

ESG REPORT

Issued on March 31, 2025



**Takara Leben Real Estate
Investment Corporation**

Sustainability Initiatives

We aim for “maximization of unitholder value,”
“creation of a sustainable environment,” and
“contribution to communities and society” through
consideration of the environment, society,
and governance

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ESG Report

We have published this report for the purpose of publicizing our approach to ESG and our initiatives to a wide range of stakeholders, including investors.



Sustainability Initiatives

Basic Policy

1. Takara Leben Real Estate Investment Corporation (TLR) aims to achieve “steady growth” and “stable management” by using a multi-sponsor management structure that combines the expertise and knowledge of sponsor companies with various strengths.
2. With the goal of remaining unitholders' diversified J-REIT of choice, TLR aims to achieve “maximization of unitholder value,” “creation of a sustainable environment,” and “contribution to communities and society.”

Message from the Executive Director

TLR was listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market on July 27, 2018. Our basic policy is to pursue “steady growth” and “stable management.” Along with these, in order to remain unitholders' diversified J-REIT of choice, we aim to achieve “maximization of unitholder value,” “creation of a sustainable environment,” and “contribution to communities and society.” Since our listing, we have implemented various measures relating to these goals.

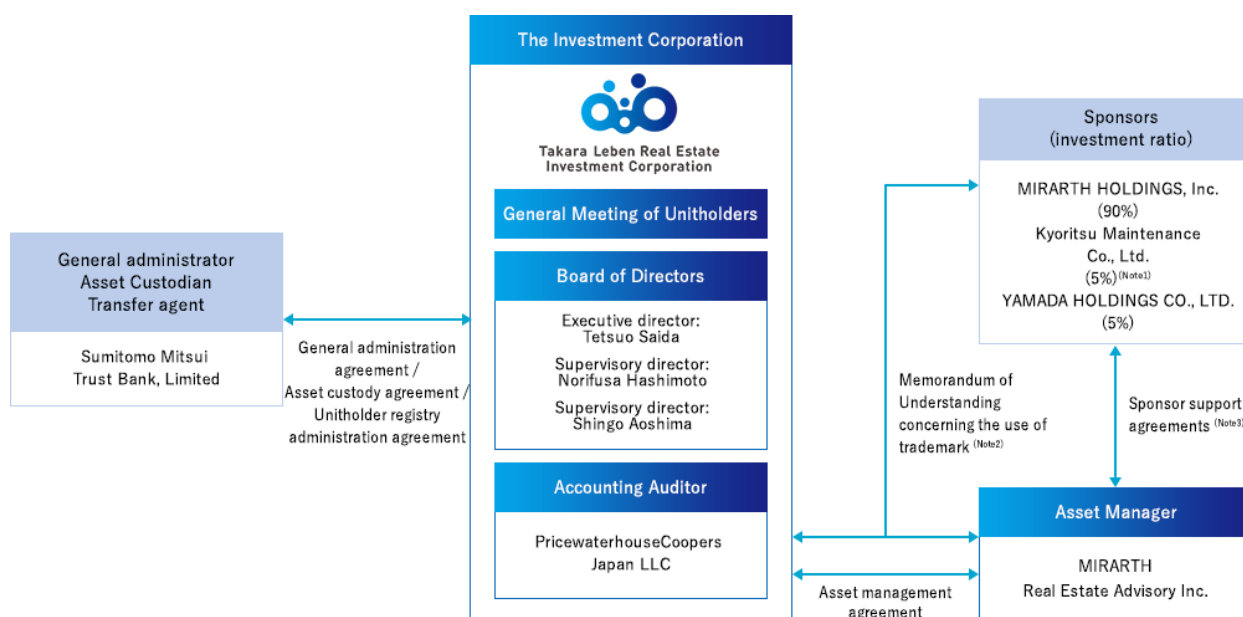
At the same time, the issues that we need to tackle as a member of society continue to grow, including environmental problems caused by climate change, the diversification of risks, improving employees' and tenants' health and comfort, addressing human rights issues, and contributing to local communities. Going forward, we will fulfill our responsibilities with the aim of realizing a better society while engaging our stakeholders in dialogue of various kinds and seeking their understanding with respect to how we view these issues and what we are doing in response to them.

Going forward, it is TLR's intention to further expand our various initiatives and strive for timely, appropriate information disclosure. We greatly appreciate your continued support.



Tetsuo Saida, Executive Director
Takara Leben Real Estate Investment Corporation

Structure



Corporate Profile

Name	Takara Leben Real Estate Investment Corporation
Representative	Tetsuo Saida, Executive Director
Address	2-7-17 Hamamatsucho, Minato-ku, Tokyo
Asset Management Company	MIRARTH Real Estate Advisory Inc. 🌐

History

August 28, 2017	Notification relating to establishment of Takara Leben Real Estate Investment Corporation under Article 69 of the Law Concerning Investment Trusts and Investment Corporations (hereinafter "the Law") by the incorporator, Takara PAG Real Estate Advisory Ltd., currently MIRARTH Real Estate Advisory Inc.
September 11, 2017	Registration of establishment under Article 166 of the Law. Establishment of Takara Leben Real Estate Investment Corporation
September 20, 2017	Application of registration under Article 188 of the Law
October 11, 2017	Registration under Article 187 of the Law by the Prime Minister of Japan (Registration No. 129, filed with the Director of the Kanto Local Finance Bureau)
April 5, 2018	Changing the corporate name from PAG PRIVATE REIT, Inc. to Takara Leben Real Estate Investment Corporation

Library

TLR publishes an annual ESG Report to promote a deeper understanding of ESG activities.

