



Sustainability Report 2023
September 2023



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About This Report

Activia Properties Inc. ("API") and TLC REIT Management Inc. ("TRM") to which API entrusts the management of its assets, are making the best effort to disclose information related to the sustainability initiatives to the investors and other stakeholders. Within this scope, this report is issued to illustrate the ESG (E: Environment, S: Social, G: Governance) initiatives of API and TRM which are essential to contribute to a sustainable society.

Scope of Report

Period	From April 2022 to March 2023 (excl. some data)
Entities	API and TRM

Contact

Department	Activia Management Division, TLC REIT Management Inc.
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Phone	+81-3-6455-3377
Hours	9:30 - 18:00 (excl. Saturday, Sunday and holidays)

Top Messages

From Executive Director of API

To build a portfolio with a stable and sustainable demand from our customers, API has promoted since its IPO various initiatives to reducing our environmental footprint and contributing to the surrounding communities and environment, believing that for our portfolio, those elements are just as important as others such as the location, use, scale, and quality of properties. In recent years, events have occurred that have caused major changes in the social environment, such as new coronavirus infections and frequent natural disasters caused by extreme weather, and we believe that it is becoming increasingly important to create a sustainable society.

Under such circumstances, in July 2019, we identified our Materiality with publicly announcing our targets in environmental performances and a more practical management policy to achieve them. To accelerate and develop its sustainability initiatives, API set a series of KPIs including procurement of renewable energy, green bond utilization in debt finance in January 2022, and announced other challenging targets related to renewable electricity and CO2 emission in July 2022. Also, API has made public the information disclosure based on TCFD (Task Force on Climate-Related Financial Disclosures) recommendations and is largely promoting its effort toward environment.

Since 2013, we are participant to the GRESB Assessment, an ESG benchmark in the real estate sector, and are using the results to continuously improve the effectiveness of our initiatives.

API will further develop its efforts on sustainability, deepening a trustworthy relationship with the stakeholders while investing in and managing real estate capable of sustaining customer demand and gathering people, seeking to become an entity capable of broadly energizing society as the name “Activia” suggests.

I hope this Sustainability Report will provide you with a broader understanding of API’s sustainability initiatives and we will continue to work together with you on social issues.



Nobuhide Kashiwagi
Executive Director
Activia Properties Inc.

From President & CEO of TRM

TLC REIT Management Inc. (“TRM”) is an asset management company aiming to maximize its shareholder value with a philosophy that we should contribute to the development of our society through a reliable relationship with all the stakeholders.

The importance of responding to environmental issues caused by climate change, reforms in work styles, and the relations with local communities to create a sustainable society is increasing. TRM shares the TFHD Group's Sustainability Vision "to solve social issues through our business activities and achieve a sustainable society and growth together with our stakeholders" and promotes various initiatives based on the recognition that the promotion of strategic corporate ESG (Environmental, Social, and Governance) initiatives contributes to the enhancement of corporate value.

In April 2019, the “Sustainability Policies”, basic policies to contribute for a sustainable society, was established, which can be regarded as a milestone in our efforts toward sustainability. Further in July same year, TRM identified the Materiality, the mid- to long-term material issues to be addressed by the company and has implemented different efforts including preparing internal systems.

Recently, TRM has strengthened its supportive stance toward international initiatives, as represented by the signatory to PRI (Principles for Responsible Investment) in December 2021, and its endorsement for the recommendations of TCFD from January 2022.

In recent years, we have adopted a policy of realizing human capital management based on respect for human rights, considering perspectives such as diversity, fairness, and inclusiveness, and we are also focusing on maintaining a resilient management system that can respond to multifaceted social demands. We are also working to build a system to resolve issues through cooperation with TFHD group companies.

TRM, along with API, will continue to sincerely work on the targets set in line with our Materiality such as reduction of environmental impact, with making appropriately disclosure on our visions and achievements to our stakeholders to develop a further trustworthy relationship with you all.

Akira Kubo
President & CEO
TLC REIT Management Inc.



About API

API is a diversified J-REIT investing in commercial properties and offices sponsored by Tokyu Land Corporation (“TLC” or the “Sponsor”).

API intends to maintain a competitive portfolio in the medium to long term with the objective to maximize its unitholder value, by investing primarily in urban retail properties and Tokyo office properties with making these investments upon careful consideration of location, size, quality, specifications, and suitability for use by tenants.

Structure



(Note) Yonosuke Yamada resigned as supervisory director on September 7, 2023 due to the expiration of his term of office; Kazuhiko Takamatsu, who was elected as supervisory director at the Unitholders’ Meeting held on August 17, 2023, was newly appointed as supervisory director as of September 8, 2023.

REIT (API)

Name	Activia Properties Inc.
Executive Director	Nobuhide Kashiwagi
Address	Shibuya Solasta 18th floor, 21-1 Dogenzaka 1chome, Shibuya-ku, Tokyo, 150-0043, Japan
Contact	Activia Management Division, TLC REIT Management Inc. Phone: +81-3-6455-3377
Securities Code	3279
Listed Date	June 13, 2012
Fiscal Period End	May 31 and November 30

Asset Manager (TRM)

Name	TLC REIT Management Inc.
President & CEO	Akira Kubo
Address	Shibuya Solasta 18th floor, 21-1 Dogenzaka 1chome, Shibuya-ku, Tokyo, 150-0043, Japan
Capital	200 million yen
Shareholder	Tokyu Land Corporation (100%)
Business Segment	Investment management
Fiscal Year End	March 31

Basic investment policies

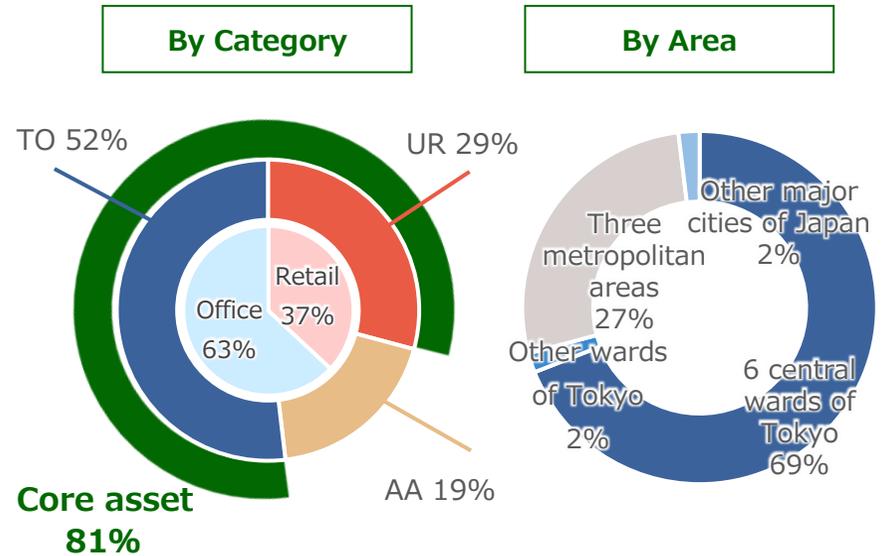
API invests primarily in urban retail and Tokyo office properties utilizing the comprehensive support and capabilities of the Tokyu Fudosan Holdings Group's value chain and perform strong governance structure aimed at maximizing unitholder value.

Urban Retail Properties Retail	Tokyo Office Properties Office	Activia Account Properties Retail+Office
<p>Urban Retail Properties that are easily recognized and located either near major train stations or popular areas in Tokyo, government-designated major cities within Japan's three major metropolitan areas and other major cities in Japan</p>	<p>Office properties within the 23 wards of Tokyo in areas with a high concentration of offices and located near major train stations</p>	<p>To enhance the stability and profitability of our portfolio, we rigorously select commercial facilities other than Urban Retail Properties and office building other than Tokyo Office Properties, assessing the attributes and competitiveness of each property</p>

Investment ratio (Acquisition price basis)

70% or more

30% or less



Core asset 81%

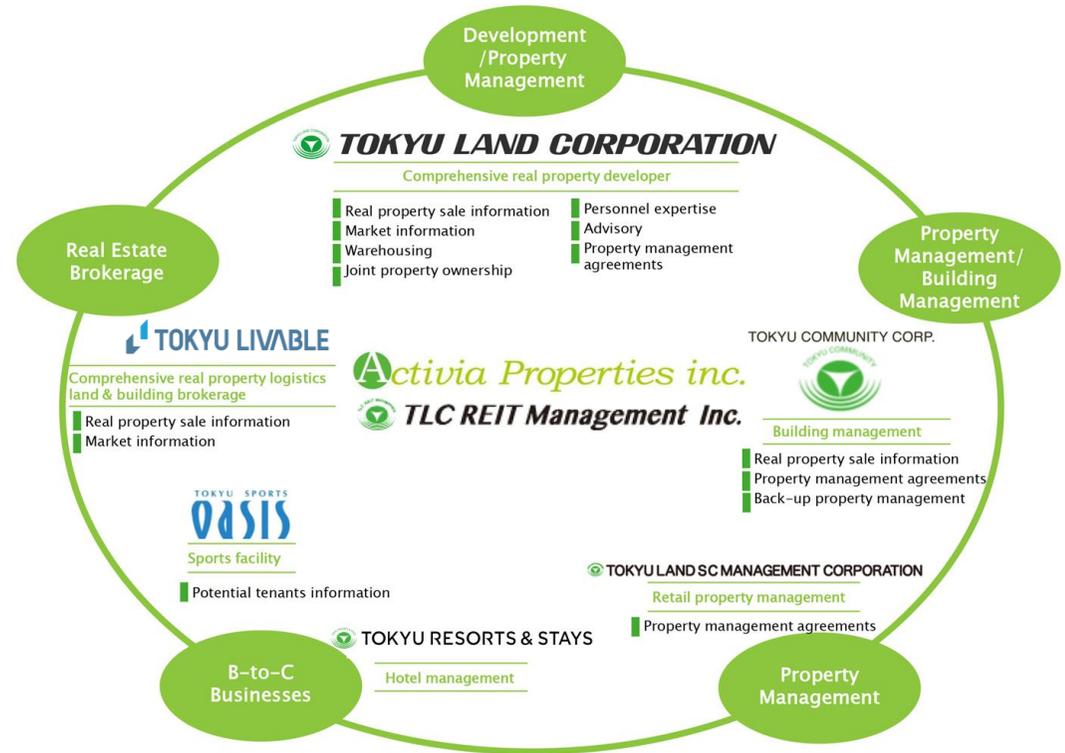
Nb. of properties 46 properties

AUM ¥546.1bn (Acquisition price basis)

(Note) As of June 1, 2023

Tokyu Fudosan Holdings Group's value chain

TRM, to which API entrusts management of its assets is one of the member companies of Tokyu Fudosan Holdings ("TFHD") Group (or the "Group"), a comprehensive real estate developer. We take advantage of the TFHD Group's multi-faceted and comprehensive knowhow and value chain to consistently acquire high-quality properties, as well as to operate and manage the properties so that the value of the properties would be maintained and improved. By doing so, we plan to maximize the unitholder value. While leveraging the value chain of TFHD Group, we also try to ensure and enhance various systems supporting our strong governance structure in order to maximize our unitholder value. The measures include preventive system against conflict of interests in related-party transactions, alignment of interests between investors and the Sponsor, as well as amendment to the asset management fee structure including DPU-linked portion. (Cf. [page 58](#))



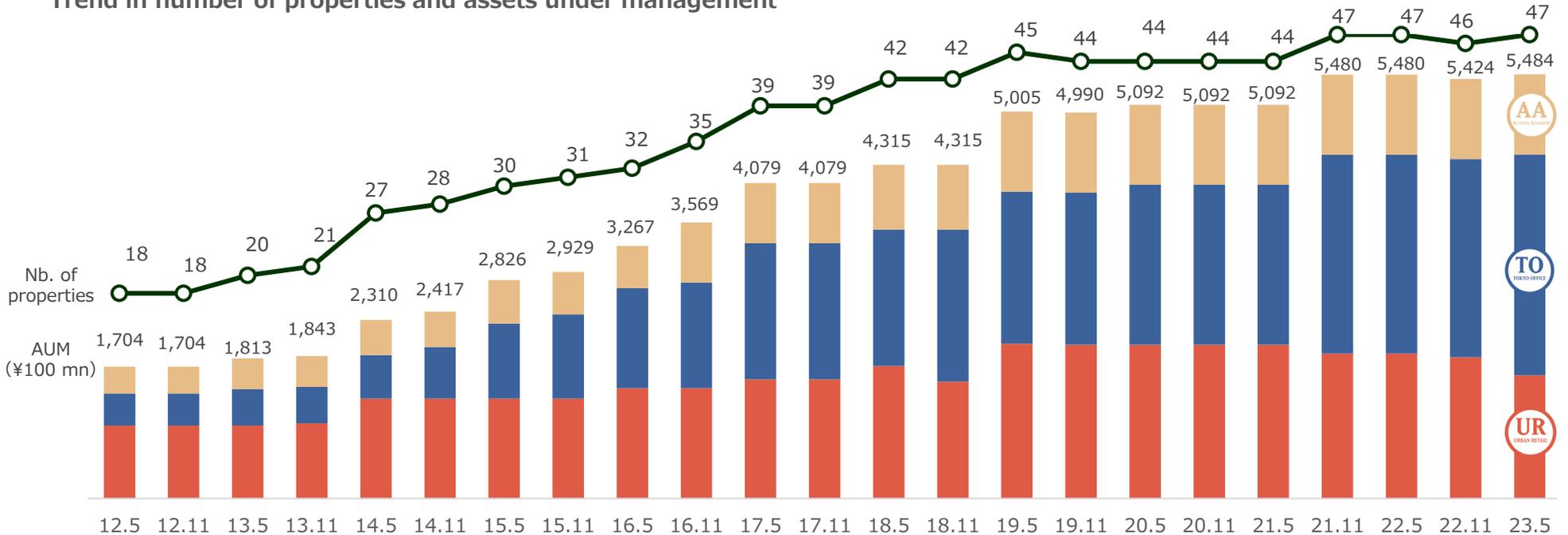
Sourcing from TFHD Group
(As of June 1, 2023) **89.2%**

History

Since our IPO in 2012, API has continued to work to build a high-quality portfolio which is carefully selected with a focus on location and property quality and grow and stabilize earnings by expanding assets under management. With a portfolio having grown to over 500 billion yen, API became one of the major diversified J-REITs.

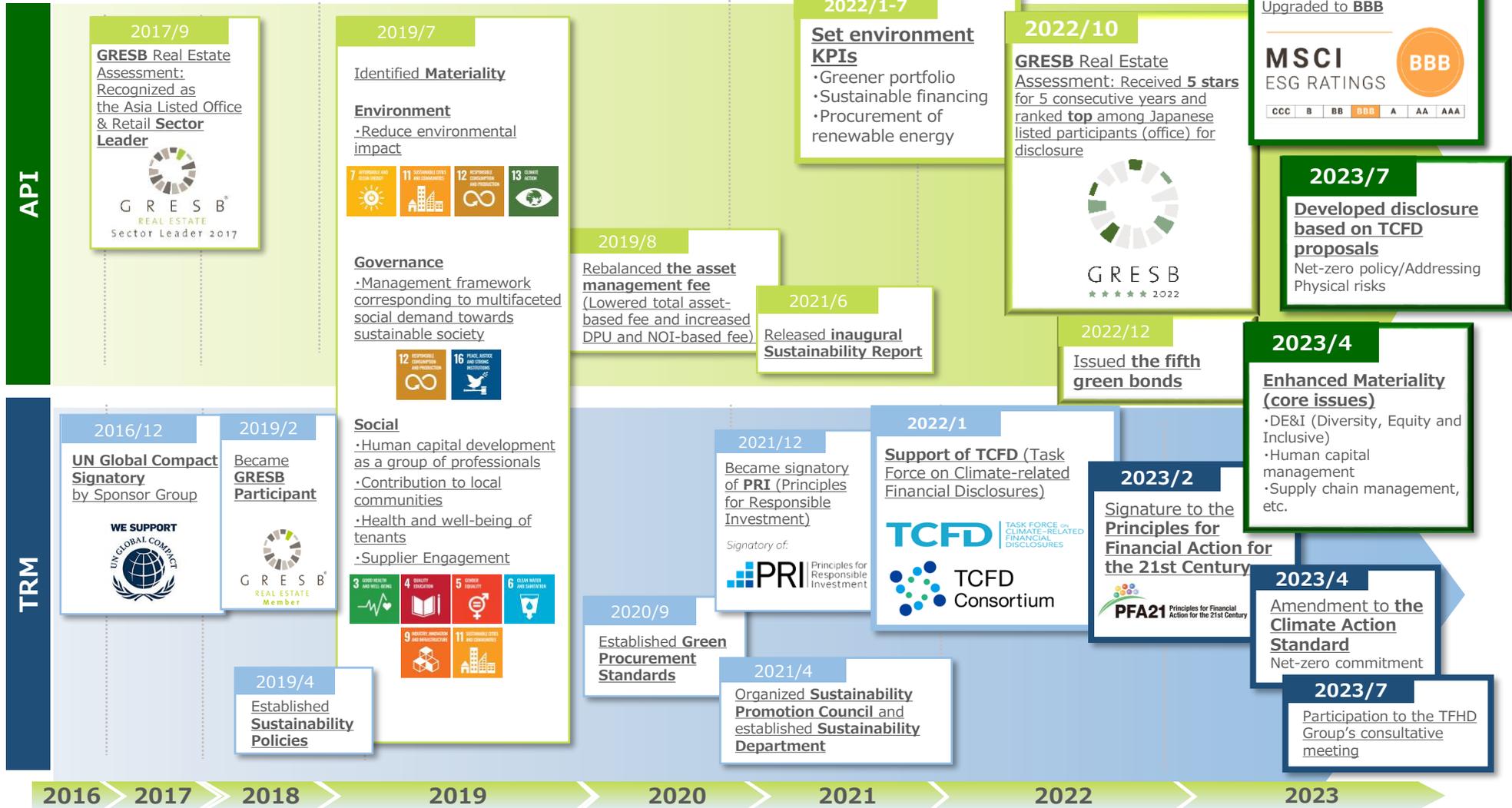
Sep. 7, 2011	Registration of incorporation, and foundation under Article 166 of the Act on Investment Trusts and Investment Corporations
Sep. 20, 2011	Implementation of registration by the Prime Minister under Article 189 of the Act on Investment Trusts and Investment Corporations (registration no.: Director of Kanto Local Finance Bureau No.73)
June 13, 2012	Listed on the J-REIT section of the Tokyo Stock Exchange (securities code: 3279)

Trend in number of properties and assets under management



Initiatives of API and TRM at a Glance

Since its IPO, API has actively promoted initiatives toward a sustainable society in cooperation with TRM, including organization of TRM's internal system allowing to further develop ESG initiatives.



Sustainability Policy / Structure for Promotion

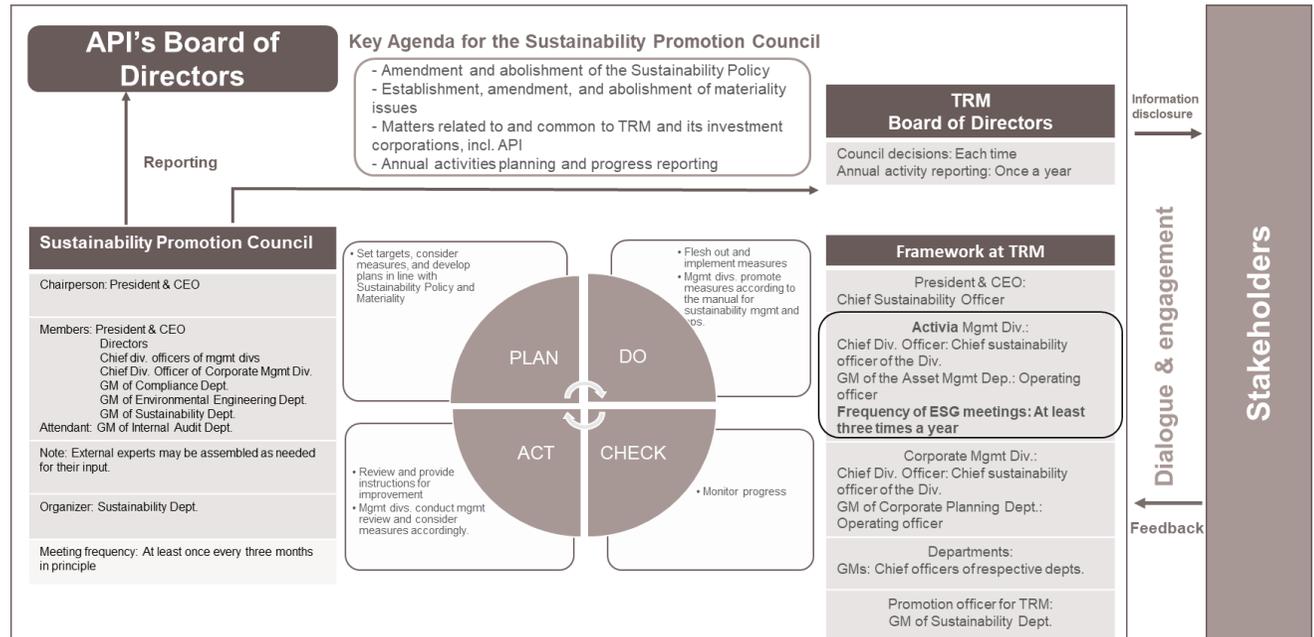
Sustainability Policies

TRM considers paying consideration to environment and society and strong governance as its mission, and as a member of TFHD Group, it shares the Group’s sustainability vision. We believe that tackling these issues is a social responsibility and it should help to realize our management philosophy and contributes to the development of a more sustainable society. The Sustainability Policies have been set to put our beliefs into practice.

