069	0.069	0.070	0.061	0.065	-	-
Displacement	Total Usage (m ³)	11,035	10,817	11,263	9,879	10,637	-	-
	Intensity (m ³ /m ²)	0.069	0.069	0.070	0.061	0.065	-	-
Waste Volume	Total Volume(t)	84	119	181	115	126	100.0%	-
	Recycling Volume (t)	74	102	160	103	111		-
	Recycling Rate (%)	88.0%	85.7%	88.4%	89.8%	88.5%		-

Notes:

1.Review period

In principle, the period from April to March is one fiscal year, and results are updated on an annual basis.

2.Scope of Reporting

- Only properties held for the full fiscal year are included in the scope of reporting, excluding properties that were traded during the fiscal year.

3.Calculation Method

- "Intensity" is calculated as follows.
Total Usage or Emission (MWh) ÷ Total floor area of common area (m²)
- For unit-owned properties, the ADR's ownership percentage is multiplied by the relevant data.
- The calculation of the waste recycling rate is as follows
Recycling rate (%) = (1) Total amount recycled ÷ (2) Total amount x 100
(1)Total amount of waste recycled The amount of waste recycled out of the total amount of waste generated by the restoration work ordered by ITOCHU Urban Community, a group company of the asset management company (m³).
(2)Total amount of waste generated from the same work (m³).

*The environmental performance data figures for FY2018 through FY2021, which had been disclosed through FY2022, have been revised for the following reasons. The revision is due to the application of the new calculation method described in "03. Calculation Methods - 02" and limiting the scope of calculation of energy consumption - district heating and cooling to common areas.

*Past performance data may be revised retroactively in accordance with the revision of calculation methods, etc.

Independent assurance statement

ADR obtained limited assurance from a third party (Sustainability Accounting Co., Ltd.) for environmental performance data (April 2022 - March 2023).

Environmental performance data



Category	Unit	FY 2020 (Base Year)	FY 2021	FY 2022
Energy Consumption	Total amount(MWh)	23,128	22,328	24,992
	Intensity(/m ²)	0.054	0.048	0.048
	Coverage rate (%)	100%	100%	100%
GHG Emission(CO ₂) *4	Total amount(t)	10,291	9,668	8,841
	Intensity(/m ²)	0.0241	0.0208	0.0169
	Coverage rate(%)	100%	100%	100%
Water Usage	Total Usage(m ³)	30,693	26,554	27,804
	Intensity(/m ²)	0.0754	0.0597	0.0553
	Coverage rate(%)	95%	96%	96%
Waste Volume	Total volume(t)	2088.30	864.0855	1207.19
	Intensity(/m ²)	0.00552	0.00186	0.00231
	Coverage rate(%)	89%	100%	100%

*1 Figures for properties held under quasi co-ownership are also included on a 100% basis.

*2 For properties acquired during the period, the total volume for the year (April 1 to March 31) is calculated regardless of the acquisition date, if data acquisition was possible.

*3 The coverage rate was calculated as follows:

Square meters of floor area for which data was collected ÷ square meters of total portfolio floor area

*4 Total CO₂ emissions were calculated using the emission coefficients indicated in the "Standards for Greenhouse Gas Emissions Calculation, Reporting, and Disclosure," of Japan's Ministry of Environment .

Independent assurance statement

ADL obtained limited assurance from a third party (Sustainability Accounting Co., Ltd.) for environmental performance data (April 2022 - March 2023).