Latest Report **PDF** (17.9MB)

▽ Click here for past reports

ESG Report (Issued on March 27, 2023) **PDF** (7.48MB)

ESG Report (Issued on March 10, 2022) **PDF** (12.6MB)

Reporting Scope/Interval and Timing of Updates

Reporting scope	TLR and MIRARTH Real Estate Advisory Inc. (TLR's asset management company, hereafter referred to as "the Asset Manager") In addition to the above two corporations, some activities of MIRARTH HOLDINGS, Inc. which is TLR's main sponsor, are covered.
Reporting interval	As a rule, the reporting interval is once per year, but if there are updates to quantitative data or new events occur, the details will be updated as needed and indicated in the update and revision history at the end of the report (excluding minor revisions).
Approach to reporting interval and reporting year	As a rule, taking April 1 in a given year as the start date and the end of March in the following year as the end date, the report will cover performance, conditions, etc. for activities conducted during the year in question. However, in some cases, details that fall outside this period will also be included.

Contact Information for ESG-Related Inquiries

Please use the contact information below for ESG-related inquiries.

Asset Manager	MIRARTH Real Estate Advisory Inc. 
Phone no./Opening hours	03-6435-5264 9:00 a.m. - 5:30 p.m. (except for Saturdays, Sundays, statutory holidays, and New Year's holidays)
Email	info@mirarth-ra.co.jp

Sustainability-Related Policy and Promotion System

Sustainability Policy

Sustainability Policy

The Asset Manager, with the goal of implementing the “maximization of unitholder value,” “creation of a sustainable environment,” and “contribution to communities and society” sought by TLR, on whose behalf the assets are managed, has stipulated a basic policy relating to management that takes into account the environment (E), society (S), and governance (G), as indicated below.

1. Initiatives for prevention of global warming

We contribute to preventing global warming by promoting reduction of CO2 emissions through operational improvements that contribute to energy conservation and the introduction of energy-saving facilities.

2. Reduction of environmental impact

We aim to realize a circular economy with reduced environmental impact through 3R (reduce, reuse and recycle) activities and water conservation.

3. Legal compliance and internal structure in place

We comply with ESG-related laws and regulations, establish the company framework to promote sustainability, and conduct regular employee education.

4. Communication with stakeholders

We strive to improve customer satisfaction (CS) in cooperation with suppliers such as property management companies. In addition, we build trusting relationships with stakeholders outside the company through collaborative activities with local residents and contribute to the sustainable development of local communities.

5. Proactive information disclosure

We strive to widely disclose information on ESG-related initiatives to various stakeholders, including investors.

Sustainability Promotion System

To implement initiatives based on our sustainability policy, the Asset Manager has established a Sustainability Promotion Committee chaired by the CEO, which is comprised of directors, the general manager of the Investment Management Department, the general manager of the Finance and Planning Department, and the Compliance Officer. For the purpose of promoting sustainability, the committee meets at least once per fiscal period to consider specific targets and measures and monitor the progress status.

The details of Sustainability Promotion Committee meetings, along with the details of related activities, are reported to the Asset Manager's Board of Directors at the end of August and the end of February, and the specifics are shared with all managers.

Sustainability Promotion Committee—No. of Meetings Held

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
2 meetings	2 meetings	2 meetings	3 meetings	1 meetings	1 meetings

Number of Reports to Board of Directors

FY2021	FY2022	FY2023	FY2024
2 meetings	4 meetings	4 meetings	3 meetings

Related Company Regulations, Etc.

Sustainability Promotion Manual

The Sustainability Promotion Manual stipulates the Asset Manager's internal systems, collaboration with external stakeholders, information disclosure policy, etc. for the purpose of implementing the Sustainability Policy.

Energy-Saving & Greenhouse Gas Emission Reduction Policy

With the aim of promoting the energy consumption reduction measures and greenhouse gas emissions reduction specified in the Sustainability Promotion Manual, the Energy-Saving & Greenhouse Gas Emission Reduction Policy stipulates specific measures, etc. to be implemented for reducing energy consumption and greenhouse gas emissions.

Sustainable Procurement Policy







We have established a Sustainable Procurement Policy to promote sustainability-conscious initiatives across the Asset Manager's entire supply chain. In asset management activities for the real estate portfolio owned by TLR, this policy will be applied as much as possible when procuring key products, services, etc. and selecting suppliers.


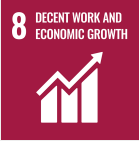


EMS Management Manual

The EMS Management Manual specifies details for managing sustainability-related manuals and policies, and it contributes to the establishment, implementation, and maintenance of the Environment Management System based on the PDCA cycle. Based on the manual, we set environmental targets, track performance, analyze budgets, and implement and improve measures relating to energy consumption, GHG emissions, water consumption, and waste in the management of TLR's assets, with the aim of continuously reducing our environmental footprint.