For the details of the Sustainability Policies, please refer to [TRM’s website](#).

Our structure to promote Sustainability

To enhance TRM’s efforts towards the issues related to environmental or societal consideration, etc. based on its Sustainability Policies, the rules on the Sustainability Promotion System require that the President & CEO to be the Chief Sustainability Officer and each department appoint one responsible person from the department. The Sustainability Promotion Council is to be held with the President & CEO as chairperson. Sustainability Department was established as of April 1, 2021 to expand the functionality of the Sustainability Promotion System. The Sustainability Department succeeds the ESG-related missions from the Environmental Engineering Department, and we will further promote our sustainability program.



Sustainability Promotion Council

The Sustainability Promotion Council meets regularly with President & CEO as the Chief Sustainability Officer who assumes the ultimate responsibility, and other members from across the organization of TRM and among members, we share relevant information and examine and promote the efforts. External experts are invited to the Council to consult opinions when needed. Matters discussed at the Council are regularly reported to the Board of Directors of TRM and, when necessary, to the Board of Directors of API.

Members of the Sustainability Promotion Council	<p>Chairperson: President & CEO</p> <p>Regular members: Directors, Chief Division Officers of Activia Management Division, Comforia Management Division, Broadia Management Division and Corporate Management Division, General Managers of Environmental Engineering Department, and Sustainability Department, Compliance Officer</p> <p>Organizer: Sustainability Department</p>
Meeting frequency	Every quarter in principle
Main issues to be discussed	<ul style="list-style-type: none"> •Amendment and abolishment of the Sustainability Policy •Amendment and abolishment of the Materiality •Matters related to, and common to TRM and investment corporations •Annual activities planning, report on status

Materiality

In line with the Policy and as a member of the Group, TRM recognizes the materiality issues of the Group and identified its own materiality issues by extracting societal items which are important over the medium to long term for a sustainable society, with consideration to the environmental efforts API has already made. This Materiality is shared between TRM and API. Risks and opportunities related to each materiality are reviewed on a regular basis, and newly identified risks and opportunities are indicated in red.

Materiality	Risks (Impact of not addressing materiality)	Opportunities (Business opportunities expected by addressing materiality)	Relevant SDGs
Reducing environmental impact	Increased physical risk from escalation of climate change (human damage, property damage, economic damage), risks associated with a transition to a decarbonized society	<ul style="list-style-type: none"> Sharing and executing clear commitment to ESG investment with officers and employees should provide opportunities to implement such actions into our business strategy Increased demand for leasing properties focused on environmental performance 	
Human capital development as a group of professionals	Failure to implement a human resources strategy that is based on respect for human rights and that takes into account the perspectives of diversity, equity, and inclusion , or lack of sufficient skilled resources may hinder business operation, leading to stagnant or lower investor values	Each employee's effort to further realize their abilities and maintain mental health and stable living while fulfilling the fiduciary duty required of asset management business and working towards our goal of maximizing unitholder value and enhancing our presence, as we implement human capital management , will create a positive cycle and improve our performance	
Contribution to the local communities	<ul style="list-style-type: none"> Breakdown of communication with local community at the times of emergency such as disaster may cause reputation risk Risk of loss of liveliness due to the image of the invested region becoming obsolete or due to population decrease 	Show presence by contributing to the safety and security of the region and vitalization of local economy as a member of a corporate group committed to urban development	
Health and well-being of tenants	Facilities with inferior ESG considerations may have risk of losing support from tenants	Contract renewal and repeated selection for relocation by tenants can be expected by creating safe, comfortable and pleasant space for tenants	
Supplier engagement	Impact on management operation and deteriorated credit in case of significant violation against sustainable procurement such as discrimination, exploitation, destruction of nature, contamination and violation of laws by suppliers are recognized	Collaborate with suppliers to make transactions that take into consideration human rights and satisfy fiduciary duty required of asset management business and contribute to becoming the REIT of choice by the investors	
Management framework corresponding to multifaceted social demand towards sustainable society	Inappropriate response to multifaceted social demands may risk fail in trust concerning sound and effective management business and affect market development	Enhanced commitment from the perspective of respecting human rights to environmental issues including climate change and social issues such as human capital management and supply chain management will further promote establishment of medium- to long-term business platform, and improvement in financial value can be expected	

API's Initiatives

Based on the recognition that the realization of a sustainable society is essential for API's sustainable growth, API believes that contributing to the resolution of social issues through its business will contribute to its medium- to long-term growth and ultimately increase unitholder value. The policy and status of the initiatives newly formulated in conjunction with the review of the materiality are shown in red.

Materiality (Environment)		Reducing environmental impact	
Policy		<ul style="list-style-type: none"> Energy use: Medium- to long-term target of 1% average annual reduction in energy use intensity Energy-related CO2 emissions: 100% reduction of CO2 emissions generated by electricity by the end of March 2026, relative to a FY2015 baseline* *Excluding co-owned, sectionally owned, and land-only properties that have not installed renewable electricity Water conservation: Medium- to long-term target of 0.5% average annual reduction in water use intensity Waste generation: Medium- to long-term target of 0.5% average annual reduction in waste intensity Climate change response: Implementation of initiatives addressing climate change and disclosure of information pertaining to climate change response and initiatives 	
KPI		<p>[Renewable Energy Procurement]</p> <ul style="list-style-type: none"> Complete transition to renewable electricity in all portfolio properties by the end of March 2026* *Excluding co-owned, sectionally owned, and land-only properties that have not installed renewable electricity <p>[Portfolio Greening]</p> <ul style="list-style-type: none"> 70% or more green-certified assets by 2030 Promote green leases for 100% of new contracts <p>[Sustainable Finance]</p> <ul style="list-style-type: none"> 100% of new investment corporation bond to be green bonds* *On the condition of issuance based on the issuance within current framework Consider diversification of sustainable finance methods 	
Status/Examples		<ul style="list-style-type: none"> Proactive introduction of environmentally friendly facilities and technologies Periodic measurement of environmental performance of the portfolio Periodic measurement of environmental performance of each property Constant acquisition of environmental certification, etc. Promotion of tenant engagement through green leases, etc. Periodic and continuous monitoring by Sustainability Promotion Council Promotion of environment-friendly procurement through the Green Procurement Standards Supporting initiatives that are in line with TCFD recommendations through climate action standards 	
Relevant SDG targets		 7.3 By 2030, double the global rate of improvement in energy efficiency  12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse  12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	

Materiality (Social)		Human capital development as a group of professionals	
Policy		<ul style="list-style-type: none"> Promote human resource strategy that indicates the requirements of desirable resources and facilitate development Commitment to health and well-being of each employee Deployment of measures based on TFHD Group's KPIs (work-style reform, promotion of diversity) 	
Status/Examples		<ul style="list-style-type: none"> Disclosure of key employee data to present our human resources strategy and status of efforts on employee health and well-being (ratio of female employees, number of female directors and managers, turnover ratio, stress check participation ratio, etc.) Support acquisition of business knowledge, skills, qualifications, and implement various trainings Promote career development through periodic performance evaluation/feedback Periodic Health Committee Introduction of various support systems leveraging on Tokyu Group membership, etc. 	
Contribution to local communities			
Policy		<ul style="list-style-type: none"> Enhance disaster prevention functions Prompt recovery of assets under management following occurrence of a disaster Educational activities on fire and disaster prevention and disaster response Enhanced cooperation with local community 	
Status/Examples		<ul style="list-style-type: none"> Publication of capital expenditure/emergency reserves from disaster prevention perspective Improvement of seismic performance, Installation of emergency generator, and establishment of BCP Cooperation for disaster prevention, disaster response and infectious disease prevention Sponsorship/participation/cooperation with local events 	
Health and well-being of tenants			
Policy		<ul style="list-style-type: none"> Improve tenant satisfaction 	
Status/Examples		<ul style="list-style-type: none"> Extract issues and make improvements based on tenant satisfaction survey 	

Supplier Engagement	
Policy	<ul style="list-style-type: none"> Aim at smooth property management by utilizing expert know-how of Tokyu Lnd Corporation, Tokyu Community, Tokyu Land SC Management, and the support agreement counterparty Tokyu Fudosan Holdings Group companies Share information and actively work on environmentally friendly procurement with PM/BM companies
Status/Examples	<ul style="list-style-type: none"> Build/promote collaborative structure through periodic monitoring Conduct training on environment, etc. Promote collaboration with all stakeholders through Green Procurement Standards
Relevant SDG targets	 11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries  12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

Materiality (Governance)	Management framework corresponding to multifaceted social demand towards sustainable society
Policy	<ul style="list-style-type: none"> Explicitly describe statement on governance of the investment corporation Explicitly describe the investment decision making body, as well as the risk management system for investment management Establish framework for promoting implementation of the Sustainability Policy Implement human capital management and maintain a resilient management framework
Status/Examples	<ul style="list-style-type: none"> Governance of the investment corporation Investment decision making body and the risk management system for investment management Establishment of Sustainability Promotion Council for the Asset Manager Promotion based on various rules, etc. as well as training which attempt to respond to multifaceted issues including respect for human rights Establishment of a framework for management of the overall supply chain
Relevant SDG targets	 12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature  16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels

Topics

Progress on Environmental KPIs

We are steadily working toward the environmental KPIs established in January and July 2022 to accelerate and further progress our efforts to reduce our environmental impact. As of the end of May 2023, we have already achieved and maintained the KPIs for the ratio of green building certification, the ratio of green lease contracts, and the ratio of green bonds.



Renewable energy procurement

- ✓ Transition to renewable electricity in all portfolio properties **by the end of FY2025** (Note)
- ✓ **100% reduction of CO2 generated by electricity by the end of FY2025, relative to FY2015 baseline** (Note)

(Note) Excluding co-owned, sectionally owned, and land-only properties that have not installed renewable electricity

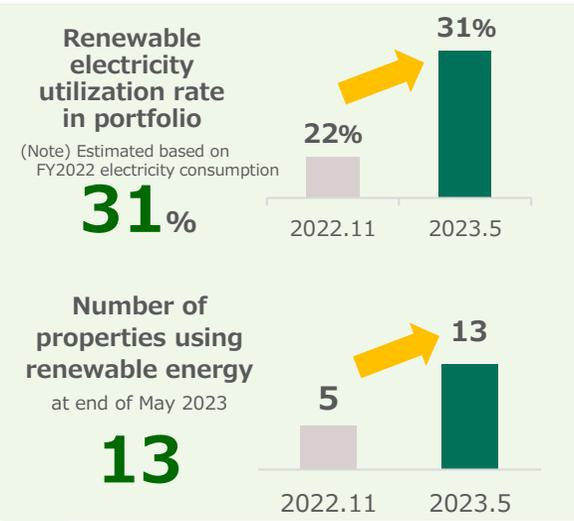
Greener portfolio

- ✓ **70% or more** green-certified assets by 2030
- ✓ Promote **green leases** for **100%** of new contracts

Sustainable financing

- ✓ **100%** of new issuances of investment corporation bonds to be green bonds (Note)
- ✓ Consider diversification of sustainable financing methods

(Note) On the condition of issuance based on the current framework



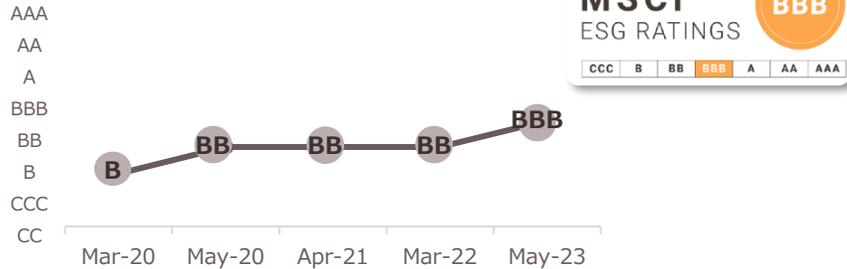
GFA	71%
Green-certified assets at end of May 2023	35
Green lease ratio (FP23 ended May 2023)	100%
New green leases contracted in FP ended May 2023	38

Green bond ratio in bond issuance after KPI setting	100%
Issuance capacity	¥83.0bn

MSCI ESG Rating Upgrade

The MSCI ESG Rating is one of the four domestic equity ESG indices used by the GPIF (Pension Fund Management Inc.) and is used for the MSCI Japan ESG Select Leaders Index, which also includes J-REITs, API has been participating in this evaluation since 2017 and was upgraded from BB to BBB in May 2023.

MSCI ESG Rating history



Signature to Principles for Financial Action for the 21st Century

The "Principles of Financial Behavior for the Formation of a Sustainable Society (the Principles of Financial Behavior in the 21st Century)" is established as an action guideline for financial institutions that want to fulfill the responsibilities and roles necessary for the formation of a sustainable society in October 2011.

TRM has become a signatory to the Principles for Financial Action for the 21st Century (PFA21) in February 2023.



ESG Assessment in Real Estate Acquisition Due Diligence

Starting in fiscal year 2023, TRM will begin conducting due diligence on real estate acquisitions, using its own checklist to examine the status of ESG initiatives, including the acquisition of environmental certifications, the introduction of equipment and facilities that reduce environmental impact such as energy conservation, the management of environmental values, and contributions to the local community. The survey was initiated using an original check sheet.

Participation to the project "Zero Single-Use Umbrellas by 2030 for office"

TRM has joined as a partner company in a new initiative to expand the installation of umbrellas in office buildings and other locations in a project launched by Aikasa, Japan's first umbrella sharing service, with the aim of eliminating the disposal of single-use umbrellas by 2030. To further promote this system, in which users borrow durable Aikasa's umbrellas at train stations and in the city and return them to the nearest umbrella spot when it stops raining, TRM is working to install spots at API-owned properties.



Green bond issuance

API aims to further promote its sustainability initiatives through issuance of green bonds and invite new investors to its investment corporation bonds by stimulating their demand who have interest in ESG investment. With recent issuance of 2.0 billion yen, API has raised a total of 19.4 billion yen of green bonds since the first issuance in July 2019.

Free seating in TRM's office

In 2021, TRM's "New Work Styles Project," a group of in-house volunteers, discussed new work styles in light of the impact of the new coronavirus and social changes, and made a series of proposals to management. As one of the results of the project, TRM changed the layout of the working area in the office and introduced a group address system (free address system for each department) in the spring of 2023. (p.48)



External Evaluation / International Initiatives

External Evaluation

GRESB

API was awarded the highest rank “5 stars” for a 5th consecutive year on GRESB Real Estate Assessment, an overall evaluation of ESG consideration performance. API also received a recognition of “Green Star” for 9 consecutive years for its advanced framework and practices. Further, it achieved “A rank” in the GRESB Public Disclosure for 5 consecutive years and ranked top among Japanese listed diversified (office/retail) participants.



GRESB
★★★★★ 2022



GRESB
Public Disclosure 2022



Global rating

5 stars for **five consecutive years**



Public disclosure

Highest **A** level for **five consecutive years Highest** among Japanese listed participants (office)

Other

API was rated “Low Risk” on the Sustainalytics ESG risk assessment in September 2020 and has obtained a “BBB” rating in the MSCI ESG rating used for the “MSCI Japan ESG Select Leaders Index,” which is the index used for ESG investment by the GPIF (Pension Fund Investment Management Inc.).



Green Certification of owned properties

For the green certifications acquired by the properties owned by API, please refer [p.32](#).

Considering the need to address the increasing significance of ESG as an asset management company in the investment management industry, TRM became a GRESB Real Estate Company & Fund Manager Member in 2019. As a member of a global initiative, we will network and share information with leading companies in the area of ESG and participate in activities such as introduction of Japanese cases to the world, to improve sustainability.

International Initiatives

Signature to UN Global Compact (UNGC)

UN Global Compact is a voluntary effort by corporations and organizations to participate in creation of global framework to realize sustainable growth. Corporations and organizations that joined UNGC continue their efforts to realize the ten principles regarding protection of human rights, elimination of unfair labor, environmental preservation and prevention of corruption. TFHD Group has joined the UNGC in December 2016, and as a member of the Group, TRM supports the ten principles of UNGC. (cf. [p.60](#))



Support for TCFD recommendations

Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (“FSB”) at the request of G20, to examine how climate-related information should be disclosed and how financial institutions should respond. In January 2022, TRM expressed its support for the recommendations of TCFD, and also joined the TCFD Consortium which is a group of domestic companies that supports TCFD recommendations.



For the information disclosure based on TCFD recommendations, please refer [p.20](#).

Principles for Responsible Investment signatory

The Principles for Responsible Investment (PRI) refer to the below-listed six principles proposed in 2006 by then secretary general of the United Nations as a guide for members of the financial sector, and the international network of investors working toward the fulfillment of the principles. PRI is promoted by the United Nations Environment Programme Finance Initiative (“UNEP FI”) and the United Nations Global Compact (“UNGC”). The PRI, which calls for incorporating considerations for environmental, social, and governance (ESG) issues into investment decision making, is designed to improve long-term investment performance for beneficiaries and have fiduciaries to fulfill their duties by having ESG perspectives integrated into the process of investment decision making. TRM supports the basic idea of the PRI and became a signatory in December 2021.

Six Principles for Responsible Investment (PRI)

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

Signatory of:



Signature to Principles for Financial Action for the 21st Century

The "Principles of Financial Behavior for the Formation of a Sustainable Society (the Principles of Financial Behavior in the 21st Century)" is established as an action guideline for financial institutions that want to fulfill the responsibilities and roles necessary for the formation of a sustainable society in October 2011. TRM has become a signatory to the Principles for Financial Action for the 21st Century (PFA21) in February 2023.

Environment

Our view on Environment

API considers climate change as a significant risk and identified reducing environmental impact as part of its Materiality. Our medium- to long-term targets are 1.0% average annual reduction in energy use intensity, and 0.5% annual average reduction in water use intensity and waste intensity. And in July 2022, we set a new target of CO2 emissions: 100% reduction of CO2 generated from electricity. We believe that effort to reduce environmental impact to mitigate climate-change related risk such as extreme climatic conditions and sea-level rise would lead to maximization of our unitholder value. Therefore, we continue to fulfill our mission to reduce environmental impact and provide high energy-saving performance in the owned properties.

API and TRM consider that contribution to the local communities as well as urban revitalization, with environmental consideration, through management of our properties is one of our important missions. With regard to investment in undeveloped site (greenfield), we recognize that act of development will have an impact on the natural environment and ecosystem, and we will continue to make investment in light of such recognition.



Addressing Climate Change	<u>20</u>	Green Building Certifications	<u>32</u>
Environmental Consideration in Real Estate		Initiatives with Suppliers and Tenants	
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	<u>29</u>		
Environmental Performance	<u>31</u>		

Addressing Climate Change

1. How we look at and address climate change

(1) Our perception of and basic approach to climate change

We are well aware that climate change is a critical issue that has a great impact on our business activities.

The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), published in 2021, firmly concludes that humans have warmed the atmosphere, ocean, and land. The report attributes increases in greenhouse gas (hereinafter refers to as “GHG”) concentrations including carbon dioxide since around 1750 to human activities such as heavy consumption of fossil fuels.

At the 26th United Nations Climate Change conference (COP26) also held in 2021, participating countries formally agreed that they will pursue efforts to limit temperature increase to 1.5°C. This agreement came amid growing awareness that limiting the increase in the global temperature to 2°C above levels in the Industrial Revolution, the maximum allowable level under the Paris Agreement of 2015, will not preclude tremendous negative impacts. Given the global temperature has already risen by more than 1°C, however, we believe that achieving this target requires bold actions, including social and structural changes.

Given such circumstances, we recognize the importance of efforts to achieve the Japanese government’s goal of attaining net zero GHG emissions by 2050. (“Net zero” refers to a balance between anthropogenic emissions and their removals. The same applies hereinafter.)