Environmental certifications in the portfolio



ADR

Property No.	Name	DBJ Green Building Certification * 1	CASBEE (Real Estate) * 2	BELS certification * 3
T-035	RESIDIA Nishi-Azabu		A	
T-038	RESIDIA Roppongi-Hinokichokoen	★★★★★		
T-039	RESIDIA TOWER Meguro-Fudomae		S	
T-044	RESIDIA TOWER Azabujuban		A	
T-054	RESIDIA Shibaura		A	
T-056	RESIDIA Yutenji	★★★		
T-057	Park Tower Shibaura Bayward Urban Wing		A	
T-064	RESIDIA TOWER Nakameguro	★★★★★		
T-065	RESIDIA Sasazuka II	★★★		
T-084	RESIDIA Ochanomizu II			★
T-087	RESIDIA Ichigaya-Sadohara		A	
T-093	RESIDIA Kamata	★★★		
T-103	RESIDIA Kinshicho	★★★★★		
T-120	RESIDIA Bunkyo-Otowa		A	
T-131	RESIDIA Mejiro		A	
T-133	RESIDIA Nihonbashi-Bakurocho		A	
T-134	RESIDIA Suginami-Honancho		A	
T-140	RESIDIA Minami-senjyu		S	
T-150	RESIDIA TOWER Kami-Ikebukuro (Tower Building)		S	
	RESIDIA TOWER Kami-Ikebukuro (Park Building)		A	
T-170	RESIDIA Shin-Okachimachi II		A	
S-020	Pacific Royal Court Minato Mirai Ocean Tower		A	
R-030	RESIDIA Izumi		A	
R-042	RESIDIA Nishijin		A	
R-053	RESIDIA Higashizakura II		A	
Total		6 properties	17 properties	1 property

* Actual results for July 2023

ADL

Property No.	Name	DBJ Green Building	CASBEE (Real Estate)	BELS certification
L-2	i Missions Park Kashiwa	★★★★		
L-3	i Missions Park Noda	★★★★		
L-4	i Missions Park Moriya	★★★★★		★★★★★
L-5	i Missions Park Misato	★★★★★		★★★★★
L-6	i Missions Park Chiba-Kita			★★★★★
L-7	i Missions Park Inzai	★★★★★		★★★★★
L-9	i Missions Park Kashiwa2		S	★★★★★
L-10	i Missions Park Inzai 2	★★★★★		★★★★★
L-11	i Missions Park Tokyo Adachi	★★★★★		★★★★★
L-12	i Missions Park Miyoshi	★★★★★		★★★★★
L-13	i Missions Park Ichikawa-Shiohama		S	
Total		8 properties	2 properties	8 properties

* Actual results for Sept 2023

*1 DBJ Green Building Certification is a certificate developed by Development Bank of Japan Inc. (DBJ) to identify and certify real estate properties that satisfy various social needs including environmental quality. Please refer to the following sites for details.

*2 CASBEE (Comprehensive Assessment System for Built Environment Efficiency) Real Estate Assessment and Certification is a method for assessing and rating the environmental performance of buildings and sites. It is an evaluation system that aims to indicate the environmental performance of real estate in an easy-to-understand manner by focusing on evaluation items that are strongly related to the real estate evaluation. In order of rank from the highest to the lowest, the rating is assigned as 'S rank', 'A rank', 'B+ rank' or 'B rank'. This is a third-party certification system operated by the Centre for the Promotion of Housing and Building SDGs, in which CASBEE assessment results are certified by a CASBEE assessment certification body. ◦

*3 BELS (BELS Building Energy Efficiency Labeling System), which stands for Building-Housing Energy-efficiency Labeling System, is a system for evaluating and certifying the energy-saving performance (fuel consumption) of buildings.

Human Resource Data (IRM)

Key Human Resource Data

Category	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Employees*1 (No. of people)	59	62	64	67	78
Males (No. of people)	49	52	52	55	62
Females (No. of people)	10	10	12	12	16
Percentage of females (Percent)	16.9%	16.1%	18.8%	17.9%	20.5%
Average years of service (No. of years)	8 yrs 1 mths	8 yrs 1 mths	8 yrs 5 mths	8 yrs 8 mths	8 yrs 3 mths
Males (No. of years)	8 yrs 3 mths	8 yrs 1 mths	8 yrs 7 mths	8 yrs 11 mths	8 yrs 6 mths
Females (No. of years)	7 yrs 6 mths	8 yrs 2 mths	7 yrs 10 mths	7 yrs 7 mths	7 yrs 2 mths
No. of new hires (No. of people)	2	6	6	6	2
Males (No. of people)	2	5	4	5	1
Females (No. of people)	0	1	2	1	1
Turnover*2 (Percent)	3.4%	8.1%	6.3%	3.0%	5.1%