Materiality (Key Issues) and Related SDGs

Materiality and SDGs

Materiality	Specific Initiatives	Related SDGs
1. Promoting climate change countermeasures (E)	① GHG reduction	
	② Efficient use of water resources	
	③ Waste management	
2. Introducing renewable energy and continuously improving usage rate (E)	① Receiving support and collaboration from The MIRARTH HOLDINGS Group with respect to promoting initiatives to introduce renewable energy	
	② Evaluating and implementing the introduction of various forms of renewable energy, including green certificates, PPAs (power purchase agreements), and micro-hydroelectric power generation	
3. Reducing environmental footprint and enhancing resilience (E)	① Enhancing resilience of portfolio through efficient use of CAPEX	
	② Promoting green leases	
	③ Implementing comprehensive BCP	
4. Improving health and comfort of employees and tenants (S)	① Conducting employee satisfaction surveys on an ongoing basis and ensuring regular opportunities for dialogue with senior management	
	② Promoting flexible work styles	
	③ Conducting tenant satisfaction surveys on an ongoing basis	

Materiality	Specific Initiatives	Related SDGs
5. Respecting human rights and promoting diversity and career development (S)	① Promoting human rights-related education and awareness activities	 
	② Establishing a work environment that diversity, equity, and inclusion conscious	
	③ Promoting career development, implementing a training system, and encouraging the acquisition of qualifications	
6. Establishing a disciplined organizational structure and engaging with stakeholders (G)	① Prohibiting political gifts and preventing corruption	 
	② Establishing a viable internal control system	
	③ Comprehensive disclosure	

Materiality Definition Process and Promotion of Initiatives

The Asset Manager defines materiality based on the following selection process and strives to resolve the identified issues.

Step1:

Identification of risks and issues by the Sustainability Office, referring to TLR's investment policy, the main sponsor MIRARTH HOLDINGS Group Sustainability Basic Policy, and the opinions of external professionals.

Step2:

In addition to the risks and issues identified in Step 1, risks and issues are clarified by the Asset Manager's department heads, and the priority issues to be addressed are determined at management meetings.

Step3:

For the issues determined in Step 2, KPIs will be set by each department going forward, and at management meetings, managers will verify that efforts are being made on a continuing basis to meet departmental targets.

MIRARTH HOLDINGS Group

Sustainability Strategies

Sustainability Basic Policy

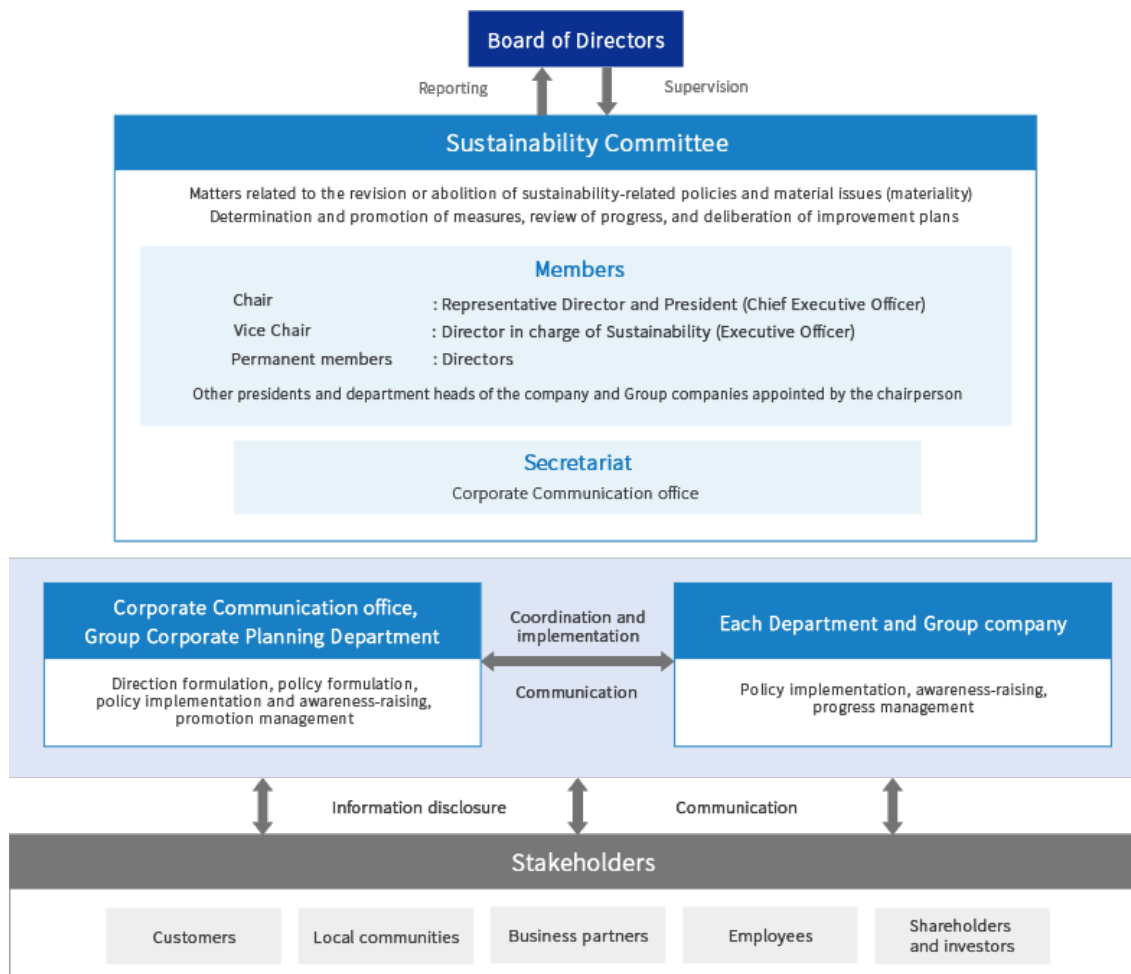
MIRARTH HOLDINGS Group was holds as its purpose: “To design sustainable environments for a happier future for both people and our planet.” and contribute to solving social issues and achieving the SDGs by engaging in sustainability activities through our business, such as the supply of housing and the introduction of natural energy, in order to gain the trust of different stakeholders and society and achieve lasting development.