We need to adapt to emerging waves of change generated by these increasing impacts of climate change, more solid global frameworks for climate change, and transition to a decarbonized society. We also need to secure both stable earnings and steady growth in assets under management over a medium to long term. To these ends, it is important for us to predict risks and opportunities that climate change may present to our business, to work with our investors and other stakeholders, and to reflect such risks and opportunities in our investment strategies and property management.

TRM, to which API entrusts the management of its assets, is mindful of the need for environmental and social considerations and strong governance. And, as a member of the TFHD Group, TRM shares [the Group’s Sustainability Vision](#). The Group has a goal of net zero CO2 emissions by 2050 (hereinafter referred to as “net zero policy”) for itself and its supply chains as one of its climate targets.

TRM believes that addressing these needs constitutes part of its social responsibilities and is also an avenue to practice its management philosophy. It also believes that doing so will contribute to development of a sustainable society. To put this belief into practice, TRM has identified material issues under its Sustainability Policy and shares them with API. For more information on the Sustainability Policy and the material issues, please refer to TRM’s [Sustainability Initiatives](#).

The escalation of climate change has a huge impact on our efforts toward “reducing environmental impact,” one of our material issues. For this reason, we demonstrate to our suppliers our commitment to environmentally preferable purchasing with our Green Procurement Standards (refer [p.35](#)), established in September 2020. We join hands with our suppliers in taking action based on mutual understanding.

To redouble its efforts to address these issues, TRM has signed on to the Principles for Responsible Investment (PRI), joined GRESB as a member, and embraced the UN Global Compact (UNGC) in conducting business activities.

(2) Support for the TCFD Recommendations

TCFD stands for “Task Force on Climate-related Financial Disclosures,” a unit established by the Financial Stability Board (FSB) at the request of the G20. With the recognition that climate change poses a serious risk to the global economy, the TCFD is tasked with examining how climate-related information should be disclosed as well as what action should be taken on the part of financial institutions.

In January 2022, TRM announced its support for the TCFD Recommendations. Also, TRM became a member of the TCFD Consortium, an association of Japanese businesses that endorse the recommendations.



2. Organizational governance for addressing climate change

(1) Our structure to promote sustainability

For information on the implementation setup at TRM (including responses to climate change; hereinafter the same), please refer to “[Our Structure to Promote Sustainability.](#)” (p.10)

(2) Sustainability Promotion Council

As part of its efforts to address sustainability issues, TRM convenes the Sustainability Promotion Council regularly to share sustainability-related information (including responses to climate change) and discuss measures to take on these challenges and implement them. The Council also monitors progress in our sustainability efforts regularly and continuously. For more information about the Council, please refer to “[Sustainability Promotion Council](#)” under “[Our Structure to Promote Sustainability.](#)” (p.11)

(3) Our ISO 14001-certified environment management system
API and TRM have in place a unique environment management system (EMS) that builds on a PDCA cycle to reduce environmental impacts of their business, including the management of properties owned by API. By taking advantage of this EMS, we have been making efforts to build up a framework to manage and promote sustainability initiatives. These efforts, which involved holding regular divisional meetings and reporting to management, and as needed, to the Sustainability Promotion Council, eventually paid off. In April 2022, this particular EMS was certified to have met the international standard in two categories of service: real estate investment management and proprietary property management. For information on how API uses the EMS in asset management, please refer to “[Environment Management System.](#)” (p.35)

(4) Climate Action Standards

For matters related to addressing climate change, TRM has in place a set of climate action standards, under which it has built its structure to promote sustainability and established an action policy that builds on the TCFD framework. To reduce the impact of GHG emissions on climate change, TRM, as a member of the Group, sets climate indicators and targets under the net zero policy. For information on the management of risks and opportunities related to climate change, see “[4. Managing Risks and Opportunities Related to Climate Change.](#)” (p.25)

(5) Reporting on performance

For information on TRM’s structure for reporting and monitoring, please refer to “[Our Structure to Promote Sustainability.](#)” (p.10)

Meeting entity	Convening entity	Meeting frequency
ESG meeting at Activia Management Division	TRM	Three times or more a year
Sustainability Promotion Council	TRM	Four times a year
TRM’s Board of Directors meeting	TRM	Once a year (reporting)
API’s Board of Directors meeting	API	As needed (reporting)

3. Strategy that factors in risks and opportunities related to climate change

(1) Scenario analysis assumptions

Climate change risks can be largely divided into transition risks and physical risks. API has analyzed three scenarios: 1.5°C, below 2°C, and 4°C scenarios, using future climate predictions announced by two international organizations*.

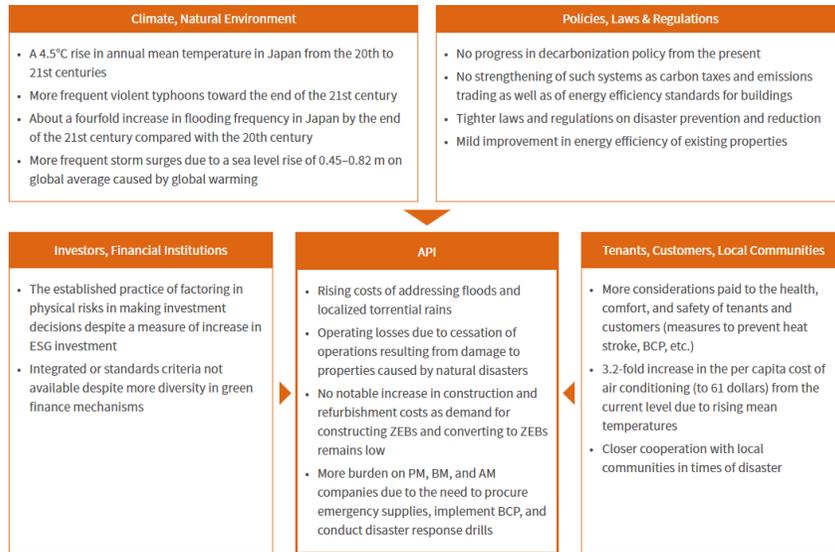
These scenario analyses have used two timeframes during which we will continue to be affected: mid-term (2030) and long-term (2050).

* International Energy Agency (IEA), World Energy Outlook 2022

UN Intergovernmental Panel on Climate Change (IPCC), The Sixth Assessment Report (AR6)

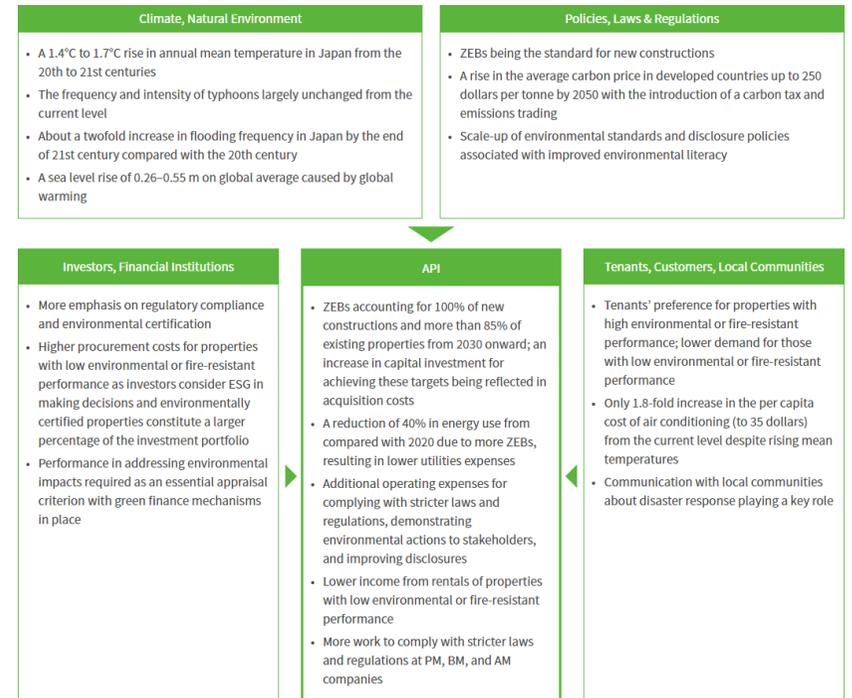
Global outlook under 4°C scenario

In this scenario, GHG emissions remain high due to a lack of progress in decarbonization action, resulting in more frequent natural disasters. Actions need to be taken to address physical risks rather transition risks, which are outweighed by the former.



Global outlook for below 2°C/1.5°C scenario

In these scenarios, GHG emissions are curbed thanks to various environmental regulations, and there are more ZEBs. Actions need to be taken to address transition risks rather than physical risks.



(2) Analytical procedure

The analysis of the 4°C scenario, which assumes a world in which physical risks need to be addressed more than transition risks, has involved identifying and analyzing long-term (2050) risks, which outweigh mid-term (2030) risks. The analysis of the below 2°C and 1.5°C scenarios, which assumes a world in which transition risks need to be addressed more than physical risks, has involved identifying and analyzing both mid-term (2030) and long-term (2050) risks and opportunities for each scenario. In both analyses, financial impacts have been analyzed and assessed both quantitatively and qualitatively.

The analyses, both qualitative and quantitative in nature, have been conducted in light of the status of API's asset holdings, with reference made to currently available scenarios as published by the IEA and the IPCC and to objective projections published by other third-party specialized institutions. The impact assessments thus made assume some risk factors and their uncertainties; therefore, they do not guarantee their accuracy or safety that they may suggest.

Risk Category	Type	Item	Description of Risks and Opportunities	Category	Financial Impact				
					4°C	Below 2°C		1.5°C	
					2050	2030	2050	2030	2050
Transition Risks	Policies, Laws & Regulations	Increased pricing of GHG emissions	Cost arising from carbon tax levy	Risk		Minor	Moderate	Minor	Moderate
			Higher efficiency due to shift to properties with higher eco performance	Opportunity		Minor	Minor	Minor	Minor
		Mandates on and regulation of existing products and services	Increased construction costs arising from compliance with ZEB-related and other environmental regulations	Risk		Minor	Major	Minor	Major
			Increased verification costs arising from compliance with ZEB-related and other environmental regulations	Risk		Minor	Minor	Minor	Minor
			Higher efficiency due to shift to properties with higher eco performance	Opportunity		Minor	Minor	Minor	Minor
	Technology	Substitution of existing products and services with lower emissions options	Increased costs arising from introduction of new technologies	Risk		Minor	Major	Minor	Major
			Higher efficiency due to shift to properties with higher eco performance	Opportunity		Minor	Minor	Minor	Minor
	Market	Changing customer behavior	Higher vacancy of properties with lower environmental performance	Risk		Minor	Minor	Minor	Minor
			Lower demand due to little shift to properties with higher fire-resistance	Risk		Minor	Minor	Minor	Minor
		Shift to high-efficiency properties	Securing competitive edge by shifting to properties with higher environmental performance	Opportunity		Major	Major	Major	Major
			Reputation	Increased stakeholder concern or negative stakeholder feedback	Divestment or poor access to capital markets	Risk		Minor	Minor
	Changing customer behavior	Lower demand due to little shift to properties with higher fire-resistance		Risk		Minor	Minor	Minor	Minor
Physical Risks	Acute	Increased severity of extreme weather events	Costs incurred from the need to address torrential rain disasters, etc.	Risk	Moderate				
			Loss of sales opportunities due to torrential rain disasters, etc.	Risk	Minor				
	Chronic	Rising mean temperatures and sea levels	Increased costs of air conditioning due to rising temperatures	Risk	Minor				
			Inundation due to sea level rise	Risk	Minor				

(Note) Risks are in orange and opportunities in blue. The scale of the financial impact (minor, moderate, major) is expressed by the depth of color: the deeper the color is, the larger the impact is.

(3) Analysis findings

Both the below 2°C and 1.5°C scenarios entail substantial transition risks. In these two scenarios, the introduction of a high carbon tax designed to curb CO2 emissions in Japan is likely to mean higher operational costs stemming from, for example, a heavier tax burden on CO2 emissions from proprietary properties. Stricter environmental regulations with regard to ZEBs, energy saving standards, and the like are likely to translate into additional costs of refurbishments needed to comply with them.

Tighter regulations will have a tremendous impact on tenants’ choice of properties. It is expected that in comparing properties of different real estate agencies, demand for properties with lower energy efficiency will decline. With an eye on a transition to a decarbonized society under the scenario of below 2°C, API is committed to addressing these risks and maintaining its competitive edge. To these ends, API will take a number of actions. These include deploying renewables, switching over to LED lighting in a systematic manner, and retrofitting its properties with more energy efficient equipment. To make its portfolio greener, API will also increase the proportions of environmentally certified properties and green lease agreements with new tenants.

Under the 4°C scenario in which little progress will be made in decarbonization, API expects damage to its proprietary properties due to increased severity of extreme weather events and resultant increases in repair expenses. It is worth noting here that API’ buildings are originally disaster-resistant and that API’s investment focuses on properties in areas resistant to inundation and other risks. With regard to chronic changes such as rising mean temperatures, API is committed to reducing CO2 emissions by, for example, deploying renewables and considering and replacing existing key equipment such as electric and air conditioning equipment with more energy-efficient equipment wherever possible when it reaches its end of life.

It is worth noting that these analyses (published in July 2023) did not find any marked changes from the previous analyses (published in July 2022) or any matters of significant concern. It is unlikely that there will be major changes to the trends concerning the above scenarios. Accordingly, API will continue with what it has been doing.

(4) Addressing Physical Risk

Japan is prone to natural disasters. Its geographical factors expose it to inundation and other damage due to typhoons and torrential rains. Earthquakes are frequent as well. API has in place a structure that minimizes such damage and enhance resiliency to intensifying disasters to reduce the risk that disasters will erode portfolio profitability. TRM has a business continuity management (BCM) policy on crisis response and business continuity planning (BCP) under its basic policy on risk management. Progress in global climate change may make natural disasters more frequent and destructive. API regards an increasing financial impact of such disasters as a major physical risk of climate change. Please see “Preparation for Disasters” (p.41) for our preparedness for disasters.

Predicting flood risks

API keeps abreast of possible flood damage to its portfolio with the help of hazard maps prepared by the Ministry of Land, Infrastructure, Transport and Tourism and local governments. (API uses information on flood and inundation hazard areas as well as storm surge and inundation hazard areas.) To minimize economic losses, API makes necessary Preparation for Disasters for its properties and has a fire insurance that covers flood losses in place for each of them.

Please check earthquake PML in “Financial Statements”.

Flood depth(m)	UR	TO	AA	Total (nb. of building) (Note)
Over 5.0	0	0	0	0
3.0 to 5.0	0	0	2	2
0.5 to 3.0	5	9	3	17
0 to 0.5	4	2	2	8
No damage expected	3	8	4	15
Total	12	19	11	42

(Note) Number of buildings as of November 30, 2022. Excluding properties for sale.

4. Managing Risks and Opportunities Related to Climate Change

Matters related to material issues regarding climate-related risks and opportunities and adaptation and resilience to climate change are regarded by TRM as matters related to climate action in accordance with its climate action standards. They also constitute specific sustainability initiatives and are therefore part of the matters related to promoting sustainability. In January 2022, we announced our support for the TCFD Recommendations, which prompted us to conduct scenario analyses described above. The analyses were aimed at identifying risks and opportunities arising from the impact climate change may have on API, assessing the impacts of these risks and opportunities on our business, and making changes to our future strategies as needed. Risks of particular importance were singled out in light of how likely they emerge, when they emerge if ever, and how they may impact our finances. Based on the analysis findings, we will review and further improve our initiatives. To this end, we will execute function management with the help the EMS and monitor API's actions and their progress through the Sustainability Promotion Council.

5. Setting Metrics and Targets Related to Climate Change

(1) Metrics and targets
 API has identified its metrics and targets related to climate change under the category of "reducing environmental impact," one of the material issues it shares with TRM. For the purposes of identification, API assessed risks and opportunities presented by the impacts of climate change as well as the importance of specific actions aimed at addressing these impacts. API has also set out a policy for reducing environmental impact. The policy covers four key areas: energy use, energy-related CO2 emissions, water conservation, and waste generation. To translate the policy into specific actions, API has set the following key performance indicators (KPIs) for climate action under the net zero policy, which builds on TRM's climate action standards. These KPIs are classified into three categories, which include the existing two categories of renewable energy procurement and portfolio greening as well as the new category of sustainable finance, with the KPI in this category being the percentage of green bonds.

Renewable energy procurement

Complete transition to renewable electricity in all portfolio properties* by the end of March 2026
100% reduction of CO2 emissions generated by electricity* by the end of March 2026, relative to a FY2015 baseline

(Note) Excluding co-owned, sectionally owned, and land-only properties that have not installed renewable electricity

Greener portfolio

Green-certified assets: 70% or more green-certified assets by 2030
Green leases: Promote green leases for 100% of new contract

(Note 1) Green-certified assets refer to the properties to CASBEE Certification for Real Estate, BELS Certification, Tokyo Low-Carbon Small and Medium-Sized Model Building, and DBJ Green Building Certification.

(Note 2) The figure is calculated based on the gross floor areas of the properties excluding those in which API owns only land.

(Note 3) API promotes to include green clauses in lease contracts with tenants in light of the need for energy efficiency and environmental considerations, thus sharing with them its ideals for improving and maintaining building-wide comfort and productivity.

Sustainable finance

100% of new issuances of investment corporation bond to be green bonds

(Note) On the condition of issuance based on the current framework.

(2) Progress toward targets as well as practices
 API regularly discloses information on its website, etc. on environmental performance with regard to energy consumption, CO2 emissions, water consumption, and waste generation; environmental certifications; and environmental impact reducing works. It also provides relevant information on [the annual sustainability report](#) and [financial statements](#) as part of ESG-related information.

Environmental Consideration in Real Estate Investment

Environmental risk assessment in acquisitions

When API is acquiring a new property, TRM conducts due diligence using third party experts to assess environmental risks regarding toxic substances (usage/storage of asbestos, PCB, CFC, other chemical substances, soil contamination, etc.) before investment decisions. In addition, we use a proprietary checklist to survey the status of ESG initiatives, including the acquisition of environmental certifications for acquired properties, the introduction of equipment and facilities that reduce environmental impact such as energy conservation, the management of environmental values, and contributions to the local community.

Urban Redevelopment

Brownfield redevelopment

Amagasaki Q's Mall is a large shopping mall constructed through redevelopment of a former factory site. Chemicals detected in the soil contamination risk assessment on the site were removed by excavation before redevelopment.

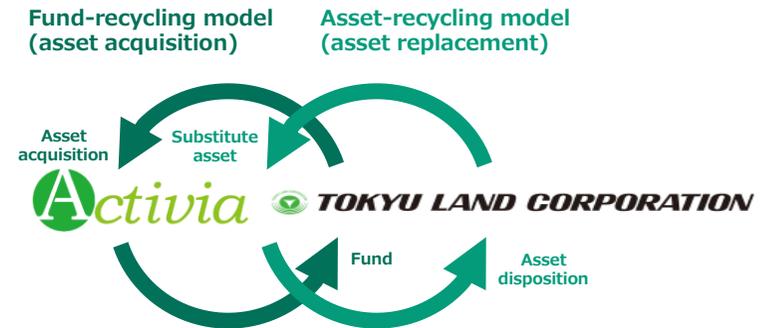


Dependence on nature and impact on urban development in the greater Shibuya area

Quantitative analysis using expert analysis tools shows that the biodiversity restoration impact before and after the construction of the sponsor's properties in the greater Shibuya area has been positive since FY2012. (p.27)

Asset-recycling model with TLC

As the support from the Sponsor for external growth, in addition to the "fund-recycling model" in which API acquires an asset from the sponsor through fund procurement, API is also promoting the "asset-recycling model" through asset replacement with the Sponsor. By utilizing the Sponsor's redevelopment function, not only that the assets that API dispose will be put back into the pipeline after redevelopment by the Sponsor, but API also plays a part in the urban redevelopment by the Sponsor.