Employee Health and Safety

	2018年度	2019年度	2020年度	2021年度	2022年度
Annual medical exam taken (Percent)	100%	100%	100%	100%	100%
Occupational accident frequency rate*3 (Percent)	0.00	0.00	0.00	0.00	0.00

Coverage: Full-time employees and contract employees

Notes:

- Number of employees as of March 31 .Information is before the asset management company merger on June 1, 2022, and therefore does not include the number of employees of the former ITOCHU REIT Management Co.,Ltd.
- Turnover is calculated by dividing the number of employees that left IRM during the fiscal year by the number of employees as of March 31. Additionally, there were no workforce reductions due to corporate mergers or acquisitions involving restructuring, or for other reasons during the fiscal years listed above. Also , and the same applies to the merger between asset management companies on June 1, 2022.
- Occupational accident frequency rate is calculated as follows: number of fatalities and injuries due to accidents ÷ cumulative work hours x 1 million hours.

For details, please refer to the following [Ministry of Health, Labour and Welfare site](#) (in Japanese).

Workstyle Reforms • Diversity

Workstyle Reforms/Diversity	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Average overtime (Length of time)	17:31	20:35	23:46	20:41	26:16
Paid leave acquisition rate (Percent)	79.9%	68.4%	68.2%	59.8%	67.9%
Share of female executives (Percent)	0.0%	0.0%	0.0%	0.0%	0.0%
Share of female managers (Percent)	0.0%	3.7%	6.3%	11.4%	10.3%
Users of childcare leave system (No. of people)	1	1	1	1	1
Users of shortened work hours for childcare (No. of people)	2	1	1	0	1
Users of nursing leave (Whole)	76.5%	78.6%	66.7%	50.0%	83.3%
Users of nursing leave (Percent of males)	69.2%	72.7%	58.3%	45.5%	77.8%
Users of nursing leave (Percent of females)	100.0%	100.0%	100.0%	100.0%	100.0%

Employees with professional certification

Certification	Number of people certified
Real Estate Transaction Agent	58
ARES Certified Master	37
Certified Building Administrator	4
First-Class Architect	5
Lawyer	1
Real estate appraiser	1
Securities Analyst	5
Certified Public Accountant	2
U.S. CPA	1
Labor and Social Security Attorney	1
Certified Internal Auditor	1

※ Number of people as at end-March 2023 (excluding those seconded to IRM and temporary staff; including those seconded to outside companies). Real Estate Transaction Agent and CASBEE Building Assessor is based on successful applicants.

Human Resource Data (IRM)

General training

Category	Overview	Managers	General employees	Non-regular employees	Hours/people
New officer training	Responsibility and role recognition required of officers	no applicable employees	—	—	—
Manager training	Training of future executives Line Care Training	35	—	—	3.5
Future manager training	Management training	—	4	—	7.15
Next generation Business leader training	Leadership training	—	7	—	7
Fourth-year training	Training for fourth-year employees	—	1	—	10
Second-year training	Training for Second-year employees	—	1	—	6.5
Instructor training	Training for appointees as instructors of new hires	—	no applicable employees	—	—
New hire training	Basic training for new graduate hires (ITOCHU Group)	—	no applicable employees	—	—
Bookkeeping training	Training on basic bookkeeping knowledge for new hires	—	no applicable employees	—	—
Training on office machinery	Training for new hires and some junior employees	—	no applicable employees	—	—
Compliance training and exams	Comprehensive compliance training (For all officers and employees Apart from training, compliance exams are conducted once a month, in principle.)	—	Cumulative total:184	—	—
Sustainability training and exams	Training aimed at raising the awareness of officers and employees	38	35	8	1
Life Plan Training	Life planning and career design training for employees over 50 years old	—	1	—	3.5
Cafeteria-style training	Training provided by the ITOCHU Group. Participants have a choice of approx. 200 courses.	4	5	—	—
Company-wide online health program	Online stretching and yoga instruction for increased physical activity	38	35	13	1