Sustainability Promotion System

MIRARTH HOLDINGS Group has established a sustainability promotion system based on the recognition that “addressing issues surrounding sustainability, including consideration of climate change and other global environmental issues, respect for human rights, consideration of employee health and the working environment and fair and appropriate treatment of employees, fair and appropriate transactions with business partners, and risk management in the event of natural disasters are important management issues.”

The Sustainability Committee, chaired by the Representative Director and composed of directors, presidents and division heads of group companies, is responsible for promoting ESG strategies, determining policies and measures concerning sustainability, examining and promoting materiality issues, reviewing progress, and deliberating on improvement plans.



External Evaluation and Initiatives

GRESB Real Estate Assessments, Public Disclosure

Established in 2009, GRESB is the name of a global research and administration organization whose purpose is to assess the environmental, social, and governance (ESG) performance of real assets (real estate, infrastructure) and provide accurate, comparable data to capital markets, including investors.

TLR has participated in GRESB assessments since 2019. In the 2024 GRESB Real Estate Assessment, it received a “1 Star” GRESB rating, based on the global ranking of its overall score. It has also obtained a Green Star evaluation—indicating that it achieved a high evaluation in both the Management Component, which assesses policies and organizational structure for promoting ESG, and the Performance Component, which assesses environmental performance, tenant engagement, etc. at portfolio properties—for six consecutive years.

Additionally, in the GRESB disclosure, which measures the level of ESG information disclosure, TLR’s ESG information disclosure efforts were highly evaluated and received an "A Level" rating.



Endorsement of TCFD (Task Force on Climate-Related Financial Disclosures)

The TCFD refers to the Task Force on Climate-Related Financial Disclosures, a body established by the Financial Stability Board (FSB) at the request of the G20 with Michael Bloomberg as its chairman to examine how climate-related information should be disclosed and how financial institutions should respond. The TCFD published its final report in June 2017 and recommends that companies disclose items related to climate change-related risks and opportunities. (Excerpted from the TCFD Consortium website)

The Asset Manager endorsed the TCFD's recommendations in February 2022.



Signing of 21st Century Financial Behavior Principles

The Asset Manager has endorsed the approach of these principles and became a signatory in March 2022. The Financial Behavior Principles for the Formation of a Sustainable Society (21st Century Financial Behavior Principles) were formulated in October 2011 as action guidelines for financial institutions who want to fulfill the roles and responsibilities needed to develop a sustainable society.



Participation in Japan Climate Initiative (JCI)

The Asset Manager has endorsed the “Joining the Front Line of Global Trend for Decarbonization from Japan” declaration by the Japan Climate Initiative (JCI) and joined JCI in March 2022.

With the aim of achieving the decarbonized society envisioned by the Paris Agreement, JCI was established in July 2018 as a network of Japanese companies, governments, organizations, NGOs, etc. proactively engaged in measures to combat climate change.



MIRARTH HOLDINGS Group Signs UN Global Compact

In 2020, the MIRARTH HOLDINGS Group signed the United Nations Global Compact promoted by the UN and registered as a participating company.

We will continue our efforts to achieve the Ten Principles of the UN Global Compact in four areas: human rights, labour, environment, and anti-corruption.

* The United Nations Global Compact was proposed by then UN Secretary-General Kofi Annan in 1999 at the World Economic Forum in Davos and was launched in 2000.



Green Building Certifications

DBJ Green Building Certification










DBJ Green Building Certification is a certification system created by Development Bank of Japan Inc. (DBJ) to support properties that consider the environment and society (“Green Buildings”). Based on a comprehensive assessment including the property's environmental performance as well as its engagement with various stakeholders (disaster prevention, consideration for the community, etc.), it evaluates and certifies properties which meet the needs of society and the economy and supports their initiatives.



Property Name	Date Certified
NT Building 📄	August 15, 2022 (Updated)
Higashi-Ikebukuro Central Place 📄	February 1, 2024 (Updated)
Omiya NSD Building 📄	January 24, 2025(Updated)












* As of February 2025

CASBEE for Real Estate

Property Name	Assessment Rank	Date Certified
LUXENA HEIWADAI 	A	March 01, 2023
LUXENA TODAKOEN II 	A	March 01, 2023
LUXENA AKIHABARA 	A	March 01, 2023
LUXENA MUSASHI-SHINJO 	A	March 01, 2023
LUXENA NAGAREYAMA OOTAKANOMORI 	A	March 01, 2023
LUXENA TOYOCHO 	A	December 14, 2023
HAKATA REISENMACHI Building 	S	February 28, 2025
L.Biz Jimbocho 	S	February 28, 2025
LUXENA HACHIOJISHINCHO 	A	February 28, 2025
LUXENA HACHIOJI MINAMICHO 	A	February 28, 2025

* As of February 2025

Building-Housing Energy-Efficiency Labelling System (BELS) Assessment

Property Name	Assessment Rank	Date Certified
HAKATA REISENMACHI Building 	★★★	March 30, 2022
Kawagoe West Building 	★★	March 30, 2022
LUXENA MUSASHI-SHINJO 	★★★★	March 29, 2022
LUXENA HEIWADAI 	★★★	March 29, 2022
LUXENA TODAKOEN 	★★	October 18, 2021
LUXENA AKIHABARA 	★★★★	September 02, 2020
ACCESS by LOISIR HOTEL Nagoya 	★★	December 24, 2019
Hakata Gion Building 	★★	December 23, 2019
L.Biz Jimbocho 	★★★	December 20, 2019
Dormy Inn Matsuyama 	★★	August 09, 2019
Dormy Inn Morioka 	★★★	August 08, 2019

* As of February 2025

Building-Housing Energy-Efficiency Labelling System (BELS) Assessment

	End of February 2022	End of February 2023	End of February 2024	End of February 2025
Coverage rate*	27.60%	29.89%	31.64%	

* The Green Building Certifications for TLR shall be obtained in accordance with the following certification systems.