Tokyu Plaza Akasaka (disposed in October 2021)

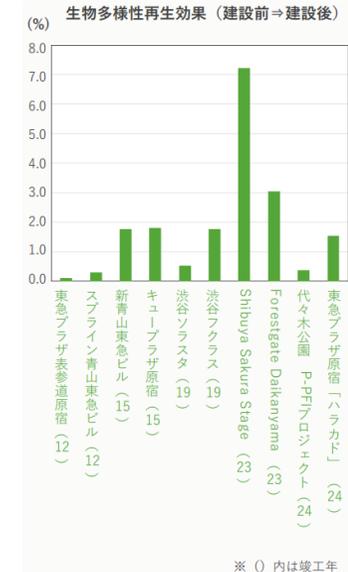
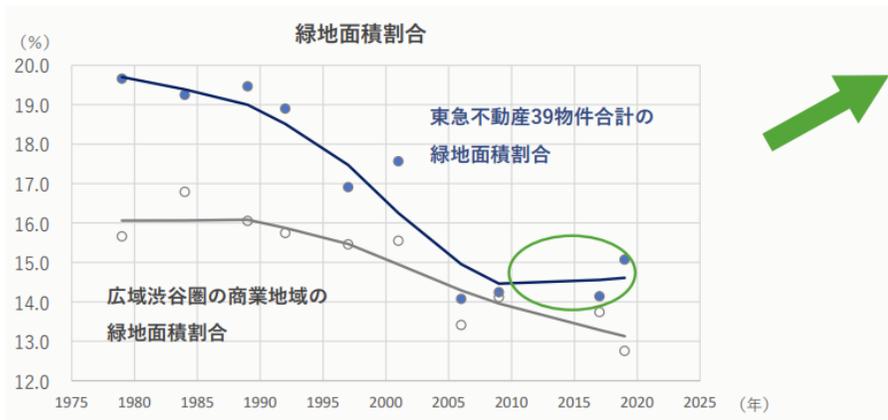
A hotel representing the area facing the Akasaka-mitsuke intersection, which was over 50 years old, was transferred to the Sponsor. Not only that the preferential negotiation rights for the new property in the event that the hotel will be redeveloped by the Sponsor that API has acquired will contribute to API's future external growth, but API will also play a role in urban redevelopment as a part of the Sponsor's cyclical reinvestment business.



Urban Greening and Biodiversity

Initiatives towards biodiversity

Biodiversity is one of the key issues in the TFHD Group’s environmental management. In urban areas, the TFHD Group is developing and managing real estate with the goal of connecting greenery scattered throughout the city in a way that takes into account both people and nature. As part of these efforts, the TFHD Group has been working with experts to disclose the dependence, impact, risks, and opportunities related to the sponsor group’s natural capital, referring to the TNFD’s Nature-Related Risk and Opportunity Management and Disclosure Framework Beta v0.4 issued by the Task Force on Nature-Related Financial Disclosures (TNFD). In order to disclose this information, we are working with experts to review, analyze, and organize nature-related information within the sponsor group’s operations. Recently, a quantitative analysis was conducted on properties owned (including API-owned properties) located in the Greater Shibuya Area, the priority area for such analysis, using the analytical tools of the experts. As a result, it was found that the TFHD Group’s biodiversity restoration effects before and after the construction of its properties have been positive since the properties developed in FY2012. The results show that the TFHD Group’s efforts to secure the quantity and quality of greenery in recently completed properties, such as securing green space under various urban development programs and selecting native species for planting, have been successful, and the sponsor group’s community development has been recognized as contributing to nature positivity. In accordance with the Group’s biodiversity policy, the Group plans to continue various types of monitoring in the greater Shibuya area to determine the state of nature with reference to the TNFD. In particular, Tokyu Plaza Omotesando Harajuku is the center of the area, and the monitoring results suggest that the greening of the building, centered on the Omohara Forest, may be having a positive impact on the ecosystem by providing a habitat for living creatures in the greater Shibuya area. (p.29) For details, please refer to TFHD’s [TNFD Report 2023.8.25](#).



Transition to Renewable Energy

API began procuring 100% of electricity from renewable energy sources for 4 of the properties it owns from the fiscal period ended May 2022, and as of the end of the fiscal period ended May 2023, 13 properties, or approximately 31% of the portfolio's electricity consumption (estimated based on actual results for fiscal 2022) (Note), were using electricity derived from renewable energy sources. (Note). 3 of the 13 properties are powered by TFHD Group's renewable energy power plants. We will continue to implement measures to achieve the KPI of completing the introduction of renewable energy power to all properties in the portfolio (Note) by the end of March 2026.



(Note) Excluding co-owned, sectionally owned, and land-only properties that have not installed renewable electricity.

Sponsor's initiatives

TLC started renewable energy business such as solar and wind power generation in 2014. In 2019, it became member of RE100* as a first Japanese real estate developer. To achieve RE100, it advanced the initial target year to complete 100% transition of 2025 to 2022 and accelerates the initiatives toward climate change.

*RE100 is a global initiative bringing together the world's most influential businesses committed to 100% renewable electricity.

TLC's renewable energy business

(As of the end of Aug. 2023)

ReENE

東急不動産の再生可能エネルギー事業 [リエネ]

Nb. of projects: 89

Rated capacity: 1,625MW

▶ Equivalent to power consumed by approx. 741k households

CO2 emissions reduction: 1,529,000t-CO2/year

Solar



Solar power plant in Ibaraki (Namegata, Ibaraki)

Wind



Wind power plant in Hokkaido (Matsumae, Hokkaido)

Biomass



Biomass power plant in Tottori (Yonago, Tottori)

Measures Taken in Owned Properties

Tokyu Plaza Omotesando Harajuku

In the one of API's flagship properties, various environmental efforts are taken including CO2 emission reductions through wind-power generation, conservation of water resources as well as resource saving by using recycling materials.

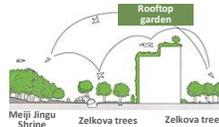
1 Reducing CO2 emissions

- Use of natural energy through wind-power generation and top light
- Energy-saving equipment (LED lighting, motion sensors, outdoor sprinklers)
- Mitigation of the heat-island effect through rooftop garden



2 Conservation of Biodiversity

- Attracting living creatures (watering place for birds and birdhouses)
- Contributing to an ecological network nearby



3 Conservation of Water Resources

- Water-saving equipment (water-saving toilets, water-saving faucets)



4 Resource Saving

- Use of recycled materials (wood decks made of recycled wood, carpets made of recycled materials)



5 Attention to Health

- Reducing harmful substances (using building materials emitting less VOCs)
- Rooftop gardening for psychological healing and the cleanup of air (absorbing dust)



For more measures taken in each property, please refer [API's website](#).

Consideration to Urban Greening and Biodiversity

API does not invest in new development project, though in management of API's owned properties, we respect biodiversity through efforts toward conservation of and improvement in ecosystem in urban greening and natural area in the premises or neighborhood.

For Tokyu Plaza Omotesando Harajuku, we acquired ABINC certification and conducts regular surveys of living creatures throughout the year in cooperation with an expert in natural environment conservation, in order to monitor changes in the ecosystem of the green space.

On the rooftop, a nature-friendly environment with water mountain for birds has been created. A large-sized rooftop garden with tall trees, such as zelkova and Katsura trees, in the center of Omotesando and Harajuku areas, is registered as a "Birdpia" by the Japanese Society for Preservation of Birds. As part of a green network consisting of Meiji Jingu shrine and zelkova trees near the property, the "Forest of Omohara" links the urban area with a natural environment that is home to many birds and other living creatures.

Rooftop greening and wall greening are being actively introduced in several office buildings as well.



More than 30 medium-tall and tall trees are planted, including zelkova and Katsura trees, which are also growing along the Omotesando street nearby.



There are six birdhouses in the forest, of which two were hand-created by pupils of an elementary school nearby.

The Forest of Omohara is a resting place where anyone can relax, enjoying the changing seasons.

Participation to the project “Zero Single-Use Umbrellas by 2030 for office”

TRM has joined as a partner company in a new initiative to expand the installation of umbrellas in office buildings and other locations in a project launched by Aikasa, Japan's first umbrella sharing service, with the aim of eliminating the disposal of single-use umbrellas by 2030. To further promote this system, in which users borrow durable Aikasa’s umbrellas at train stations and in the city and return them to the nearest umbrella spot when it stops raining, TRM is working to install spots at API-owned properties.



Resource recycling program

In Tokyu Plaza Omotesando Harajuku, we collect and compost raw garbage generated in the restaurants in the properties. Manure is utilized to grow vegetables and fruits in the rooftop garden. Visitors can enjoy menus prepared with the garden’s harvest.

We participate also in a project “Pool Project Tokyo” which collects and recycle plastic materials in retail facilities in Tokyo and verifies recycle system for packaging waste from clothing and apparel shops.



Environmental impact reducing works

In accordance with the medium- to long-term asset management plan, in every fiscal period, API undergoes engineering works to reduce environmental impacts such as installation of LED lightings and energy-saving air-conditioners. Not only common areas, but tenant spaces also get renovated occasionally in the event of the tenant replacements.

Commercial Mall Hakata

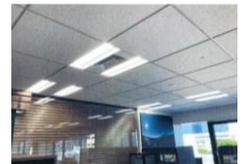
In the renewal work of air-conditioning equipment for common areas and backyards, planning, procurement, construction, and delivery were conducted to satisfy TRM's Green Procurement Standards and the "Premium Standard Formulation Guidelines Version 1.4" set by the Ministry of the Environment and CO2 emissions reduced by 37%.

The "Premium Standard" is based on advanced environmental performance that can be a development target to promote market traction and innovation by people and organizations pioneering in environmental considerations. It is a standard based on advanced and higher environmental performance that can serve as a development target for manufacturers and providers of goods and services to promote and differentiate their advanced environmental friendliness. (excerpt from the website of Ministry of the Environment)



A-PLACE Aoyama

Electricity consumption was reduced by approximately 50% due to the installation of LED lighting in private areas.



Umeda Gate Tower

Water saving effect of approx. 20% from existing fixtures by updating large urinals.



Environmental Performance

		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Energy consumption per year (Note 2)	Actual (MWh)	86,660	102,039	104,804	112,120	116,744	48,774 (107,339)	39,716 (106,030)	39,121 (103,770)
	Intensity (MWh/m ²)	0.23	0.25	0.22	0.22	0.21	0.29 (0.20)	0.23 (0.19)	0.23 (0.19)
Renewable energy (MWh)	Generation (MWh)	0.05	0.03	0.03	0.04	0.02	0.14	913	21,357
	Purchase (MWh)	0.05	0.03	0.03	0.04	0.02	0.14	0.10	0.09
		-	-	-	-	-	-	913	21,357
CO2 emissions (Note 3)	Actual (Total) (t-CO2)	34,197	37,285	40,910	46,172	45,347	40,683	41,182	31,513
	Scope 1 (direct emission)	-	-	-	-	-	1,465	1,699	1,710
	Scope 2 (indirect emission)	-	-	-	-	-	18,037	13,551	10,887
	Scope 3 (emission from tenants)	-	-	-	-	-	21,181	25,932	18,917
	Intensity (total/Scope 1&2) (t-CO2/m ²)	0.093	0.090	0.087	0.089	0.083	0.116 (0.07)	0.086 (0.07)	0.073 (0.06)
Water consumption	Actual (m ³)	526,515	533,757	591,392	675,847	701,847	443,885	440,732	479,312
	Intensity (m ³ /m ²)	1.42	1.29	1.25	1.30	1.29	0.82	0.8	0.89
Recycled water (Grey water and drainage) (m ³)		-	3,492	6,667	18,992	30,768	15,549	13,292	21,012
Water generation (t) (Note4)		2,824	3,209	3,665	4,262	4,367	2,899	2,558	2,652

(Note 1) Principally the figures shown above are the cumulative amounts of the entire portfolio (excluding those in which API owns only land) during each fiscal year. (Number of properties: FY2015 : 30, FY2016 : 37, FY2017 : 40, FY2018 : 42, FY2019 : 43, FY2020 : 41, FY2021 : 45, FY2022 : 46)

(Note 2) The figures shown are total amount of consumption fuel (gas, heavy oil, etc.), electricity and district heating / cooling of the properties.

From FY2020, the actual amounts cover the area of the properties for which API has operational control of energy consumption. Figures in parentheses include emissions by tenants, same as the previous fiscal years.

(Note 3) The factor and the method applied to the calculation are in accordance with "GHG Emissions Accounting, Reporting and Disclosure System" of the Ministry of the Environment.

Figures reported as Scope 3 fall under category 13 and are limited to the data which was able to be collected from tenants. Figures for intensity from FY2015 to FY2019 as well as those in parenthesis from FY2020 are calculated based on the total area of the properties with reference to the occupancy. Figures from FY2020 are total of the intensity for Scope 1 and 2, calculated based on the common area of the properties.

(Note 4) Excluding waste directly generated by tenants. Figure for FY2016 excludes properties of which data were not available (Figure represents 91.5% of the entire portfolio).

(Note 5) Due to errors in the ownership percentage conversion and some of the totals for the amount of renewable energy generated and water reused through FY2021, some of the reported values in previous years' reports have been corrected.

Green Building Certifications

API proactively works to acquire green building certifications. In July 2022, we have set a KPI to achieve 70% or more green buildings in our portfolio (excl. land-only properties) by 2030.

Overview of green certifications

CASBEE for Real Estate



CASBEE (Comprehensive Assessment System for Built Environmental Efficiency) is a system that evaluates and rates the environmental performance of buildings, including aspects of environmental load reduction such as energy saving, resource saving, and recycling performance, as well as biodiversity and indoor environmental considerations. The evaluation results are graded in four levels from B (★★) to S (★★★★★).

BELS



BELS assessment is provided under a public evaluation system, which evaluates the energy conservation performance of houses and buildings, established by the Ministry of Land, Infrastructure, Transport and Tourism. Third parties evaluate the performance of buildings based on the primary energy consumption defined in energy saving act (Note), regardless of whether a building is new or not, and the evaluation result is represented by a number of stars (from one "★" to five stars "★★★★★"). BELS assessment, which is the first public evaluation system specific to energy conservation performance in Japan, is expected to promote further improvements by providing appropriate information and promoting the energy conservation performance of buildings.

DBJ Green Building



DBJ Green Building Certification, offered by Development Bank of Japan Inc. (DBJ), is a comprehensive evaluation system which includes not only an environmental perspective but also a social one (owner response to social needs of the diverse stakeholders of the properties), DBJ identifies and certifies "Green Buildings", which are essential in today's real estate market.

Tokyo Low Carbon Mid-to-Small Building



Tokyo Metropolitan Government Small and Medium Low-Carbon Model Buildings are small and medium-sized tenant buildings that are certified as A1 or higher in the Low Carbon Building Evaluation Index (Low Carbon Building Benchmark) published by the Tokyo Metropolitan Government in 2012, with the aim of creating a real estate market where low-carbon buildings with low CO2 emissions are evaluated.

Green-building ratio



(As of the end of May 2023, based on gross floor area)

Certifications acquired

(As of May 31, 2023)

#	Asset	CASBEE For Real Estate	BELS	DBJ Green Building
UR-1	Tokyu Plaza Omotesando Harajuku	★★★★★	★★★★★	
UR-3	Q plaza EBISU	★★★★	★★	
UR-5	Kyoto Karasuma Parking Building		★★★★★	
UR-7	Kobe Kyu Kyoryuchi 25Bankan			
UR-8	A-FLAG SAPPORO			
UR-9	A-FLAG SHIBUYA	★★★★		
UR-10	Q plaza SHINSAIBASHI	★★★★		
UR-11	A-FLAG KOTTO DORI	★★★★		
UR-12	A-FLAG BIJUTSUKAN DORI	★★★★★		
UR-13	A-FLAG DAIKANYAMA WEST	★★★★★		
UR-15	DECKS Tokyo Beach			
UR-17	Q plaza HARAJUKU		★★/★★ (Bldg.A/Bldg.B)	
UR-18	A-FLAG NISHI SHINSAIBASHI		★★★★	
TO-1	TLC Ebisu Building	★★★★		
TO-2	A-PLACE Ebisu Minami	★★★★★		
TO-3	A-PLACE Yoyogi	★★★★★	★★	
TO-4	A-PLACE Aoyama	★★★★★		
TO-5	Luogo Sihiodome	★★★★		
TO-7	A-PLACE Ikebukuro	★★★★	★★	
TO-8	A-PLACE Shinbashi			
TO-9	A-PLACE Gotanda	★★★★	★★	
TO-10	A-PLACE Shinagawa	★★★★	★	
TO-11	OSAKI WIZTOWER	★★★★★	★★	

#	Asset	CASBEE For Real Estate	BELS	DBJ Green Building
TO-12	Shiodome Building			★★★★★
TO-13	A-PLACE Ebisu Higashi	★★★★	★★★	
TO-14	A-PLACE Shibuya Konnoh	★★★★	★★★	
TO-15	A-PLACE Gotanda Ekimae		★★	
TO-16	A-PLACE Shinagawa Higashi	★★★★★		
TO-18	Ebisu Prime Square	★★★★		
TO-19	A-PLACE Tamachi East			
TO-20	Meguro Tokyu Building			
TO-21	Q plaza Shinjuku-3chome		★★	
TO-22	A-PLACE Shibuya Nampeidai			
TO-23	Kasumigaseki Tokyu Building			
AA-2	icot Nakamozu	★★★★	★★★★★/★ (Kohnan bldg./Bank bldg.)	
AA-4	icot Mizonokuchi	★★★★★		
AA-5	icot Tama Center	★★★★★		
AA-6	A-PLACE Kanayama	★★★★		
AA-7	Osaka Nakanoshima Building	★★★★★		
AA-8	icot Omori			
AA-9	Market Square Sagamihara	★★★★★		
AA-10	Umeda Gate Tower	★★★★★	★★	
AA-11	A-PLACE Bashamichi	★★★★		
AA-12	Commercial Mall Hakata		★★★★★	
AA-13	A-PLACE Shinsaibashi			

(Note 1) Luogo Shiodome has been disposed of on June 1, 2023.

(Note 2) As of September 29, 2023, updates are planned as follow.

[Recertification] S rank in CASBEE Real Estate for TLC Ebisu Building (TO-1), A-PLACE Ebisu Higashi (TO-13), A-PLACE Kanayama (TO-14), A-PLACE Shinagawa Higashi (TO-16)

[New certification]Kasumigaseki Tokyu Building (TO-23) S rank in CASBEE for Real Estate

Initiatives with Suppliers and Tenants

TFHD Group’s Sustainable Procurement Policy

As a member of TFHD Group, TRM shares the Group’s Sustainable Procurement Policy published on January 31, 2020, and works on challenges to environmental crisis such as climate change. Our objective is to work on this goal, together with all the stakeholders including our suppliers.

TFHD Group’s Sustainable Procurement Policy

1) Legal compliance	1)-1 Total compliance with relevant laws and regulations	4)Ensuring proper business ethics	4)-1 Preventing corruption 4)-2 Preventing contact with organized crime 4)-3 Ensuring fair trade practices 4)-4 Appropriate response to conflicts of interest 4)-5 Responsible political involvement 4)-6 Protection of intellectual property rights 4)-7 Maintaining confidential information and disclosure 4)-8 Compliance hotline and whistleblower protection
2) Respect for human rights	2)-1 Compliance with and respect for international human rights and labor standards 2)-2 No tolerance of discrimination 2)-3 No tolerance of harassment 2)-4 Respect for local residents 2)-5 Respect for minority rights	5)Environmental measures	5)-1 Combatting climate change 5)-2 Biodiversity protection 5)-3 Protection of pollution 5)-4 Effective use of resources 5)-5 Proper water use 5)-6 Ensure appropriate use of forest resources
3) Ensuring a work environment based on safety, health and well-being	3)-1 Freedom of association, collective bargaining rights 3)-2 No tolerance of forced labor 3)-3 No tolerance of child labor 3)-4 Fair wages 3)-5 Elimination of excessive working hours 3)-6 Workplace health and safety measures 3)-7 Emergency preparedness 3)-8 Prevention of occupational accidents and illness 3)-9 Industrial Hygiene measures 3)-10 Measures for physically demanding work 3)-11 Proper sanitary facilities, meals and housing 3)-12 Protection of foreign and migrant worker rights	6)Improving service and quality	6)-1 Ensuring safety 6)-2 Quality control and quality assurance systems 6)-3 Proper information disclosure for products and services
		7)Proper information management	7)-1 Proper information management
		8)Business Continuity Planning	8)-1 Business Continuity Planning
		9)Contributing to local communities	9)-1 Contributing to local communities
10)Extension of the Sustainable Procurement Policy	10)-1 Extension to business partners 10)-2 Cooperation for monitoring		

Green lease agreement

API and its tenants have concluded agreements which includes the green clause and share the importance of preservation and improvement of the comfort and productivity of tenants and properties. The green clause states that they should share information and work together for green certification acquisition, environmental target setting, response to environmental regulations, etc.

API and one of its tenants have signed the memorandum of understanding on a green lease linked to refurbishment works. It stipulates that when the tenant enjoys profit from energy-saving effect of the refurbished equipment the property owner invested in, the tenant shall return a reward to the owner.

In January 2022, we have set a target of 100% green lease included in the new lease agreements. We keep making effort to reduce environmental impact in cooperation with tenants such as information sharing.

Green Procurement Standards

In line with the Group's Procurement Policy, TRM established the Green Procurement Standards to translate the policy into practical measures. This standard broadly states to suppliers that environment-friendly procurement is to be carried out, and together with them, TRM works to promote more sophisticated efforts based on the Policy. The scope of application of this standard includes direct or indirect transactions related to products, services, raw materials, and design/construction procured by TRM and API.