* FY2022 actual results

Career Support System

Category	Overview	Managers	General employees
Mentor system	System of support by senior employees (expenses borne by company)	—	no applicable employees
Career path reporting system	System for employees to indicate career path intentions	—	35
Support for certification	System of financial aid toward the costs of acquiring certification to improve business execution skills and gain expertise	12	16
Language learning support	System of financial aid for part of the costs of language classes to improve language skills required for business	5	3

* FY2022 actual results

Comparative Table with GRI Standards (GRI content index)

Comparative Table with GRI Standards (GRI content index)

Universal Standards		Page	References
GRI 2: General Disclosures 2021			
1.The organization and its reporting practices			
2-1	Organizational details	3	Overview of the investment corporation
		5	Overview of the asset management company
2-2	Entities included in the organization's sustainability reporting	2	About This ESG Report
2-3	Reporting period, frequency and contact point	2	About This ESG Report Inquiries
2-4	Restatements of information	N/A	N/A
2-5	External assurance	N/A	N/A
2.Activities and workers			
2-6	Activities, value chain and other business relationships	–	–
2-7	Employees	43	Human Resource Data
2-8	Workers who are not employees	–	–
3. Governance			
2-9	Governance structure and composition	11	Governance
2-10	Nomination and selection of the highest governance body	–	–
2-11	Chair of the highest governance body	11	Governance
2-12	Role of the highest governance body in overseeing the management of impacts	11	Governance
2-13	Delegation of responsibility for managing impacts	11	Risk Management
2-14	Role of the highest governance body in sustainability reporting	11	Governance
2-15	Conflicts of interest	35	Preventing Misconduct and Corruption
2-16	Communication of critical concerns	35	Case in IRM
2-17	Collective knowledge of the highest governance body	–	–
2-18	Evaluation of the performance of the highest governance body	–	–
2-19	Remuneration policies	36	Disclosure of rewards
2-20	Process to determine remuneration	36	Disclosure of rewards
2-21	Annual total compensation ratio	–	–
4.Strategy, policies and practices			
2-22	Statement on sustainable development strategy	4	Message from Top Management
2-23	Policy commitments	4	Message from Top Management
		6	Sustainability Policy
		28	Human Rights Policy
		34	Preventing Misconduct and Corruption
2-24	Embedding policy commitments	11	Governance
		23	Supply Chain Management
2-25	Processes to remediate negative impacts	–	–
2-26	Mechanisms for seeking advice and raising concerns	35	Preventing Misconduct and Corruption
2-27	Compliance with laws and regulations	35	Case in IRM
2-28	Membership associations	5	Overview of the asset management company
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	33	Basic Policy on Customer-Oriented Business Conduct
2-30	Collective bargaining agreements	–	–
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	–	–
3-2	List of material topics	8	Materiality and Targets
3-3	Management of material topics	8	Materiality and Targets
		39	ESG Date