- DBJ Green Building Certification
- CASBEE
- BELS

* Coverage rate = Total floor area of properties certified under Green Building (㎡) / total floor area of portfolio (㎡)

* Excluding tenant-owned buildings on the land

Climate Change Initiatives

Approach to Climate Change/Policies

TLR recognizes climate change as a key transformation in the external environment that could impact the continued existence of many different businesses. Given that climate change is a severe risk that broadly threatens all life, essential infrastructure, and economic systems at the global level, it must be urgently addressed by the international community.

In Japan, the government has declared its aim of achieving a decarbonized, carbon-neutral society by 2050, and the public and private sectors are working together to accelerate climate change countermeasures.

With the aim of ensuring the seamless continuation of its business activities, TLR is proactively implementing “mitigation” measures that help to suppress climate change. These include the proactive introduction of energy-saving and high-efficiency equipment, promotion of energy saving, water saving, and the 3Rs (reduce, reuse, and recycle) in cooperation with tenants and other stakeholders, and introduction of renewable energy as part of the roadmap to net zero by 2050. In addition, as measures to enhance resilience that contribute to minimizing damage and loss caused by climate change, we will optimize capital expenditure with an awareness of disaster prevention and disaster mitigation and promote the formulation of Business Continuity Planning (BCP) for the entire portfolio and individual properties.

For the purpose of sharing these activities with stakeholders and promoting dialogue about them, in addition to endorsing the TCFD's recommendations, TLR will provide timely, appropriate disclosure regarding the status of its response to climate change-related risks and opportunities, in alignment with the TCFD framework.

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

The Asset Manager endorsed the TCFD's recommendations in February 2022.



Recommended Disclosures by the TCFD

Disclosure Item	Disclosure Details
Governance	The organization's governance around climate-related risks and opportunities
Strategy	The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning
Risk management	Processes for identifying, assessing, and managing climate-related risks
Metrics and targets	Metrics and targets for assessing and managing climate-related risks and opportunities

Governance

The Asset Manager has established a Sustainability Promotion Committee to consider specific targets and measures and to monitor the status of progress. The committee is comprised of the CEO, directors, the general manager of the Investment Management Department, the general manager of the Finance and Planning Department, and the Compliance Officer. It holds meetings at least once per fiscal period.

ESG-related activities in general, including the details of Sustainability Promotion Committee meetings, are reported to the Asset Manager's Board of Directors once every six months, and risks and opportunities are shared as management issues.

Strategy

For the explanation in this section, the Reference Scenarios in the Real Estate Field TCFD Compliance Guidance, published by the Ministry of Land, Infrastructure, Transport, and Tourism in March 2021, have been used. The global outlook for 4°C and 2°C /1.5°C scenarios for 2030-2040 is as follows.

- 4°C global outlook: Existing economic activities are prioritized over climate change countermeasures, and as a result of continued dependence on fossil fuels, global average temperatures are allowed to rise, and natural disasters become more severe and extreme. Problems occur relating to the worsening of the food situation, water resources, etc. There is a massive impact on human activities and the extinction of species. The impact of physical risks is comparatively major.
- 2°C /1.5°C global outlook: Society as a whole promotes decarbonization and carbon recovery, and effective utilization, resulting in the mitigation of climate change to some extent, and due to temperature rises being curbed, profoundly negative impacts and crisis situations are avoided. The impact of transition risks is comparatively large.

Risks and Opportunities	Category	Details
Transition risks	Policy and Legal Risks	4°C : Relatively few legal compliance
		2°C/1.5°C : Tougher regulations relating to GHG emissions, increased clerical costs associated with increased information disclosure requirements, increased costs due to burden of environmental taxes and carbon taxes
	Technology Risk	4°C : Replacement of existing equipment is relatively small
		2°C/1.5°C : More frequent replacement of existing facilities, increased costs associated with the introduction of new technology becoming mandatory
	Market Risk	4°C : Increased operating costs caused by soaring prices for energy, water, waste disposal, etc.

Risks and Opportunities	Category	Details
Transition risks	Market Risk	2°C/1.5°C : Increased operating costs caused by procurement of renewable energy
		4°C : Stakeholders' awareness of the transition to a low-carbon society will not change significantly
	Reputation Risk	2°C/1.5°C : Harming unitholder value due to increased criticism of the industry as a whole and negative screening by stakeholders. Increased vacancies and decreased revenues due to properties being avoided that are slow in responding to environmental concerns as tenants' preferences shift.
Physical risks	Acute Risk	Risks of natural disasters' severity/extremity becoming more pronounced, leading to physical damage to property and personal damage, suspension of business, increased recovery costs, and significant impact on the health and safety of employees and tenants
	Chronic Risk	Risks of weather patterns and human activity patterns changing, leading to more frequent equipment wear, increased non-life insurance premiums, and increased BCP/preparatory costs for anti-flooding measures, etc.
Opportunities	Benefit of a diversified portfolio	Since TLR is a diversified REIT that is able to integrate a variety of asset types, it will be able to build a resilient portfolio by accounting for medium- and long-term risks.
	Benefit of main sponsor being a developer	As part of its environmental initiatives, TLR's main sponsor MIRARTH HOLDINGS, Inc. has established KPIs which state that a certain number of the properties it develops will be green buildings (i.e., environmentally friendly properties, such as those that have received a certification or assessment from a third party), and a certain number of properties in the pipeline for TLR may therefore be expected to be green buildings.
	Advantage of renewable energy	TLR's main sponsor MIRARTH HOLDINGS, Inc. and companies in the Group have multiple organizations and companies engaged in clean energy-related business, and collaborations and business partnerships may be considered. Specific measures relating to effective means of procuring renewable energy may be considered while enjoying benefits such as consulting services from experts within the Group.