Examples of construction work with the introduction of Green Procurement Standards - Commercial Mall Hakata air conditioning renewal (FP ended May 2022)

In the air conditioning renewal work for the common areas and backyard, TRM presented its "Green Procurement Standards" to the contractor in advance and received technical proposals for reducing environmental concerns. emissions by 37%.(p.30)

Environment Management System

TRM established a unique environment management system (EMS) which applies PDCA cycle to continuously approach to environmental challenges. We are working to continuously reduce environmental impacts in the management operation for API, through the cycle of four steps; set targets (P), assess performance (D), analyze budget vs. actual (C), and implement countermeasures for a better performance (A). The Asset Management Department of Activia Management Division reviews actual performances in its monthly meeting and reports the results to the management once a year, then receives feedbacks and instructions for further improvement for the following year, from the management.



Acquisition of ISO14001

In April 2022, API acquired ISO14001 for its EMS in real estate investment management and management of portfolio properties.



<Overview of certification>
 Applicable standard: ISO14001:2015, JIS Q 14001:2015
 Certification scope: Real-estate investment management and management of portfolio properties
 Certification institution: EQA
 Registration No: EA220076

Sustainable Finance

Green bond

To build a portfolio with a stable and sustainable demand from our customers, we believe that in addition to the location, use, scale, and quality of properties, reducing our environmental footprint and contributing to the surrounding communities and environment are important. API aims to further promote its sustainability initiatives through issuance of green bonds and invite new investors to its investment corporation bonds by stimulating their demand who have interest in ESG investment. In January 2022, API has set a target of 100% of new issuances of investment corporation bond to be green bonds*. We will also consider diversification of sustainable finance methods to support initiatives in debt finance.

* On the condition of issuance based on the current framework

Green bond framework

Use of proceeds

The proceeds from the green bonds will be allocated to funds for (i) acquisition of the Eligible Green Projects which are existing or new buildings fulfilling the item A of the Eligibility Criteria defined below, or (ii) refurbishments fulfilling the item B of the Eligibility Criteria, or (iii) refinancing the existing loans/investment corporation bonds which have been allocated to funds to acquire Eligible Green Projects or refurbishments.

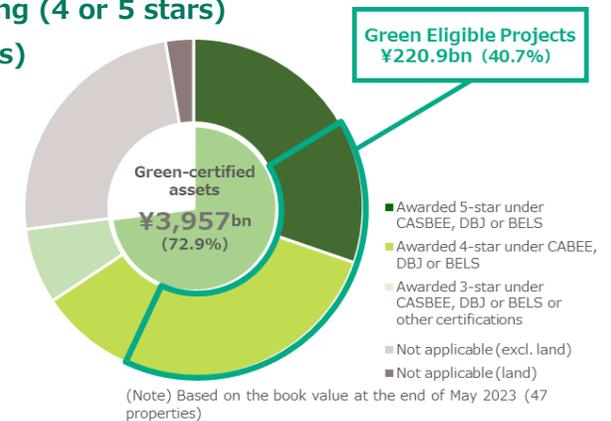
Eligibility criteria

The proceeds of the green bonds will be allocated to the projects that conform to one or more of the following criteria.

A. Eligible Green projects

Buildings that have achieved the top two levels of one or more of the third-party green building certifications/recertifications listed below within 36 months prior to the payment date of green bonds or are expected to achieve below top 2 ranks of each certifications

1. CASBEE (A or S rank)
2. DBJ Green Building (4 or 5 stars)
3. BELS (4 or 5 stars)



B. Refurbishments

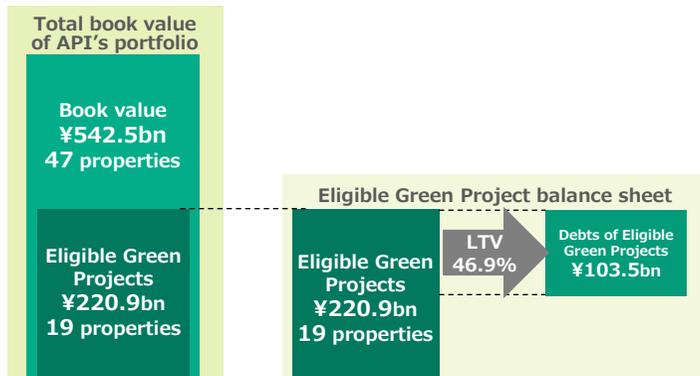
Refurbishments with a primary purpose of achieving one of the targets listed below and are completed within 36 months prior to the payment date of green bonds or are expected to be completed:

1. Refurbishments with more than 10% reduction in CO2 emissions or energy consumption
2. Refurbishments with more than 10% reduction in water consumption
3. New achievement of the top two levels of one or more of the green building certifications listed in the item A or one or more levels of star/rank improvement in such certifications

Management of proceeds

API calculates the amount of debts of Eligible Green Projects by multiplying the calculable total book value of the Eligible Green Projects* at end of the financial period immediately preceding each date of bond issuance by its LTV (Loan to Value / interest-bearing debt to total assets) ratio. API will then monitor to ensure that the total amount of unredeemed green bonds does not exceed the amount of debts of Eligible Green Projects.

Green balance sheet (as of May 31, 2023)



(Note) "Eligible Green Projects as at the end of the financial period immediately preceding each date of bond issuance" refer to the properties having achieved the top two levels of one or more of the third-party green building certifications/ re-certifications within 36 months prior to the end of the financial period immediately preceding each date of bond issuance.

Reporting

As far as there is unallocated amount of funds, API will disclose on its website the list of financed/refinanced Eligible Green Projects and refurbishments, allocation status including the amount of unallocated proceeds, allocation schedule and managing method of net proceeds of green bonds at end of May each year. API also disclose that the amount of unredeemed green bonds does not exceed the amount of debts of the Green Eligible Projects. After the issuance, as long as there is an unredeemed balance of the green bonds, API will disclose the amount of total book value of the Eligible Green Projects and the amount of debts of Green Eligible Projects, as well as amount of unredeemed green bonds at end of May each year.

Impact reporting

If there is unredeemed balance of green bonds, API will annually disclose the summary, progress and levels of certifications of the Eligible Green Projects. Additionally, API will annually provide the following indicators of the Eligible Green Projects where API has control over energy usage: Energy consumption, CO2 emissions, water consumption, and waste generation.

	Energy consumption (MWh)	CO2 emissions (t-CO2)(Note 3)			Water consumption	Waste generation
		Actual	Scope1	Scope2		
FY2018	52,171	22,614	-	-	-	271,021
FY2019	44,669	18,125	-	-	-	
FY2020	26,585 (60,318)	22,963	58	11,077	11,828	226,405
FY2021	16,261 (45,435)	16,758	233	5,320	11,205	146,773

- (Note 1) Principally the figures shown above are relevant to the amounts of consumption, emissions or generation from the Eligible Green Assets (qualified as of the end of May of the following year) based on the cumulative amounts for a fiscal year from April to March of the entire portfolio excluding lands.
- (Note 2) Total amount of consumption fuel (gas, heavy oil, etc.), electricity and district heating / cooling of the properties. For FY2020 onwards, the amount covers the area of the properties for which API has operational control of energy management. Figure in parentheses includes emissions by tenants, same as the previous fiscal years.
- (Note 3) The factor and the method applied to the calculation conform to "GHG Emissions Accounting, Reporting and Disclosure System" of the Ministry of the Environment. For FY2020 onwards, figure reported for Scope 3 falls under category 13 and is limited to the data which was able to be collected from tenants.

Green bond summary

	Total issued (¥ mn)	Interest rate	Issuance date	Redemption date	Description
The 10th unsecured investment corporation bonds (green bonds)	5,000	0.220%	2019/7/9	2024/7/9	Unsecured, non-guaranteed
The 11th unsecured investment corporation bonds (green bonds)	4,000	0.530%	2019/11/18	2029/11/16	Unsecured, non-guaranteed
The 12th unsecured investment corporation bonds (green bonds)	4,500	0.510%	2020/10/21	2030/10/21	Unsecured, non-guaranteed
The 14th unsecured investment corporation bonds (green bonds)	3,900	0.400%	2021/11/16	2031/11/14	Unsecured, non-guaranteed
The 15th unsecured investment corporation bonds (green bonds)	2,000	0.820%	2022/12/19	2032/12/17	Unsecured, non-guaranteed
Total	19,400	-	-	-	-

Social

Our view on Society

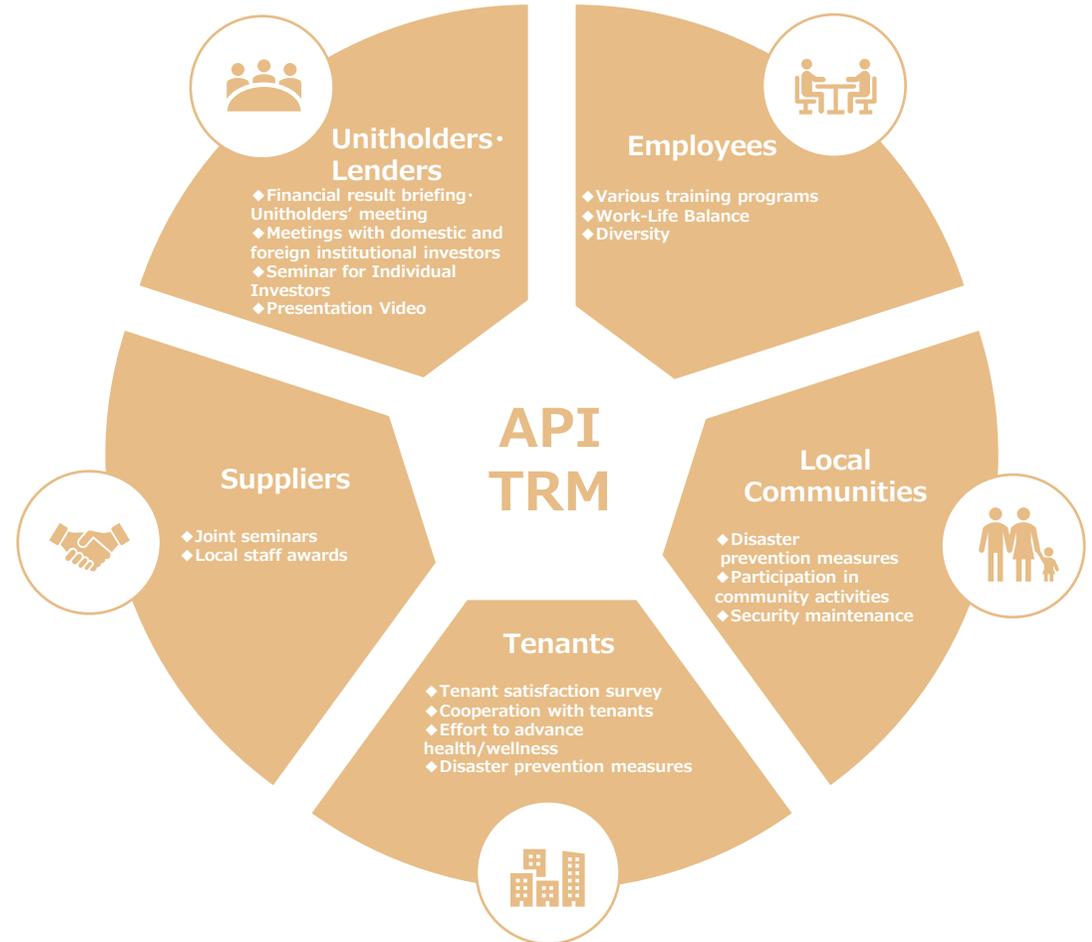
We believe that engagements with all our stakeholders including unitholders, employees, local communities, tenants, and suppliers are essential for API and TRM to continue businesses. Fostering a good relationship with them in the medium to long term is one of the significant elements to maximize the unitholder value of API. Believing real estate as social instrument, which connect people living in the city with other people, we are on a mission to continue our business in compliance with social responsibility.



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Stakeholder Engagement

In the pursuit of API’s and TRM’s businesses, our relationships with investors and various other stakeholders, including employees, local communities, tenants, and suppliers such as property managers (“PM”), building managers (“BM”), engineering report issuers, and real-estate appraisers are essential. We also recognize that building favorable relations with these stakeholders in the medium-to long-term is an essential factor in our aim of maximizing unitholder value, which is API’s priority. We will continue to pursue our business as a member of society and work to further strengthen our relationships of trust with all stakeholders involved with API’s and TRM’s activities.



TFHD Group’s Consultative meeting

Since July 2023, TRM has also been participating in the Sustainability Council organized by TFHD to build a system to resolve issues through collaboration with TFHD group companies. This council meets regularly and is attended by API’s sponsor, TLC, as well as PM and BM.

Contribution to Local Communities

API and TRM believe that contribution to local communities lead to the improvement in value of the API’s owned properties and ultimately by the unitholder value. We make a variety of efforts in the owned properties to enhance communication with the local communities with an expectation that our business operation is to serve an important role for the society.

Initiatives taken in owned properties

Tokyu Plaza Omotesando Harajuku

In the “Forest of Omohara” at the rooftop terrace of Tokyu Plaza Omotesando Harajuku, we set a water fountain for birds and created an environment comfortable for them and other living creatures. A variety of experiences are proposed to local communities including an installation of bird houses hand-crafted by kids from a neighborhood elementary school and vegetable harvest experience by a group of kindergarten children.



In July 2023, an SDG event was held at “Omohara Forest” which recorded approximately 1,000 visitors. “Aquaponics”, a food production system that couples aquaculture with hydroponics and sold goods made from waste.



Shiodome Building

We create a community in the area through participation to the local events. Vacant spaces of the property are offered to the “HAMASITE Summer Festival”, a traditional summer event which is reorganized since 2022 after a hiatus due to the Covid-19 pandemic and joined by various stakeholders in the area including residents, workers, tenants, PM and BM, etc.



Kyoto Karasuma Parking Building

In relation to Kyoto Karasuma Parking Building, we exchange with local residents and other concerned parties through participation in neighborhood associations. Every year, we sell handmade chimaki (dumplings) and help assemble the Yamahoko float at the Gion Festival, one of the three major festivals in Kyoto, thereby contributing to community development in collaboration with the local community.



Installation of shared cycle ports

We provide space for “LUUP”, a next-generation electric bicycle sharing service, at several of API's properties to support the spread of sustainable transportation.



Preparation for disasters

In the owned properties of API, we hold disaster drills to test rapid response under emergency and implement BCP-purposed renovation works, installation of flood barriers and tide barriers, and other measures. The properties are equipped with AEDs (Automated External Defibrillator), other emergency supplies, and fixtures. Further, the premise of Ebisu Prime Square is designated by Shibuya ward one of temporary gathering sites for people living or working in the area in the event of a disaster.



Donation through Regional Revitalization Support Tax System

As part of the effort to the “contribution to local communities” that TRM shares with API as one of its Materiality, it has made donations to Hokkaido Prefecture since 2020 and newly to Kyoto City in addition in 2022, utilizing the regional revitalization support tax payment system. Through donations, we expect to further strengthen relationship between TRM, API and the communities, and advance our contribution to them.



Tenant Engagement

API believes that its owned properties should always meet tenant preferences to enhance the medium- to long-term value of our unitholders, and therefore tenant satisfaction serves an essential role for that. To that end, we consistently communicate with them to understand their needs and reflect them for our asset management operation.

Satisfaction survey

API makes effort to improve tenant satisfaction by regularly conducting third-party surveys to understand their needs and complaints. In a previous year, the results scored low in terms of cleanliness of the office buildings, and after providing intense training to building keepers and performing renovation work of toilets and kitchenettes, there was a significant satisfaction improvement in the survey held in the following year. In the 2023 survey to office tenants, overall score improved.



Tenant awards / customer service competition

Three times a year, we award a commercial tenant with the best tenant prize to with an aim to encourage operations of all the tenants and to raise employee motivations. Customer service competition and training are also organized with objective to further raise the level of the customer service of tenant company staff and therefore increase customer satisfaction.

Effort to advance health / wellness

We regularly implement renovation works at common area to provide our tenants with comfort working space, which reflects the results of tenant satisfaction survey and discussion with PMs. Our efforts for tenants' health and comfort include renovation of areas catching people's attention such as restrooms, mini kitchens, elevators and escalators, and as preventive measures against COVID-19, installation of antiseptic solution, temperature inspection, anti-virus coating on the walls, etc.

Cooperation with tenants

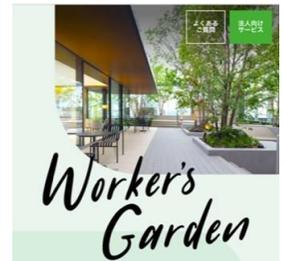
As part of approaches for cooperation with tenants, we created a sustainability-guidance leaflet and distributed to them. The guidance introduces our initiatives presenting practical examples with a view on environment and health and wellness of working people. API continue to enhance sustainability effort in cooperation with tenants.

Green lease agreement (cf. p.35)

Measures taken in owned properties

Perks for tenant employees working in API's office properties

Various perks are offered to tenant employees such as discount coupon for the Sponsor group's commercial facilities and hotels and organization of some events, etc. It enables tenant companies to enhance employee benefits which represents an opportunity for API to be tenants' first choice.



Supplier Engagement

TRM recognizes the importance of cooperation with its suppliers, as stated in the Sustainability Policies, that it provides initiatives and procurement with consideration to the environment and society, through engagement to suppliers such as property managers. As part of the initiatives, TRM established the Green Procurement Standards and monitors ESG consideration in the operation of its important suppliers including property managers.

ESG trainings toward PMs

We work to foster a culture that ESG initiatives are to be taken by our entire supply chain, not limited to the officer and employees of TRM. To that end, ESG training sessions are organized for PMs. In FY2022, TRM organized also virtual seminars themed ESG overview and trend, how to approach to ESG issues of the Green Procurement Standards.



ESG-related clauses in property management agreement

In principle, the property management contract includes ESG-related clauses such as compliance with environmental laws and regulations.

Monitoring and evaluation of ESG initiatives of property manager

In accordance with TRM’s outsourcing and evaluation standards, the status of legal compliance, etc. is monitored and evaluated annually for all outsourced property managers in order to consider whether or not to continue the transaction.

We are also making preparations to monitor their initiatives in each area of ESG. In addition, we have introduced a system to mutually motivate each other by, for example, providing incentives for obtaining environmental certification.

PM awards

This award recognizes the outstanding performance of property management staffs contributing to upward rent revision, lease-up, and downward rent revision, contracting green lease, implementation of renovation works to reduce environmental impact, etc. We expect that this award helps to foster a unified partnership between TRM and property managers.

Cooperation through the Green Procurement Standards

TRM communicates the principle of the Green Procurement Standards (cf. [p.35](#)) to its direct and indirect suppliers it works with, aiming to further enhance its initiatives on a basis of mutual understanding.

Introducing label-free bottles:

3R (reduce, reuse, recycle) practice based on Green Procurement Standards

Since April 2022, TRM has introduced label-free pet bottles. Label-free bottles serve to reduce use of plastic and simplify the sorting of waste.

We use the label-free bottles when holding meetings and receiving visitors and procure them from suppliers who are committed to work for a sustainable society and environment. We believe that a daily purchase of supplies with a view of sustainability will contribute to support the sustainability.



Initiatives toward Unitholders and Investors

API and TRM view appropriate information disclosure to and proactive dialogue with investors as essential tasks. Based on the policy described above, TRM holds regular meetings with institutional investors in Japan and from abroad (Europe, North America, Asia, etc.). In addition, it is engaged in proactive information disclosure by holding briefings for individual investors, participating in events and online seminars aimed at individual investors, publishing presentation videos of financial result briefings, and more.

For institutional investors

During the pandemic, API and TRM remain proactive to carry out investor relation activities utilizing teleconference and videoconferences. From January to April 2023, we had 92 dialogues with domestic and foreign investors for the financial results of the fiscal period ended November 2022, and 100 dialogues from July to September 2023 for the fiscal period ended May 2023. Also, we respect the fair disclosure principle for the foreign investors by preparing the financial result presentation videos in Japanese and English and publishing them at the same time.