Topic Standards (Economic)		Page	References
GRI201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	–	–
201-2	Financial implications and other risks and opportunities due to climate change	11	Climate Change Initiatives
201-3	Defined benefit plan obligations and other retirement plans	–	–
201-4	Financial assistance received from government	–	–
GRI 202:Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	–	–
202-2	Proportion of senior management hired from the local community	–	–
GRI 203:Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	25	Initiatives for Tenants and Regional Contribution
203-2	Significant indirect economic impacts	–	–
GRI 204:Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	–	–
GRI 205:Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	35	Preventing Misconduct and Corruption
205-2	Communication and training about anti-corruption policies and procedures	44	General training
205-3	Confirmed incidents of corruption and actions taken	35	Case in IRM
GRI 206:Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	35	Case in IRM
GRI 207:Tax 2019			
207-1	Approach to tax	–	–
207-2	Tax governance, control, and risk management	–	–
207-3	Stakeholder engagement and management of concerns related to tax	–	–
207-4	Country-by-country reporting	–	–
Topic Standards (Environmental)		Page	References
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	–	–
301-2	Recycled input materials used	–	–
301-3	Reclaimed products and their packaging materials	–	–
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	39	ESG Date
302-2	Energy consumption outside of the organization	–	–
302-3	Energy intensity	39	ESG Date
302-4	Reduction of energy consumption	39	ESG Date
302-5	Reductions in energy requirements of products and services	39	ESG Date
GRI 303:Water and Effluents 2018			
303-1	Interactions with water as a shared resource	–	–
303-2	Management of water discharge-related impacts	–	–
303-3	Water withdrawal	39	ESG Date
303-4	Water discharge	39	ESG Date
303-5	Water consumption	39	ESG Date
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	–	–
304-2	Significant impacts of activities, products, and services on biodiversity	–	–
304-3	Habitats protected or restored	–	–
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	–	–

Comparative Table with GRI Standards (GRI content index)

Topic Standards (Environmental)		Page	References
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	39	ESG Date
305-2	Energy indirect (Scope 2) GHG emissions	39	ESG Date
305-3	Other indirect (Scope 3) GHG emissions	18	Environmental Performance Data
305-4	GHG emissions intensity	39	ESG Date
305-5	Reduction of GHG emissions	39	ESG Date
305-6	Emissions of ozone-depleting substances (ODS)	–	–
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	N/A	N/A
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	–	–
306-2	Management of significant waste-related impacts	–	–
306-3	Waste generated	39	ESG Date
306-4	Waste diverted from disposal	39	ESG Date
306-5	Waste directed to disposal	–	–
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	–	–
308-2	Negative environmental impacts in the supply chain and actions taken	–	–
Topic Standards (Social)		Page	References
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	43	Human Resource Data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	–	–
401-3	Parental leave	43	Human Resource Data
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	–	–
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	–	–
403-2	Hazard identification, risk assessment, and incident investigation	–	–
403-3	Occupational health services	–	–
403-4	Worker participation, consultation, and communication on occupational health and safety	–	–
403-5	Worker training on occupational health and safety	–	–
403-6	Promotion of worker health	30	Wellbeing (Initiatives for health and comfort)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	N/A	N/A
403-8	Workers covered by an occupational health and safety management system	–	–
403-9	Work-related injuries	43	Human Resource Data
403-10	Work-related ill health	43	Human Resource Data
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	44	General training
404-2	Programs for upgrading employee skills and transition assistance programs	44	General training
404-3	Percentage of employees receiving regular performance and career development reviews	44	Career Support System
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	43	Human Resource Data
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	35	Case in IRM
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A	N/A
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	N/A	N/A

Topic Standards (Social)		Page	References
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A	N/A
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	N/A	N/A
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	N/A	N/A
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	25	Initiatives for Tenants and Regional Contribution
413-2	Operations with significant actual and potential negative impacts on local communities	N/A	N/A
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	–	–
414-2	Negative social impacts in the supply chain and actions taken	–	–
GRI 415: Public Policy 2016			
415-1	Political contributions	35	Case in IRM
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	N/A	N/A
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A	N/A
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	N/A	N/A
417-2	Incidents of non-compliance concerning product and service information and labeling	N/A	N/A
417-3	Incidents of non-compliance concerning marketing communications	35	Case in IRM
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	35	Case in IRM