※ We plan to collaborate with external experts to disclose specific cost estimates and business impact evaluations associated with measures such as strengthening resilience.

Risk Management

The Asset Manager has created a Risk Management Manual and implements its contents. Moreover, with respect to the overall risks in TLR's business activities, including climate change, it revises the Annual Plan for Risk-Related Management Policy each year. This plan is approved by a resolution of the Compliance Committee, which is comprised of both internal and external members, and the Board of Directors. The Asset Manager regularly checks for issues in risk management conditions by means of voluntary inspections and internal audits, and the verified details are reported to the Compliance Committee and Board of Directors as needed.

With regard to the Asset Manager's organizational structure concerning risk management, refer to “[G. Governance](#)”

(1) Board of Directors

After identifying the types and characteristics of risks faced by the company, the Board of Directors determines key matters concerning risk management, such as establishing the organizational structure and regulations with respect to risk management.

(2) Compliance Committee

The Compliance Committee serves a role as a cross-organizational consultative body. It discusses and considers the formulation, revision, and abolition of the organizational structure and regulations relating to risk management, monitors risks, etc. and passes resolutions on key matters concerning risk management, as well as collaborating with the Board of Directors, auditors, and Compliance Officer as needed.

(3) Risk Management Supervisor

The role of the Compliance Officer includes supervising risk management for the company.

(4) Risk Managers

The heads of each department manage risks that fall under their department's jurisdiction and report to the risk management supervisor regarding the status of management.

Metrics and Targets

Refer to the “[Environmental Targets](#)” and “[Environment-Related Data](#)” sections in “[E. Environment](#)”.

Initiatives Addressing Environmental Issues

Environmental Policy

In terms of environmental issues, we are contributing to the prevention of global warming by promoting the reduction of CO2 emissions through measures such as improving our operations to reduce energy consumption and introducing energy-saving equipment. Furthermore, with the objective of reducing our environmental load, we are aiming to support the realization of a circular economy with a smaller environmental footprint by conserving water, implementing the 3Rs (reducing, reusing, and recycling resources, etc.

Environmental Targets

Scope 1 and Scope 2 GHG Emissions

(1 Medium- to long-term target

For areas that they are responsible for managing, TLR and the Asset Manager have set a medium- to long-term target of reducing energy consumption (crude oil equivalent and greenhouse gas emission intensity by an average of at least 1% per year each.

(2 Short-term target

The short-term target is to reduce energy consumption (crude oil equivalent and greenhouse gas emission intensity by at least 1% year-on-year each.

Water Consumption

The target is to reduce specific water consumption each year compared with the previous year across the entire portfolio and at individual properties.

Waste Disposal

The target is to improve the proportion of waste that is recycled each year compared with the previous year across the entire portfolio and at individual properties. For non-residential properties, we are currently striving to improve the measurement coverage rate and to promote the 3Rs and reduce waste quantities while asking tenants to support TLR's approach as part of efforts to enhance tenant relations. At residential properties, since we cannot measure waste amounts, we will continue to conduct awareness activities aimed at tenants.

Environment-Related Data

Energy Consumption

Item	Overall				
	FY2019	FY2020	FY2021	FY2022	FY2023
Total energy consumption (000s of kWh)	23,263	20,996	26,143	24,478	20,320
Fuel consumption (000s of kWh)	7,444	6,421	5,616	5,173	2,311
Electricity consumption (000s of kWh)	15,820	14,575	20,527	19,305	18,009
Renewable energy production (000s of kWh)	325	354	351	367	348
Specific energy consumption (kWh/m ²)*	146	133	124	112	80
Year-on-year specific energy consumption reduction rate (%)	-	91.2%	93.3%	90.3%	71.5%

N.B.: The intensity for * is rounded off after the decimal point.

Greenhouse Gas Emissions

Item	Overall				
	FY2019	FY2020	FY2021	FY2022	FY2023
Total CO ₂ emissions (t-CO ₂)	8,850	7,308	10,309	9,697	8,143
Scope 1 emissions (t-CO ₂)	1,341	1,169	1,024	929	415
Scope 2 emissions (t-CO ₂)	7,509	6,139	9,285	8,769	7,728
CO ₂ emission intensity (kg-CO ₂ /m ²)*	55	46	49	44	32
Year-on-year CO ₂ emission intensity reduction rate (%)	-	83.5%	105.7%	90.7%	72.2%

N.B.: The emission intensity for * is rounded off after the decimal point.

Water Consumption

Item	Overall				
	FY2019	FY2020	FY2021	FY2022	FY2023
Total water consumption (thousands of m3): A+B	134.8	110.7	180.3	186.8	179.2
Externally purchased water consumption (thousands of m3): A	132.4	108.6	177.6	183.6	175.8
Other water consumption (thousands of m3): B	2.4	2.1	2.7	3.2	3.4
Specific water consumption (m3/m2): for A*	0.83	0.69	0.84	0.84	0.69
Year-on-year specific water consumption reduction rate (%)	-	82.9%	122.5%	99.7%	82.2%

N.B.: The intensity for * is rounded off after the second decimal point.