For retail investors

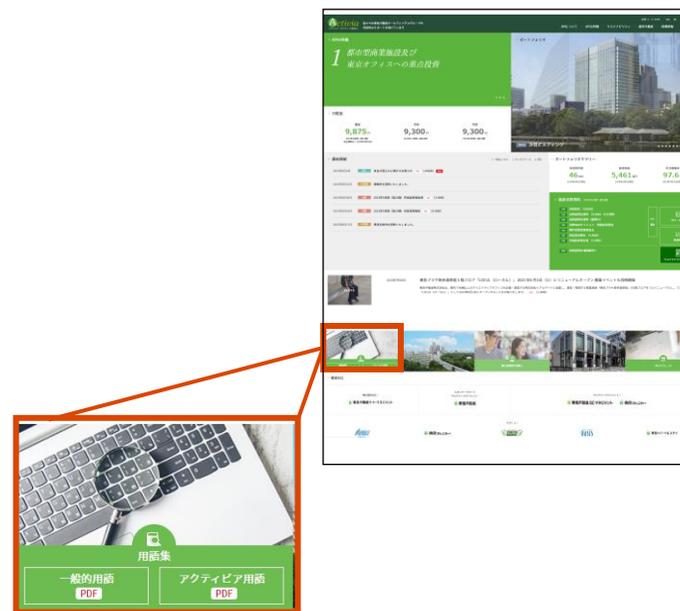
We are maintaining opportunities to communicate with individual investors through participation to face-to-face seminars in addition to the webinars organized Nihon Securities Journal, etc.

Ex) Seminars to retail investors for FP ended November 2022

- March 16, 2023 – Daiwa J-REIT Caravan Sapporo
- May 11, 2023 – Daiwa J-REIT Caravan Fukuoka

J-REIT glossary on API's website

Glossaries for J-REITs in general and API-specific vocabularies are posted on our website. (Japanese only)



Employee Engagement

API, as a J-REIT, cannot have employees as stipulated under the Act on Investment Trusts and Investment Corporation of Japan. Therefore, the figures and descriptions provided herein refer to those of TRM, the asset manager. As a group of experts in real estate management, TRM provides high-quality asset management services with objective to maximize the value of its shareholders, and to that ends, we promote our own human-capital strategy in view of the importance of human capital development. TRM is making continuous effort to have various systems to form a working environment and organization enabling to realize and promote the health and comfort of employees.

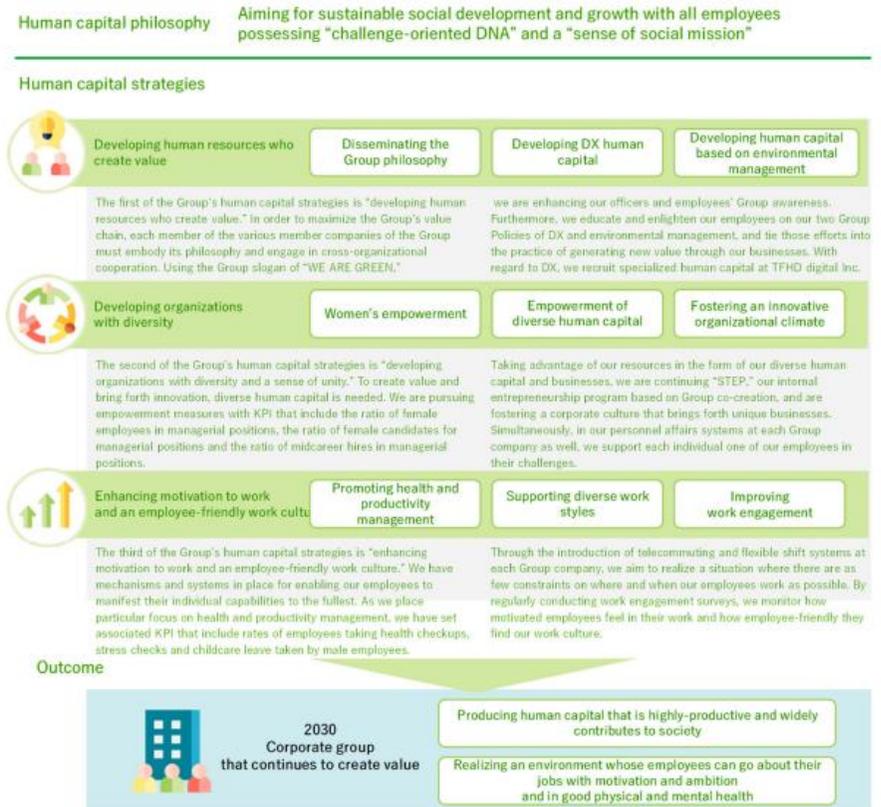
Our policy on human capital management

“Human capital management” in the TFHD Group refers to the act of working towards the sustained improvement of value by formulating and executing human capital strategies linked to management strategies. The Group aims to “become a corporate group that continues to create value” and “realize a future where everyone can be themselves and shine vigorously” by making aggressive investments based on the perception that the knowledge, skills and ambition of its approximately 30,000 employees spread over 100 companies constitute “human capital.”

With view towards realizing our ideal vision, the Group has espoused “aiming to achieve sustainable social development and growth with all of its employees possessing a challenge-oriented DNA and sense of purpose in engaging society” as its human capital philosophy. Based on that, the Group is pursuing the following three human capital strategies: “developing human resources who create value,” “developing organizations with diversity and a sense of unity” and “enhancing motivation to work and ease of working.” The first of these strategies, “developing human capitals who create value,” constitutes the Group’s policy on human capital development based on the Group philosophy and its management strategies.

While sharing the sponsor group’s basic policy on human resources, TRM as a professional group in real estate management, recognizes the importance of developing and nurturing human resources in order to provide high-quality real estate investment management services and maximize unitholder value. Based on such recognition, we will promote human capital management with the goal of becoming the “Company of Choice No.1”.

<Human capital philosophy and human capital strategies>



Human capital development & retention

Employee skill development

TRM provides a wide variety of training systems and offers self-learning menu for the company's better investment management. Those training systems are not only for permanent employees but also for contract employees.

Training program examples

Position-based trainings:

Examples include orientation training for mid-career hires on wide range of knowledge on asset management business and understanding of regulatory compliance; management training for senior management and medium level employees; business skills training and anti-harassment seminar for all employees.

ESG training:

As part of awareness program on ESG investment, we invite external experts to provide employees with periodic training for their deeper understanding of ESG and introduction to new trends.

Courses to improve computer skill, English conversation and other lessons are also provided.

Training programs by external organizations

In partnership with external organizations, several programs are provided to TRM's employees including continued training on asset management operations and legal compliance, as well as management training provided GLOBIS, one of the largest business schools in Japan, business skill system learning, English conversation lessons, etc.

Examples of programs by external organizations

Position-based trainings	Management training for senior management and medium-level employees
Trainings for all-levels employees *all employees excluding temporary staff	Trainings on communication, business skills, PC skills, business English conversation lessons

Support for acquiring business related qualifications

We support acquisition of necessary qualifications by employees in various measures including financial aid for examination fees and class fees. We also hand in monetary reward once employees pass specified examinations.

TRM employees' qualifications

Qualification	Nb. of employees (as of June 2023)	Use of qualification support system (FY2022)
Real Estate Broker	87	7
ARES* Certified Master	68	14
Certified Building Administrator	16	1
Chartered Member of the Securities Analysts Association of Japan	2	3
Certified Property Manager	9	0
Real Estate Consulting Master	4	0
Real Estate Appraiser	8	0
First-class Architect	6	0

*Association for Real Estate Securitization

Performance Evaluation Process

TRM evaluates each employee's growth goals, performance, and abilities through interviews with their immediate supervisors. We encourage each employee to have a career plan and to develop skills that can be used both internally and externally. ESG-related items are included in the goals set by the employees, and ESG-conscious work processes and business performance are reflected in their evaluations as well as the achievement of other goals, leading to the determination of compensation for the following year's employees, including their grade, position, and salary.

Recruitment website

In December 2021, TRM launched in the company’s website a career page to attract candidates by broadly presenting the company’s businesses, features, and culture, etc. The contents include interviews with current employees, round-table talk, career paths possible to take in the company.



Human resource exchange

TRM receives staff seconded from the Sponsor or group companies and dispatches its employees to the Sponsor to provide its employees with varied professional experiences. Based upon the fact that the number of employees of TRM had increased to a certain size, partly because of the merger happened in 2017, we decided to conduct shuffling of employees among different divisions in order to raise career development of our employees. Meanwhile when conducting such occupational relocation, we pay close attention to the information firewall between the different business divisions.

Exchange with university students

API and TRM participated in 2019 in the IR presentation competition organized by USIC, a university students' investment union and provided them with an opportunity to learn. The Sponsor organizes intern programs and creates opportunities to communicate with students. TRM is not hiring new graduates, though those from the Sponsor are seconded to TRM. Through such efforts, we will continue to work to retain talented employees and activate our organization.



Welfare programs

TRM values its employees, their well-beings, and healthy performance in work, and provides staff with various welfare programs to improve their satisfaction.

Cafeteria plan

To support self-support and independence of employees (incl. contract employees), we provide them with financial aid for medical fees, subsidies for use of sports facilities, studying, volunteer activities, employee shareholding program, and use of the facilities Tokyu group companies operate.

Welfare programs

Various systems are in place to provide support for employees at each stage of life, such as maternity leaves, childcare leaves, child medical leave, nursing-care leave.

We support asset formation by permanent employees, by inviting external financial planners to offer introductory sessions on topics including defined contribution pension matching program which TRM offers and the insurance system by the Tokyu group.

Facilities of the popular exclusive resort membership “Tokyu Harvest Club” are available at employees’ special rate.

Cumulative unit investment program

We provide employees (including contract employees) with an opportunity to invest in the investment units of API and Comforia Residential REIT as well as the share of TFHD. We support to build their personal assets through offering financial incentives and encourage them to raise their consciousness of those management performance. The program should also lead to the continual growth of API and enhancement of API’s unitholder value.



For Health and well-being of employees

TRM is making continuous effort to have various systems to form a working environment and organization enabling to realize and promote the health and comfort of its employees.

Work-from-home system and flex-time work system

For all employees of TRM, a WFH system has been introduced in response to the spread of the Covid-19. Not only that it improves productivity by reducing commuting time, etc., but also it enables employment of employee in remote area. Employees are also allowed to use shared offices under pre-designated rules. In addition, the flexible working hours system allows employees to work from 11:00 to 15:00 as core hours and to leave work freely outside of the core hours, thereby supporting more flexible work styles based on the various life environments of each employee.

Paid-leave usage encouragement

Every year, employees are required to set up so-called “commitment holidays”, a seven-day paid leave (five days in a row + two days immediately before or after that week) and to share such committed calendar within the teams they belong to. TRM is also creating business environment for the employees to digest their allocated paid leaves, by proactively setting up recommended days to use paid leaves.

Effort to reduce overtime

In order to prevent excessive long working hours, TRM is taking necessary measures. The employees are required to set an upper limit of overtime working hours at the beginning of the fiscal year, and such objectives are regularly monitored and reminded. In certain cases, we intentionally raise them as a meeting agenda if the working hours are excessively long.

“New working style” project

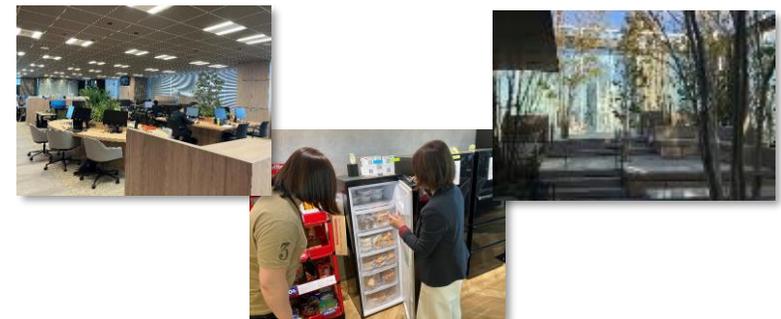
A team of employees voluntary launched in 2021 a new project aiming to design how to work effectively with three key words: “office and digital environment”, “communication”, and “in-company systems”, and is working to create a company where they can achieve more their best performances and professionally grow further. Proposals are made to the company, and as a result, online suggestion box has been set up and group address of office was introduced. (at right of the page)

Working environment

Workplace of TRM is in Shibuya, an exciting and innovative city where the areas people live and play are closely connected.

In Spring 2023, as an outcome of proposals by “New working style” project, the working place of TRM was renewed. The office was designed to be a place where employees can see each other’s faces and exchange words, and where communication is more active, with a group address system (free address system for each department) being introduced and servers for famous chain-supervised coffee and bread set up in the lounge area. In a posterior survey, 83% of the respondents answered that they were “much satisfied” or “somewhat satisfied” with the new layout, and 99% of the employees answered that they were satisfied with the new free beverage facilities. On the other hand, based on the results of the questionnaire and opinions about individual measures, there is room for improvement, and we will continue to work to realize a more comfortable working environment.

Also, a space for refreshment is created with green on the terrace of the building where TRM is located, Shibuya SOLASTA. The building earned the CASBEE Wellness Office, a recognition of the building’s ability to promote health and comfort of people work in the building.



Healthcare

Employees are obliged to take annual medical checkups. There is also a mental health consultation desk.

Health Committee

Health Committee is established to improve employees' occupational health. The Committee examines labor-related problems occurred in the company, reports the results of investigation on comfort and safety in the workspace, and takes measures to increase awareness for mental and physical health by poster, etc. Lectures by industrial physicians on related themes are held.

One-on-one session with HR

Once a year, employees have one-on-one session with HR department, where they can discuss and share their career development plan and explain their troubles and expectations related to the relationship with supervisors and colleagues.

Employee satisfaction survey

Every year, TRM conducts an employee satisfaction survey with a third-party partner. Based upon the results of the survey, we are taking variety of means to improve employee satisfaction level.

	FY2020	FY2021	FY2022	FY2023
Employee engagement level*	60.8	62.8	58.4	67.4
Nb. of responses/nb. of eligible employees	96/98	100/100	99/100	97/97
Participation rate	98%	100%	99%	100%

*Quantifies the attachment and trust between employees and the company

Internal communication

TRM periodically organizes employee satisfaction surveys and explanatory sessions on the corporate annual objective and medium- to long-term vision, for a more profound understanding between the company and employees, expecting to develop the productivity of our organization where employees can deliver their best performance.

Employee study groups

Younger employees have led voluntary organization of cross-divisional study groups to share information on businesses unique to each division, and on necessary knowledge/skills.

Support for company circle activities

Financial support is provided to employees for company club activities.

Luncheon

To enhance communication among employees, regular luncheons by groups of a small number of staff have been organized.



Key Employee Data

	Apr. 30, 2021	Apr. 30, 2022	Apr. 30, 2023
Number of employees*2	106	103	105
Male	59	60	61
Female	47	43	44
Of which permanent staff	53	56	68
Male	30	32	38
Female	23	24	30
Of which contract staff	14	13	9
Male	1	1	1
Female	13	12	8
Of which temporary staff	8	9	7
Male	2	3	4
Female	6	6	3
Of which seconded from TLC	39	34	28
Male	28	27	22
Female	11	7	6
Number of Directors*3	4	4	4
Male	4	2	2
Female	0	2	2
Number of senior management	31	32	33
Male	26	27	28
Female	5	5	5
Number of employees aged 60 or more	3	2	3
Male	3	2	3
Female	0	0	0
New hire*4	6	6	13
Male	5	5	8
Female	1	1	5
Turn over*4	0	5	5
Male	0	3	2
Female	0	2	3
Avg. aggregated years of service*5	4.4 yrs	4.8 yrs	5.1 yrs
Male	3.6 yrs	4.0 yrs	4.4 yrs
Female	5.5 yrs	5.9 yrs	5.9 yrs

*1 Based on the data as of April 30, 2020, April 30, 2021 and April 1st, 2022

*2 Permanent staff, contract staff and staff seconded from TLC

*3 Includes part-time directors

*4 Permanent staff

*5 Includes the years working at the asset managers before merger to TRM in July 2017

	FY2020	FY2021	FY2022
Health check participation	94.7%	100.0%	100.0%
Stress check participation	98.9%	100.0%	99.0%
Annual paid leave per capita	9.9 days	11.1 days	12.8 days
Ratio of handicapped employee	1.0%	1.0%	1.7%
Monthly avg. overtime per capita	19.4 hours	24.0 hours	24.4 hours
Work-related injury and death	0	0	0
Absentee rate	0.4%	0.3%	0.0%
Ratio of employees on leave	0.0%	1.0%	1.1%
Childcare leave users	3	6	10.0%
Childcare short working hour /Childcare off-peak commuting users	0	5	5
Nursing-care leave users	0	0	0
Home office utilization rate*1	100.0%	100.0%	100.0%

* Financial year from April of the year to March of the next year

	FY2022
Training hours per capita	27.3 hours
Training expense per capita	¥82,183

*1 Trainings include those for human capital development, personal skill development and essential trainings related to ESG, compliance and risk management.

Human Rights and Labor Policies

TFHD Group accepts the difference in a variety of attributes such as gender, age, nationality and handicap and brings about innovation by showing individual ability to the maximum and continues to create value through its business activities. TRM is working to make a workplace without any discriminatory treatment and compensation due to different attributes, where all employees can rely on.

Human Right Policy

TRM shares the Human Right Policy published in January 2020 by TFHD Group and carries out its business in belief that respect the human rights of stakeholders of the group including employees is essential and it is what all companies are expected to do.

TFHD Group’s Human Rights Policy

TFHD Group solves social issues through our business activities and works with stakeholders to realize a sustainable society and growth. The Group recognizes that respecting the human rights of employees and all stakeholders involved in its businesses is an essential requirement of a company with global operations.

1. Adherence to International Human Rights Standards: The Group upholds and respects human rights as outlined in the International Bill of Human Rights (Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights) and the ILO Declaration on Fundamental Principles and Rights at Work. It promotes responsible management according to the UN Guiding Principles on Business and Human Rights, as well as the principles of the UN Global Compact. Whenever there is a conflict between internationally recognized human rights standards and the laws of a country in which it operates, the Group seeks ways to uphold global human rights principles.
2. Importance of this Policy: The Group states “Respect human rights” in its Code of Conduct and encourages individual employees to give due consideration to human rights in their activities. In addition to respecting basic human rights in compliance with the local laws and regulations implemented in the regions where it has bases, it takes steps to prevent discriminatory behavior and speech, sexual harassment and power abuse while making efforts to respect the diverse values, individually, and privacy of individuals. The Tokyu Fudosan Holdings Group Human Rights Policy (the “Policy”) serves as a detailed explanation concerning the requirement to respect human rights in the Group Code of Conduct.
3. Scope: This Policy applies to all Group officers and employees, and the necessary education and training is provided. The operating officer in charge of human resources is responsible for the application of this Policy. Business partners of the Group are expected to support this Policy and to work with the Group to protect human rights.
4. Human Rights Due Diligence and Remedies: The Group carries out human rights due diligence to identify any actual or potential impacts that business activities may have on human rights, and the Group then prevents or mitigates the. Whenever it is discovered that the Group’s activities have caused or contributed to adverse impacts on human rights, the Group will work to remedy the situation. The Group will make efforts to rectify any business or service that may be linked to adverse impacts on human rights through the actions of business partners or other relevant parties. A mechanism will also be established that allows internal and external stakeholders to report and consult on Group activities that may affect human rights.
5. Stakeholder Dialogue: As the Group’s wide-ranging business areas, including real estate, largely affect communities and society, it is essential to work closely with a variety of stakeholders. With this in mind, the Group engages in dialogue with its stakeholders, including employees, local communities, business partners, and customers. It also shares the progress of its efforts on its website and in its integrated reports.
6. Priority Human Rights Issues: In order to avoid any infringement of human rights as a result of business activities, the Group will maintain a close dialogue with stakeholders and external experts concerning social and environmental changes and its business direction, and it will identify priority human rights issues as they arise.

UN Global Compact

Respecting basic labor rights and aiming at coexistence and co-prosperity with employees, TFHD Group supports and respects the OECD Guidelines for Multinational Enterprises, international labor standards and Guiding Principles on Business and Human Rights. In December 2016, the Group stated its support for the UN Global Compact. In accordance with the ten principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption, we promote responsible management and contribute to a sustainable society. TFHD’s support for UN Global Compact shall apply to all group companies including TRM.

The 10 Principles of the UN Global Compact

Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining Principle 4: the elimination of all forms of forced and compulsory labour: Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies
Anti-corruption	Principle 10: Businesses should work against all forms of corruption, including extortion and bribery

Fundamental rights in hiring and employment of TFHD Group

TFHD Group will respect the following matters as a set of fundamental rights in hiring and employment in order to achieve co-existence and co-prosperity with employees.

- 1.Prohibition of discrimination: We will eliminate all discriminatory actions based on nationality, race, religion, beliefs, gender, age, sexual orientation and/or disability and will strive to maintain equal opportunity and treatment in hiring and employment.
- 2.Prohibition of harassment: We will never engage in sexual harassment, power harassment, or any other form of harassment toward people in the workplace. We will also never tolerate language or actions related to harassment.
- 3.Prevention of forced labor: We will strive to eliminate and prevent all forms of forced labor.
- 4.Curtailment of overwork and reduction of overtime: We will establish a fundamental policy on work management to curtail overwork and reduce overtime work giving consideration to employees’ work-life balance and their health maintenance/improvement. In Japan, we will comply with the “Article 36 Agreement.”
- 5.Prevention of child labor: We will support and practice the effective abolishment of child labor.
- 6.Respect for freedom of association and the right to collective bargaining: In recognizing that the freedom of association and the right to collective bargaining are fundamental human rights that must be respected by a company, in countries and regions where the formation of labor unions is allowed, we fully recognize employees’ right to organize, right to collective bargaining and right to strike in labor agreements. In addition, even in countries and regions that do not allow the formation of labor unions due to laws or practice, we will effectively promote conflict resolution through dialogue involving management and labor with the purpose of securing the freedom of association and the right to collective bargaining.
- 7.Payment of wages above and beyond the minimum wage: We will comply with labor laws and regulations and adopt a fundamental policy on labor management in which we will pay wages to employees above and beyond the minimum wage for acceptable living conditions.

Governance

Under a belief that it is essential for our operation to implement a sincere and fairly compliance management, API and TRM thrive to build an effective decision-making process and a strong corporate governance structure to prevent negative occasions, such as conflict of interests cases that would damage the benefits of all our stakeholders including unitholders. This is derived from a recognition that we are conducting an important and responsible operation of managing assets which belong to the unitholders.

Taking our societal responsibility and public missions into consideration, we will continue to make best effort to meet expectations and reliance from our stakeholders including unitholders, customers, business partners, and our local communities by contributing economical and societal development through a healthy business operation.



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API's Corporate Governance

Pursuant to the Act on Investment Trusts and Investment Corporations of Japan ("ITA"), API entrusts its asset management operations to TRM.

API's governance structure

API's organization comprises a unitholders' meeting, a board of directors currently comprised of one executive director and two supervisory directors, and an independent auditor. API has no employees as ITA prohibits REITs to make employment contracts.



(Note) Yonosuke Yamada resigned as supervisory director on September 7, 2023 due to the expiration of his term of office; Kazuhiko Takamatsu, who was elected as supervisory director at the Unitholders' Meeting held on August 17, 2023, was newly appointed as supervisory director as of September 8, 2023.

Unitholders' Meeting

Matters and issues on API, that are originally stipulated at ITA and other relevant laws & regulations, are to be resolved at a unitholders' meeting.

Directors

The Executive Officer executes the business of API and represent API. In addition, the Supervisory Directors supervise the Executive Directors in the execution of their duties. The Supervisory Directors are independent of TRM or its interested parties, etc., in accordance with the provisions of the Investment Trust Law, and may request reports from TRM and the asset custodian on the status of API's operations and assets, or conduct necessary investigations as necessary.

Term of office / brief biographies of directors

The term of office for directors is two years. Please refer to [API's website](#) for the brief biographies of directors.

Eligibility requirements

Candidate for directors must not fall under any disqualification clause as defined in the ITA. Such candidates shall be examined and appointed at a unitholders' meeting.

Compensation

The articles of incorporation of API stipulate that it may pay the executive director up to ¥700,000 per month and each of our supervisory directors up to ¥500,000 per month, and the board of directors of API is responsible for determining the amount for each director.

Concurrent positions and compensation of directors

Excerpt from the Semi-annual report for the fiscal period ended May 2023

Position	Name	Concurrent positions	Compensation received (¥ thousand / period)
Executive Director	Nobuhide Kashiwagi	Managing Director, Chief Division Officer of Activia Management Division, TLC REIT Management Inc.	–
Supervisory Directors	Yonosuke Yamada (Note)	Managing Partner of Yamada, Goya and Suzuki law offices	3,300
	Yoshinori Ariga	Ariga Yoshinori Accounting Office	

(Note) Yonosuke Yamada resigned as supervisory director on September 7, 2023 due to the expiration of his term of office; Kazuhiko Takamatsu, who was elected as supervisory director at the Unitholders' Meeting held on August 17, 2023, was newly appointed as supervisory director as of September 8, 2023.

Board of Directors

At the meeting of the board of directors, the executive director reports on the performance of its duties and the supervisory directors supervise to ensure that API operates the asset management in compliance with legal and regulatory requirements. The meeting frequency of the board should be at least once in three months as stipulated under internal regulations of TRM. However, for FY2022, 13 meetings were held with a 100% attendance of directors.

Independent Auditors

The independent auditor shall audit the financial statements of API and report to the supervisory directors any improper activity of the executive director. The term of office of the independent auditor comes to an end at the first unitholders' meeting held after the first financial period closed after one year or more from the appointment date. The auditor shall be reappointed except as otherwise resolved in a unitholders' meeting.

Auditor fee

Excerpt from the Semi-annual report for the fiscal period ended May 2023

Position	Name	Compensation (¥ thousand/period)
Independent auditor	Ernst & Young ShinNihon LLC	13,700

(Note) Includes fees for preparing comfort letters related to the issuance of new investment corporation bonds in December 2022.

TRM's Corporate Governance

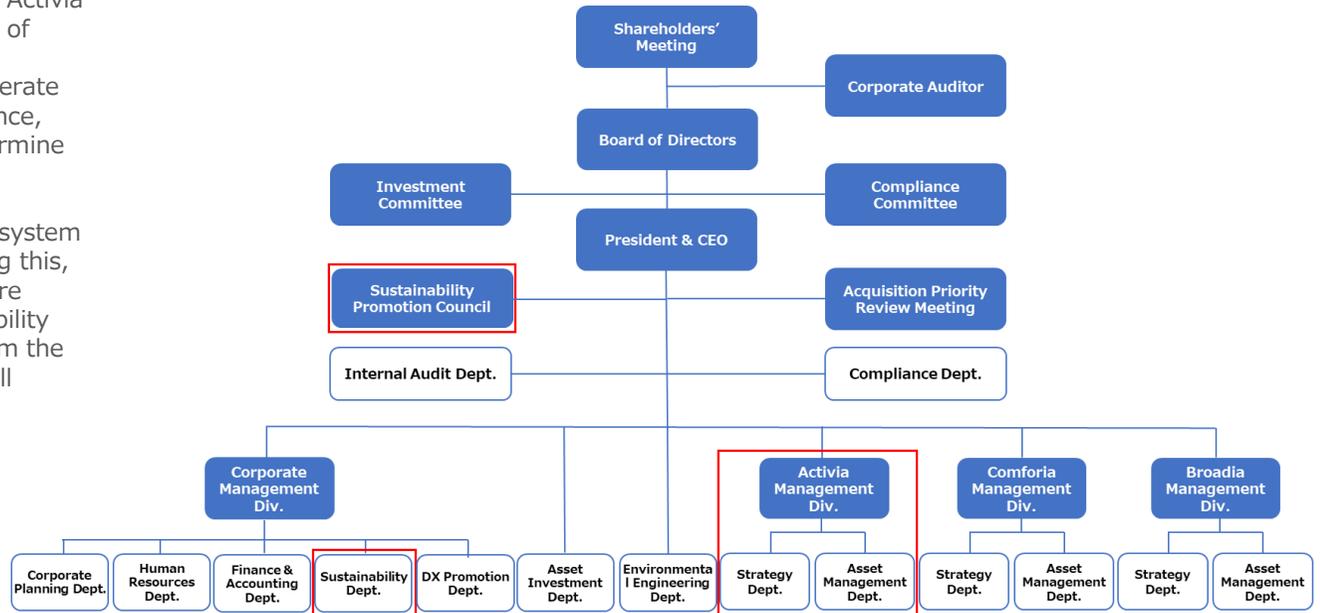
TRM works to enhance corporate governance to exercise a fiduciary duty and a duty of loyalty to API as stipulated in the asset management agreement.

TRM management organization

Under the management organization shown below, TRM exercises its asset management operation, and the Activia Management Division undertakes the management of assets of API. TRM has established the Investment Committee and the Compliance Committee to deliberate matters related to asset management and compliance, and the Acquisition Priority Review Meeting to determine the order of priority for consideration.

In April 2021, TRM established the rules on the Sustainability Promotion System to strengthen the system and expand the functionality of measures. Following this, the Sustainability Promotion Council obtained a more accurate position in the organization. The Sustainability Department succeeds the ESG-related missions from the Environmental Engineering Department, and we will further promote our sustainability program.

Organizational chart



Decision Making Process

In order for API to make decisions concerning the acquisition or sale of assets or the operation and management of such assets, the Investment Committee of TRM shall, in principle, be required to pass unanimous resolutions on proposals, including the execution of acquisition of such assets and approval of the acquisition price, by the attending committee members with voting rights. In addition, TRM's legal compliance system and as a measure against conflicts of interest in transactions with related parties, in certain cases, deliberations and resolutions shall be made at TRM's Compliance Committee prior to resolutions at the Investment Committee.

Compliance Committee

In order to strengthen the compliance system, TRM holds regular meetings of the Compliance Committee, whose members are outside experts (lawyers). The Compliance Committee makes resolutions on the following matters.

Members	<ul style="list-style-type: none"> • Compliance Officer • President & CEO • Directors (excluding part-time directors) <p>(In the case that a director concurrently serves as the chief division officer of each asset management division, such director may not attend the Compliance Committee meetings pertaining to the investment corporation with which TRM has entered into an asset management agreement that he/she does not have jurisdiction over as the Chief Division Officer of each asset management division.)</p> <ul style="list-style-type: none"> • One or more outside experts (who must be a licensed expert such as an attorney or accountant) appointed by the Board of Directors of TRM
Matters to be resolved	<ul style="list-style-type: none"> • Establishment and modification of basic investment policy for asset management (*) • Determination and modification of asset acquisitions or dispositions and their conditions, etc. (*) • Establishment and modification of asset management plans (*) • Establishment and modification of basic policies for asset management (*) • Establishment and revision of basic policies for financing, capital and dividend policies (*) <p>(The asterisked matters shall be limited to those related to transactions with related parties and matters deemed necessary by the Compliance Officer.)</p> <ul style="list-style-type: none"> • Matters pertaining to transactions with related parties (except for transactions that do not require prior approval by the Compliance Committee as stipulated in the Related Parties Transaction Rules). • Preparation and revision of the Compliance Manual and Compliance Program • Deliberation and decision on remedial measures or future preventive measures for inappropriate acts in terms of compliance with laws and ordinances, etc. • Matters that the Compliance Officer deems necessary to be deliberated by the Compliance Committee
Deliberation	<p>If two-thirds of the committee members including the Compliance Officer and all outside experts are present at the meeting, and two-thirds of the members who are present at the meeting including the Compliance Officer and all of the outside experts agree with the proposal, the proposal may be submitted to the Investment Committee. The Committee members may have observers present at the Compliance Committee meetings and ask for their opinions or explanations.</p>

Investment Committee

TRM has an Investment Committee with outside experts (real estate appraisers) as members. The Investment Committee shall make resolutions on the following matters

Members	<ul style="list-style-type: none"> • President & CEO • Directors (excluding part-time directors) • Chief Division Officers of the Activia, Comforia and Broadia Management Divisions (Each of whom is entitled to attend only the committee meeting pertaining to the REIT for which he/she is responsible) • Chief Division Officer of Corporate Management Division • General Manager of the Asset Investment Department • General Managers of the Finance & Accounting Department, Corporate Planning Department, Environmental Engineering Department (without voting right) • Compliance Officer (without voting right) • Qualified independent real estate appraiser appointed by the Board of Directors of TRM
Matters to be resolved	<ul style="list-style-type: none"> • Establishment and modification of basic policies for asset investment • Determination and modification of asset acquisitions and dispositions and their terms and conditions, etc. • Establishment and modification of asset management plans • Establishment and modification of basic policies for asset management • Matters pertaining to the preliminary settlement of accounts • Establishment and modification of basic policy on financing, capital and dividend policy • Decisions and changes related to financing, capital policy, and dividend policy • Matters related to transactions with related parties (excluding transactions that do not require prior approval by the Investment Committee in accordance with the Related Parties Transaction Regulations) • Other important matters related to the above
Deliberation	<p>Meetings of the Investment Committee in principle must be attended by all members with a voting right, and the Investment Committee approves a submitted proposal by a unanimous vote. A qualified independent real estate appraiser does not need to attend unless property value is an issue. If a qualified independent real estate appraiser cannot attend a meeting where property value is an issue, he/she may, instead of attending the meeting, submit an opinion, which must be respected upon a deliberation and vote.</p> <p>Any member of the Committee who has a particular interest in the subject proposal may not participate in the resolution. If the Compliance Officer determines that there is a problem with the course of deliberations, he/she may instruct the Investment Committee to suspend the deliberations. The Committee members may have observers present at the Investment Committee meetings and ask for their opinions or explanations.</p>

Structure to Maximize Our Unitholder Value

While leveraging the value-chain of TFHD Group, API and TRM are working to improve and enhance the governance system contributing to maximize unitholder value, including approaches such as measures against conflict of interests with related parties, alignment of interests of unitholders and the Sponsor, and amendment to the AM fee structure with DPU-linked fee.

Alignment of interests of API’s unitholders and TLC

Ownership by the Sponsor

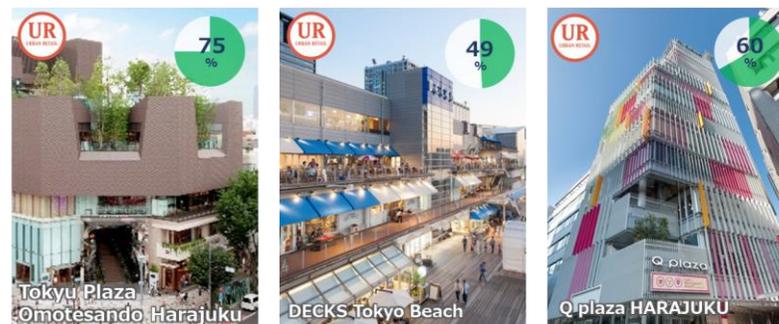
In the Sponsor Support Agreement, TLC has made it clear that when API decides to issue additional units, a subscription of a part of such issuance shall be sincerely considered.

In Spring 2022, TLC made additional acquisition of API’s investment units (cf. p.14). Further support from the Sponsor is expected with reinforced alignment of interests.

**Ownership ratio of
Tokyu Land Corporation (Sponsor)
as of May 31, 2023
11.0%**

Co-ownership of properties with the Sponsor

API holds co-ownership of interests with the Sponsor in the three commercial properties namely Tokyu Plaza Omotesando Harajuku, DECKS Tokyo Beach, and Q plaza HARAJUKU. We consider that this alignment of interests between the Sponsor and API’s unitholders, deriving from operating revenues of the owned assets including above, should lead to a better property management practice.



(Note 1) Percentages of co-ownership interests API holds in the properties.
 (Note 2) Tokyu Plaza Ginza (Land)(co-ownership 30%) was disposed on April 5, 2023.

Acquisition process securing fairness to protect unitholder value

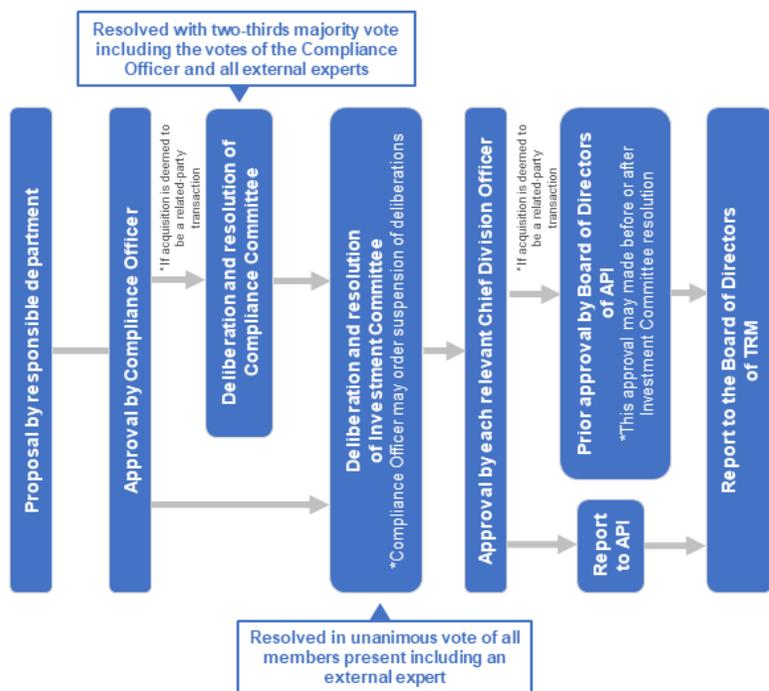
To realize an effective and transparent management, TRM has an effective decision-making process based on internal regulations including the management guideline and rules on related-party transaction.

For instance, asset acquisition from related parties requires deliberation and resolution of Compliance Committee, which includes external expert(s) in its members and an approval by the Board of Directors of API, for which more stringent rules are applied and conducted.

Asset management fee structure including DPU-linked fee

Pursuant to the asset management agreement, API pays an asset management fee including DPU-based portion to TRM. This structure is designed to incentivize TRM to enhance API's unitholder value. Ratio of performance-based fee (type II) was increased from the fiscal period ended May 2020, which would contribute to strengthen incentive to maximization of unitholder value.

Acquisition approval process



AM fee structure of API

Asset management fee	
Type I (per year)	Type II
Calculation method (Type I up to 0.3%) $\begin{matrix} \text{Total assets at end of the} \\ \text{immediately preceding FP} \\ \times \\ \mathbf{0.25\%} \end{matrix}$	$\begin{matrix} \text{DPU (before deduction of the} \\ \text{type II management fee)} \\ \times \\ \text{NOI} \\ \times \\ \mathbf{0.00021\%} \end{matrix}$
(Note) Total AM fee of type I and type II is up to total assets at end of each period × 0.5%	
Acquisition fee / Disposition fee	
Acquisition fee	Disposition fee
Calculation method $\begin{matrix} \mathbf{0.7\%} \\ \text{Transaction with a related} \\ \text{party : } \mathbf{0.5\%} \end{matrix}$	$\mathbf{0.5\%}$ No fee will be paid in the following cases 1) Transaction with a related party 2) Transaction caused capital loss

Compliance

As a member of the TFHD Group, TRM is implementing compliance management in compliance with the "Tokyu Land Holdings Group Code of Conduct" by holding Compliance Committee meetings and establishing a Compliance Department, etc. TRM has also established a solid compliance system within TRM. We have established a solid compliance system by formulating compliance rules, compliance manuals, etc. within TRM.

UN Global Compact

TFHD Group has stated its support for the UN Global Compact and TRM shares its support and respects the ten principles of the UNGC.

10 principles of UN Global Compact

Human rights	<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p>
Labour	<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation</p>
Environment	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies</p>
Anti-corruption	<p>Principle 10: Businesses should work against all forms of corruption, including extortion and bribery</p>

TFHD Group’s Code of Conduct

TFHD, the sponsor group, recognizes that risk management through compliance management is the foundation of the Group's management, and we encourage all executives and employees to not only comply with laws and regulations, but also to make decisions and act in accordance with the "Tokyu Land Holdings Group Code of Conduct," a code of conduct. The Asset Manager is a member of the Tokyu Land Holdings Group. As a member of the Group, TRM will practice compliance management in accordance with the Code of Conduct.

1.Compliance with Laws and Regulations and Fair Trading	2.Ensuring Customer oriented Awareness	3. Suitable Execution of Duties	4. Proper Management of Information	5. Ensuring Good Faith in Business Conduct
<ul style="list-style-type: none"> ● Ensure compliance with applicable laws and regulations. ● Ensure best practice in material procurement and fair trade. ● Ensure compliance with fiduciary responsibility in the execution of duties. ● Never connect with antisocial forces. 	<ul style="list-style-type: none"> ● Identify customer needs and develop products to meet their needs. ● Prompt and dedicated response to customers' comments and requests. ● Customers' safety and security comes first when providing products and services. ● Provide a suitable and appropriate explanation and marketing of our products and services. 	<ul style="list-style-type: none"> ● Responsible execution of duties, keeping concepts of "speed" and "evolution" in mind. ● Nurture organization culture of placing emphasis on "Collective wisdom." ● Take advantage of combined strength of the corporate group. ● Ensure proper decision making process. ● Proper management of rules. ● Proper negotiations with business associates. 	<ul style="list-style-type: none"> ● Operate appropriate document and information management systems. ● Proper management of confidential information and compliance with confidentiality obligation. ● Prohibit insider trading. ● Timely and appropriate information disclosure and PR activities. ● Internal control to ensure proper accounting and financial reporting 	<ul style="list-style-type: none"> ● Preserve corporate assets. ● Ensure a robust, safe, and comfortable working environment. ● Respect human rights. ● Contribution to society and consideration of the environment. ● Reasonable business entertaining and gift-giving. ● Clear distinction between business and personal matters.

Corporate Compliance at TRM

TRM's management philosophy is to contribute to the development of society and maximize unitholder value through the provision of high-quality real estate investment management services and by earning the confidence of all stakeholders.