Waste Generation

Item	Overall				
	FY2019	FY2020	FY2021	FY2022	FY2023
Total waste generation (t)	936.10	1,108.90	1,358.09	948.89	607.58
Total general waste generation (t)	936.10	1,108.90	1,358.09	948.89	607.58
Total industrial waste generation (t)	0.00	0.00	0.00	0.00	0.00
Ratio by waste disposal method					
Recycling (%)	41.4	39.5	33.6	27.3	20.3
Reused (%)	0.7	0.5	0.4	0.4	0.7
Thermal recycling (%)	11.9	17.3	0.1	0.1	0.0
Incinerated (%)	26.2	24.6	33.0	39.3	27.2
Landfill (%)	5.8	8.6	7.9	0.6	0.9
Unknown (%)	14.0	9.5	25.1	32.4	50.9

N.B.: The intensity for * is rounded off after the decimal point.

Basis for Calculating Environmental Performance

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Item	Energy Consumption	Greenhouse Gas Emissions	Water Consumption	Waste Generation
Reporting scope	<ul style="list-style-type: none"> In addition, it covers properties or areas owned during a given calculation period. In the case of acquisition or disposition during the period, reporting covers data during the period when they were owned. 			
Aggregation period	<ul style="list-style-type: none"> As a rule, performance is updated annually, taking the period from April to March as the fiscal year. 			
Intensity denominator	<ul style="list-style-type: none"> The intensity denominator is the total floor area (m2). In the case of acquisition or disposition during the reporting period, the total floor area during the period the property was owned is used (total floor area / 12 months x number of months owned = m2). The total floor area for office buildings and commercial buildings is calculated by factoring in the occupancy rate. For residential properties, the total floor area of common areas is used. 			
Premises of calculation method	<ul style="list-style-type: none"> The fuels covered in the fuel consumption amount are city gas, LPG, kerosene, and Bunker A consumed at the applicable business establishments. The standard heating value of fuel is based on the Ministry of the Environment and Ministry of Economy, Trade, and Industry's "Standard Heating Value and Carbon Emission Coefficients by Energy Source" and "List of Calculation Methods and Emission Coefficients for Calculation, Reporting, and Publication System". 	<ul style="list-style-type: none"> Scope 1 covers city gas, LPG, kerosene, and Bunker A consumed at the applicable business establishments. Scope 2 covers electricity consumed within the reporting scope. GHG emission coefficients by energy type are based on the Ministry of the Environment and Ministry of Economy, Trade, and Industry's "Standard Heating Value and Carbon Emission Coefficients by Energy Source" and the "Standard Emission Coefficients" in the "List of Calculation Methods and Emission Coefficients for Calculation, Reporting, and Publication System". 	<ul style="list-style-type: none"> Externally purchased water consumption covers water and sewerage. Other water consumption covers reclaimed water. 	-

Item	Energy Consumption	Greenhouse Gas Emissions	Water Consumption	Waste Generation
Intensity calculation method	<ul style="list-style-type: none"> The formula for calculating intensity is as follows: $\text{Intensity} = \frac{\text{Energy consumption amount or greenhouse gas emission amount or water consumption amount}}{\text{Total floor area*}}$ <p>*The total floor area here is the sum of the total floor areas based on the calculation method indicated in “Intensity denominator”.</p>			-

Initiatives Addressing Environmental Issues at Assets under Management

The Asset Manager is engaged in energy-saving upgrades and improvements to building operations for the purpose of reducing the portfolio's environmental footprint and improving the interior environment.

Energy-Saving and LED Conversion Work

Conversion to LED lighting is progressing at 60 properties (including partial conversion) in the portfolio. The LED conversion rate for the portfolio is as shown below (based on floor area; as of the end of February 2025).

	No. of Properties (including partial implementation)	LED Conversion Rate across Portfolio	
LED conversion work	60	Total: 75.6%	In common areas: 90.2%
			In private areas: 67.4%

Higashi-Ikebukuro Central Place (private areas)



Renewable energy

Renewable energy generation

The amount of renewable energy generation at TLR's portfolio properties is as follows

	FY2019	FY2020	FY2021	FY2022	FY2023
Solar power generation (kWh)	312,713	371,566	350,752	367,121	348,327

* All electricity generated is sold to Shikoku Electric Power Company, Incorporated



C-05 YAMADA web.com Matsuyama Toiyacho (Rooftop Solar Panel)

Status of initiatives to introduce renewable energy

The MIRARTH HOLDINGS Group, TLR's main sponsor, engages in energy business utilizing renewable energy that contributes to reductions in the emissions of CO₂, a greenhouse gas, and is involved in the development and operation of biomass and wind power as well as solar power facilities.

At the time of this report's publication, various studies are underway regarding the introduction of renewable energy to properties owned by TLR.

Reduction of Greenhouse Gas Emissions

We are striving to create a shared power-saving culture through measures such as putting up awareness posters in common areas and tenants' private areas.

(Putting up power-saving awareness posters)



Reducing Water Consumption

At one of the properties in the portfolio, NT Building, rainwater is reused as flushing water in the bathrooms. Furthermore, we are striving to promote the conservation of water resources on an ongoing basis, such as completing work to install water-saving packing at 7 of the portfolio properties and pursuing awareness activities aimed at tenants.

(Displaying water-conservation posters)



Waste Reduction

As an initiative to reduce waste in office buildings, we are pursuing awareness activities aimed at tenants in collaboration with property and building managers.