We aim to earn the trust of our unitholders by ensuring compliance with laws and regulations and acting with high ethical standards, and by providing transparent and easy-to-understand information disclosure from the standpoint of our unitholders, thereby contributing to the provision of high-quality real estate management services that meet the diverse needs of our tenants and the provision of total management services that bring together the know-how of TFHD Group.

In order to ensure compliance management and enhance corporate value, as well as to become a company that is trusted by all stakeholders including unitholders, all officers and employees of TRM (including directors, corporate auditors, temporary employees, and others who are not employed by the company) are required to use the Compliance Manual, an internal regulation, as a guide in their daily business activities, and each and every one of them is required to comply with the standards of conduct stipulated in the Manual.

TRM considers compliance to be not only a matter of legal observance but also a broader concept, as described below, in accordance with the above-mentioned management philosophy, which is to be practiced by each and every officer and employee with awareness, thereby fulfilling corporate social responsibility.

1. Legitimate actions in compliance with laws and regulations (including supervisory guidelines, financial inspection manuals, etc.)
2. Risk management behavior in compliance with internal rules and regulations
3. Exemplary behavior that conforms to our corporate philosophy
4. Ideal behavior based on social norms and high ethical standards

Directors recognize compliance as the most important issue in management and are responsible for maintaining and improving the management environment for compliance by establishing basic compliance-related policies and internal rules, etc. Their main roles are as follows;

1. Formulation and resolution of basic policies and internal rules, etc. related to compliance
2. Direct activities based on the compliance program
3. Maintenance of compliance environment and internal control system

Auditors of TRM have the role and responsibility to audit whether directors' decisions and their execution are legal, appropriate, and effective.

Compliance Committee

Refer to "TRM's Corporate Governance." (p.56)

Measures taken to enhance compliance awareness

Divisional compliance staff

Each year divisional compliance staff are appointed from each division of TRM to perform periodic monitoring on compliance matters. The officers report compliance status in his/her division and share related information.

Basic training on compliance and ethics for employees

TRM provides extensive compliance and business ethics training for employees.

Example of FY2022 trainings for all employees

- Compliance training
- Fiduciary duty (customer-oriented business operation) / Financial Instruments and Exchange Act and Act on Investment Trusts and Investment Corporations / Compliance framework / Conflict of interest transaction management
- Risk management training

Internal Audit

TRM has established regulations on internal audit and conducts internal audits for the purpose of examining whether or not TRM's operations are being conducted properly and efficiently in accordance with laws, regulations, and rules, and to make recommendations for improvement to the departments to be audited, thereby ensuring the appropriateness and efficient management of TRM's operations. Internal audits include the detection and prevention of violations of laws, regulations, and rules, including rules related to accidents, corruption, fraud, and ethics; the proper and efficient execution of the operations and management of the audited departments; financial soundness; auditing the status of the thorough understanding of laws, regulations, and points of concern by officers and employees; and auditing other necessary matters. The Internal Audit Department is responsible for the following audits. The Internal Audit Department is independent from the audited department, and in principle, officers and employees of the Internal Audit Department do not perform duties for the audited department. Internal audits shall be conducted on an ongoing basis on an annual basis, covering all departments and their operations except for the Internal Audit Department (in the case where a part of the business is outsourced to a third party, the audit will cover the management status of the outsourced business by the department in charge). Audit results are reported to the President & CEO and the Board of Directors, and the President & CEO gives instructions for improvement to the audited department based on the audit results.

Fraud and corruption prevention

TRM shares the THFD Group’s anti-corruption policy, and in the belief that corruption creates significant obstacles against sustainable development and corrodes the social structure, recognizes that commitment to prevention of corruption is an important issue for the society and is making the best effort to prevent any unfair practice in the operation. The rules of employment and rules on the compliance stipulate that we shall not conduct those acts, and periodical trainings are implemented to the employees. The effort includes also that compliance verification by supervisors while keeping evidence to make a judgment of compliance is required at a business transaction. Harsh punishment shall be imposed to on the employee who conducted those acts.

TFHD Group is a signatory to the United Nations Global Compact (UNGC), and as a member of the Group, TRM supports the ten principles of UNGC. (cf. [p.60](#))

TFHD Group’s Anti-Corruption Policy

TFHD Group recognizes that corruption and bribery are serious risks that could considerably damage the trust and credibility of a company. We are committed to maintaining sound relationships with stakeholders and will never engage in business entertainment or gift-giving that elicits suspicion or mistrust from society. Specifically, we will thoroughly implement the following.

- (1) We will never engage or be complicit in any and all forms of bribery, including money laundering, embezzlement, or obstruction of justice, etc.
 - (2) In fully understanding laws and regulations about relationships with public offices and other similar persons in Japan or other countries, we will never engage in business entertainment or gift-giving that elicits suspicion or mistrust from society and we will never provide monetary or other benefits to gain illicit profits.
 - (3) We will not provide or receive business entertainment or gifts from business partners or other parties that deviates from sound business practices or social norms.
- We will not use our position or authority to demand personal benefits from our business partners or other parties.
In addition, a code of conduct is stipulated in the code of ethics for executive officers approved by the Board of Directors Meeting to counteract all corruption activities including bribery.

Prevention of relationships with anti-social forces

TRM sets forth a basic principles and specific measures to be taken in the "Standards for Anti-Social Forces" to ensure that TRM and API do not have any relationship with anti-social forces, to ensure proper management, to prevent significant damage to stakeholders including officers, employees, etc. and shareholders, and to fulfill the company's social responsibility.

Anti-money laundering system

TRM recognizes the importance of preventing money laundering, financing of terrorism and financing for the proliferation of weapons of mass destruction ("money laundering, etc.") and conducts annual hearings on the prevention systems of its business partners.

TRM strives to prevent API, TRM, as well as their clients, business partners, etc., from involvement in money laundering, etc., and to contribute to the sound maintenance and development of the financial system.

Whistleblower system

TRM established the Compliance Helpline Counter as a contact point to report and consult on compliance matters including when harassment and bullying is experienced or observed, enabling all officers and employees to directly report to the Compliance Officer of TRM, General Manager of Legal Affairs Department of TLC, General Manager of Group Legal Affairs Department of TFHD, or external attorneys. Also, a system is already in place to structurally protect the whistleblowers when such reports were conducted.

	FY2020	FY2021	FY2022
Awareness of Compliance Helpline Counter	90%	88%	89%

Risk Management

Basic Policy on Risk Management

TRM established a basic policy on the strategic targets, as well as risk management rules to implement appropriate management of risks.

Basic Policy on Risk Management

1. Based on the above, and in accordance with our management principles, we aim to secure long-term stable revenue and maximize unitholder value by establishing a management system in accordance with these Rules and implementing appropriate risk management against various risks involved with engaging in investment management business.
2. Officers and employees, etc., shall recognize the importance of risk management, be aware the fact that each is responsible for risk management, understand these Rules and internal rules, etc., and strictly comply with the same.
3. Necessary and appropriated rules, detailed ruled and standards about risk management shall be established. Actual risk management shall be conducted through organizational and human resources oriented countermeasures so that such responsibility of relevant risk management would be clarified.
4. Necessary and appropriate management and supervision shall be implemented for business outsourcing partners as well as to officers and employees, etc.
5. Risk management training, etc., shall be conducted to promote thorough awareness by officers and employees, etc., and to maintain/improve effectiveness of the Basic Policy.
6. Basic Policy stated in this Article shall be reviewed periodically as necessary. A change in our strategic targets would be a good example for such timing.

Risk management framework

TRM sets forth a basic policy for risk management based on its strategic objectives and appropriate risk management to be taken in the "Risk Management Regulations", and has appointed the Compliance Department, consisting of an officer and employees who do not concurrently serve in the business division, as the risk management division, and the Compliance Officer as the risk management manager who oversees this department. The Compliance Department and the Compliance Officer promote the advancement of risk management systems with the support of external experts. The risk management manager is responsible for the effectiveness of appropriate risk management, and reports directly to the President & CEO and the Board of Directors of TRM on the design and management of the organization-wide risk management system and the risk management policy formulated each year. Directors shall establish risk management policies and disseminate them throughout the organization.

TRM also works to improve the risk management skills of its employees by providing risk management training.

Risk management training

TRM provides periodical risk management educational session with all officers and employees by external lecturers and works to improve risk management ability of members of each department.

Information Security

In order to protect the information assets held by TRM and ensure their proper use, TRM has established the "Basic Rules for Information Security Management" to clarify the responsibilities at TRM regarding information management and to define basic information security measures to be implemented.

By continuously practicing these measures, TRM strives to ensure the trust of its stakeholders, including API that entrusts its asset management operations to TRM, and thereby fulfill TRM's corporate social responsibility. In preparation for the occurrence or emergence of serious risks related to the company's information security, TRM has appointed a chief information security management officer (a Director in charge of information security), an information security management officer (General Manager of the Corporate Planning Department), an information system management officer (General Manager of the Digital Transformation Promotion Department), and an information security manager at each division (Chief Division Officer or General Manager of the division), to ensure a system to report to the Board of Directors without delay.

Business continuity planning

To strengthen its resilience, TRM set a business continuity plan, related rules and manuals, and make updates when necessary, in preparation for unexpected crisis such as disaster and social disruption. In accordance with these rules, we work to prevent and mitigate impact from crisis including recent natural disasters and COVID-19. We also pay close attention to the materials and equipment used in the properties of API and make every effort to prevent incident by staying well informed of defect products and carrying out research.

GRI Index

The latest version of the table is on [API's website](#) as well.

Statement of use **Activia Properties Inc. and the Asset Management Company have reported with reference to the GRI Standards for the period from April 1, 2022 to March 31, 2023.**

GRI 1 used **GRI 1: Foundation 2021**

Disclosure	Location or reason for omission		Disclosure	Location or reason for omission	
GRI2: General Disclosures 2021			3. Governance		
1. The organization and its reporting practices			2-8	Workers who are not employees	https://www.tokyu-irm.co.jp/en/sustainability/esg.html#c3 [Asset Manager] Key Employee Date
2-1	Organizational details	https://www.activia-reit.co.jp/en/about/company.html Profile	2-9	Governance structure and composition	https://www.activia-reit.co.jp/en/about/management.html Management
2-2	Entities included in the organization's sustainability reporting	None			https://www.activia-reit.co.jp/en/about/structure.html API Structure
2-3	Reporting period, frequency and contact point	https://www.activia-reit.co.jp/en/sustainability/report.html Sustainability Report and GRI Index			https://www.activia-reit.co.jp/en/sustainability/index.html Our Structure to Promote Sustainability
2-4	Restatements of information	https://www.activia-reit.co.jp/en/contact/ Contact us	2-10	Nomination and selection of the highest governance body	https://www.activia-reit.co.jp/en/features/feature_03.html Governance Structure To Maximize Unitholder Value
2-5	External assurance	https://www.activia-reit.co.jp/en/sustainability/environment.html#c1 ISO14001 certificated	2-11	Chair of the highest governance body	https://www.activia-reit.co.jp/ja/ir/library.html Articles of Incorporation (in Japanese)
		https://www.tokyu-irm.co.jp/en/sustainability/esg.html#c3 Environmental Performance was assured by a third-party organization	2-12	Role of the highest governance body in overseeing the management of impacts	https://www.activia-reit.co.jp/ja/ir/library.html Articles of Incorporation (in Japanese)
		https://www.tokyu-irm.co.jp/en/sustainability/esg.html#c3 Third-party assurance statement			https://www.activia-reit.co.jp/en/sustainability/index.html Our Structure to Promote Sustainability
2. Activities and workers					https://www.activia-reit.co.jp/en/sustainability/material.html Materiality Identification
2-6	Activities, value chain and other business relationships	https://www.activia-reit.co.jp/en/features/index.html API Features	2-13	Delegation of responsibility for managing impacts	https://www.activia-reit.co.jp/en/sustainability/index.html Our Structure to Promote Sustainability
		https://www.activia-reit.co.jp/en/about/company.html Profile	2-14	Role of the highest governance body in sustainability reporting	https://www.activia-reit.co.jp/en/sustainability/index.html Our Structure to Promote Sustainability
		https://www.activia-reit.co.jp/en/about/structure.html API Structure	2-15	Conflicts of interest	https://www.activia-reit.co.jp/en/features/feature_03.html Governance Structure To Maximize Unitholder Value
2-7	Employees	https://www.tokyu-irm.co.jp/en/sustainability/esg.html#c3 [Asset Manager] Key Employee Date			https://www.activia-reit.co.jp/file/ir_library_other_file-20be33d4ff90335d5d0cdfc9d340da303a6a1842.pdf Report on Management Structure of the REIT Issuer (in Japanese)
		Since the Asset Management Company has only one office, there are no regional differences (same below)	2-16	Communication of critical concerns	https://www.activia-reit.co.jp/en/sustainability/index.html Our Structure to Promote Sustainability
					No critical concerns reported during the reporting period.

Disclosure	Location or reason for omission	
2-17	https://www.activia-reit.co.jp/en/sustainability/index.html	Our Structure to Promote Sustainability
2-18	https://www.activia-reit.co.jp/en/sustainability/index.html	Sustainability Promotion Council
2-19	https://www.activia-reit.co.jp/ja/ir/library.html	Articles of Incorporation (in Japanese)
2-20	https://www.activia-reit.co.jp/ja/ir/library.html	Articles of Incorporation (in Japanese) Legally, the investment corporation does not have employees. The relevant information of the asset management company is not aggregated at this time.
2-21		Annual total compensation ratio
4. Strategy, policies and practices		
2-22	https://www.activia-reit.co.jp/en/about/index.html	Statement on sustainable development strategy Message
2-23	https://www.activia-reit.co.jp/en/features/index.html https://www.activia-reit.co.jp/en/sustainability/index.html https://tokyu-fudosan-hd-csr.disclosure.site/en/themes/32 ※As a Group member, we share the Tokyu Fudosan Holdings Group Human Rights Policy.	Policy commitments API Features Our View on Sustainability Human Rights and Community (Tokyu Fudosan Holdings)
2-24	https://www.activia-reit.co.jp/en/sustainability/index.html	Embedding policy commitments Sustainability Promotion Council
2-25	https://www.tokyu-irm.co.jp/en/sustainability/esg.html#c4	Processes to remediate negative impacts [Asset Manager] Establishment of whistle-blowing system
2-26	https://www.tokyu-irm.co.jp/en/sustainability/esg.html#c4 https://www.tokyu-fudosan-hd.co.jp/english/about/compliance/	Mechanisms for seeking advice and raising concerns [Asset Manager] Establishment of whistle-blowing system Establishment of Compliance Helpline (Tokyu Fudosan Holdings)
2-27	No violations during the reporting period https://www.activia-reit.co.jp/en/sustainability/initiative.html	Compliance with laws and regulations International Initiatives, etc.
2-28		Membership associations

Disclosure	Location or reason for omission	
5. Stakeholder engagement		
2-29	https://www.activia-reit.co.jp/en/sustainability/approach.html	Approach to stakeholder engagement API's Initiatives
2-30	100%	Collective bargaining agreements [Asset Manager]
GRI 3: Material Topics 2021		
3-1	https://www.activia-reit.co.jp/en/sustainability/material.html	Process to determine material topics Materiality Identification
3-2	https://www.activia-reit.co.jp/en/sustainability/material.html	List of material topics Materiality Identification
3-3	https://www.activia-reit.co.jp/en/sustainability/material.html https://www.activia-reit.co.jp/en/sustainability/approach.html	Management of material topics Materiality Identification API's Initiatives
201: Economic Performance 2016		
201-2	https://www.activia-reit.co.jp/en/sustainability/environment.html#c5	Financial implications and other risks and opportunities due to climate change Addressing Climate Change
205-2	https://www.tokyu-irm.co.jp/en/sustainability/esg.html#c4 https://tokyu-fudosan-hd-csr.disclosure.site/en/themes/38	Communication and training about anti-corruption policies and procedures [Asset Manager] Compliance Training Anti-Corruption Policy (Tokyu Fudosan Holdings)
205-3	No incidents	Confirmed incidents of corruption and actions taken ※As a member of the Tokyu Land Holdings Group, we share the above policy
206: Anti-competitive Behavior 2016		
206-1	No incidents	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

Disclosure	Location or reason for omission	
GRI 300: Environmental		
302: Energy 2016		
302-2 Energy consumption outside of the organization	https://www.activia-reit.co.jp/en/sustainability/environment.html#c2	Environmental Performance
302-3 Energy intensity	https://www.activia-reit.co.jp/en/sustainability/environment.html#c2	Environmental Performance
303: Water 2018		
303-3 Water withdrawal	https://www.activia-reit.co.jp/en/sustainability/environment.html#c2	Environmental Performance
303-5 Water consumption	https://www.activia-reit.co.jp/en/sustainability/environment.html#c2	Environmental Performance
305: Emissions 2016		
305-1 Direct (Scope 1) GHG emissions	https://www.activia-reit.co.jp/en/sustainability/environment.html#c2	Environmental Performance
305-2 Energy indirect (Scope 2) GHG emissions	https://www.activia-reit.co.jp/en/sustainability/environment.html#c2	Environmental Performance
305-4 GHG emissions intensity	https://www.activia-reit.co.jp/en/sustainability/environment.html#c2	Environmental Performance
306: Effluents and Waste 2016		
306-2 Waste by type and disposal method	https://www.activia-reit.co.jp/en/sustainability/environment.html#c2	Environmental Performance
307: Environmental Compliance 2016		
307-1 Non-compliance with environmental laws and regulations	No violations during the reporting period	
GRI 400: Social		
401-1 New employee hires and employee turnover	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	[Asset Manager] New Hire
401-3 Parental leave	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	[Asset Manager] Childcare leave users
403-2 Hazard identification, risk assessment, and incident investigation	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	[Asset Manager] Health Committee
403-4 Worker participation, consultation, and communication on occupational health and safety	Employees also take part in the health committee disclosed below. https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	[Asset Manager] Health Committee

Disclosure	Location or reason for omission	
403-5 Worker training on occupational health and safety	Carring out lectures by industrial doctors and planned classes related to harassment. https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	[Asset Manager] Various employee training programs Health Committee
403-6 Promotion of worker health	Carrying out stress checks and regular health checks. https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	[Asset Manager] Our Commitment Status of Work-Style Reform and Diversity Promotion
403-9 Work-related injuries	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	[Asset Manager] Number of worker's injuries/death incident
403-10 Work-related ill health	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	[Asset Manager] Status of Work-Style Reform and Diversity Promotion
404: Training and Education 2016		
404-1 Average hours of training per year per employee	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	[Asset Manager] Employee Development
404-2 Programs for upgrading employees skills and transition assistance programs	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	[Asset Manager] Employee Development
404-3 Percentage of employees receiving regular performance and career development reviews	Both contracted employees and regular employees receive performance and career development reviews in the same structure, and aim to set the goals and communicate with superiors. https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	[Asset Manager] Performance Evaluation Process
405: Diversity and Equal Opportunity 2016		
405-1 Diversity of governance bodies and employees	https://www.activia-reit.co.jp/en/about/management.html https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Management [Asset Manager] Key Employee Data Status of Work-Style Reform and Diversity Promotion
413 : Local Communities 2016		
413-1 Operations with local community engagement, impact assessments, and development programs	https://www.activia-reit.co.jp/en/sustainability/approach.html	API's Initiatives
GRI G4: Construction and Real Estate Sector Disclosures		
CRE		
CRE8 Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	https://www.activia-reit.co.jp/en/sustainability/environment.html#c4	Environmental Certifications

Independent Assurance Statement



Independent Assurance Statement

June 30, 2023

Mr. Nobuhide Kashiwagi
Executive Director
Activia Properties Inc.

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by Activia Properties Inc. ("the Investment Corporation") to provide limited assurance on the Investment Corporation's following data of all properties owned during April, 2022 to March, 2023, 39.1GWh of energy consumption, 1.71kt-CO2 (Scope 1), 10.9kt-CO2 (Scope 2, market-based), 18.9kt-CO2 (Scope 3 category 13), 2.65kt of waste emissions, 479 thousand m³ of water use (collectively, "the Environmental performance data"). The purpose of this process is to express our conclusion on whether the Environmental performance data were calculated in accordance with the Investment Corporation's standards. The Investment Corporation's management is responsible for calculating the Environmental performance data. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000) and International Standard on Assurance Engagement 3410 (ISAE 3410). The key procedures we carried out include:

- Interviewing the Investment Corporation's responsible personnel to understand the Investment Corporation's standards and reviewing the Investment Corporation's standards.
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the Environmental performance data were calculated in accordance with the Investment Corporation's standards.

3. Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Environmental performance data have not been calculated in all material respects in accordance with the Investment Corporation's standards.

We have no conflict of interest relationships with the Investment Corporation.

Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.