(Displaying awareness posters)



Social Initiatives

Social Initiative Policy

- In collaboration with our property management companies and other suppliers, we strive to improve tenant satisfaction and to build and foster trusting relationships through mutually beneficial activities with local residents, thereby contributing to the sustained development of local communities.
- We strive to enhance human capital by promoting human resource development through employee satisfaction surveys on an ongoing basis and dialogue.
- We will conduct tenant questionnaire surveys on a regular basis and continue to communicate with tenants to solve issues.
- We respect human rights and give the utmost consideration to the health and comfort of our employees and tenants.
- We strive to proactively disclose information on our ESG-related initiatives to all our stakeholders, including investors.

Initiatives for tenants

Tenant Satisfaction Surveys

We will conduct a survey of as many tenants as possible and strive to consider and implement measures to improve satisfaction.

Tenant satisfaction surveys for office and retail properties

Implementation period	January 2022
Target	10 properties, 127 tenants
Valid responses	90 (70%)

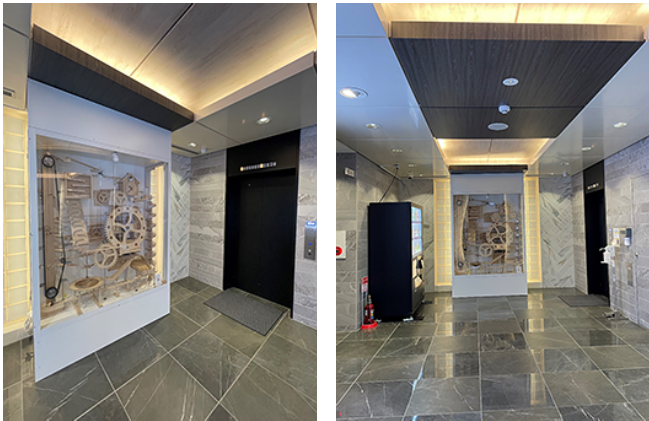
Question content:

- Points of satisfaction
- Points of dissatisfaction
- Areas where renovation is desired
- About COVID-19 measures
- Overall satisfaction (maximum of 100 points)
- Free answer, etc.

We analyze responses and discuss urgent matters with tenants individually to obtain valuable opinions and data for maintaining good communication. These are used as reference for future property management.

Measures taken based on questionnaire survey responses (Kawagoe West Building):

Point of dissatisfaction	“Long elevator wait times”
Improvement measures taken	In response to similar comments from several tenants at the Kawagoe West Building, we held a dialogue with tenants before taking measures and installed a Rube Goldberg machine in the common area on the first floor to ease stress while waiting for an elevator.



Tenant satisfaction survey for residential properties

Implementation period	December 2022
Target	26 properties, 1,632 tenants
Valid responses	506 (31%)

In addition to questions such as commuting time and satisfaction with management conditions, we received a number of valuable comments that will be helpful for future property management, such as whether or not to implement telecommuting, the percentage of self-catered meals, and the introduction of renewable energy.

We will continue to conduct questionnaire surveys on an ongoing basis and share the results with property management companies in an effort to continuously improve resident satisfaction.

Installing electric vehicle (EV) charging infrastructure to enhance customer satisfaction

By the end of FY 2024, we aim to install a total of 70 EV charging outlets, "Terra Charge," across 14 residential properties and 2 office properties, with the goal of enhancing customer satisfaction. "Terra Charge" is a service that can be accessed via a smartphone app, and as an initiative to improve the convenience for tenants and EV users, we are progressively introducing it.



Green Lease Introduction Track Record

With the aim of improving environmental performance at portfolio properties in collaboration with tenants, TLR is promoting the introduction of green leases.

A green lease refers to a voluntary agreement, based on a contract, MOU, or the like, to reduce the environmental footprint of real estate (energy-saving measures, etc.) and improve office environments by implementing the agreed provisions through collaboration between building owners and tenants.

We have signed a green lease agreement with a tenant in L.Biz Jimbocho.

Consideration of Tenants' Health and Comfort

We are pursuing measures to improve tenants' safety and comfort, such as installing AEDs, Disaster stockpiles and placing emergency supplies in the elevators, and enforcing a building-wide no-smoking policy. We are also pursuing communication with tenants to increase awareness of health, including posters and notifications on digital signage that recommend using the stairs.



NT Building
Digital signage

Disaster response



NT Building
Disaster stockpiles



NT Building
Emergency supplies
installed in elevators



TLR Residence Honmachi
WEST
Emergency cabinets in
elevators



Nagoya Center Plaza
Building
Emergency supplies
installed in elevators

Connections to local communities

Oi Dontaku Summer Festival

We sponsored the Oi Dontaku Summer Festival, held in August 2022.



Corporate version of the hometown tax payment system (local revitalization support tax system)

The Asset Management Company used the corporate version of the hometown tax payment system to make a contribution to Saitama Prefecture's project for revitalizing towns, people and jobs.

Promotion of barrier free access through the development of wide walkways and the elimination of steps

Examples of development

Development of walkways (Kasahata Sayama Line: Sayama)



Before development



After development

Elimination of steps (Kumagaya Ogawa Chichibu Line: Ogawa)



Before development



After development

Communication with Employees

Human resource development

Promotion of career development

With the aim of improving personal development and improving the quality of work, we have established a system that encourages the acquisition of qualifications.

Number of Qualification Holders at the Asset Manager

Item	No. of Holders
ARES Certified Master	6 employees
Real Estate Broker	7 employees
Official Real Estate Consulting Master	2 employees
Certified Building Administrator	1 employee

※As of the end of February 2025

Personnel evaluation and compensation system

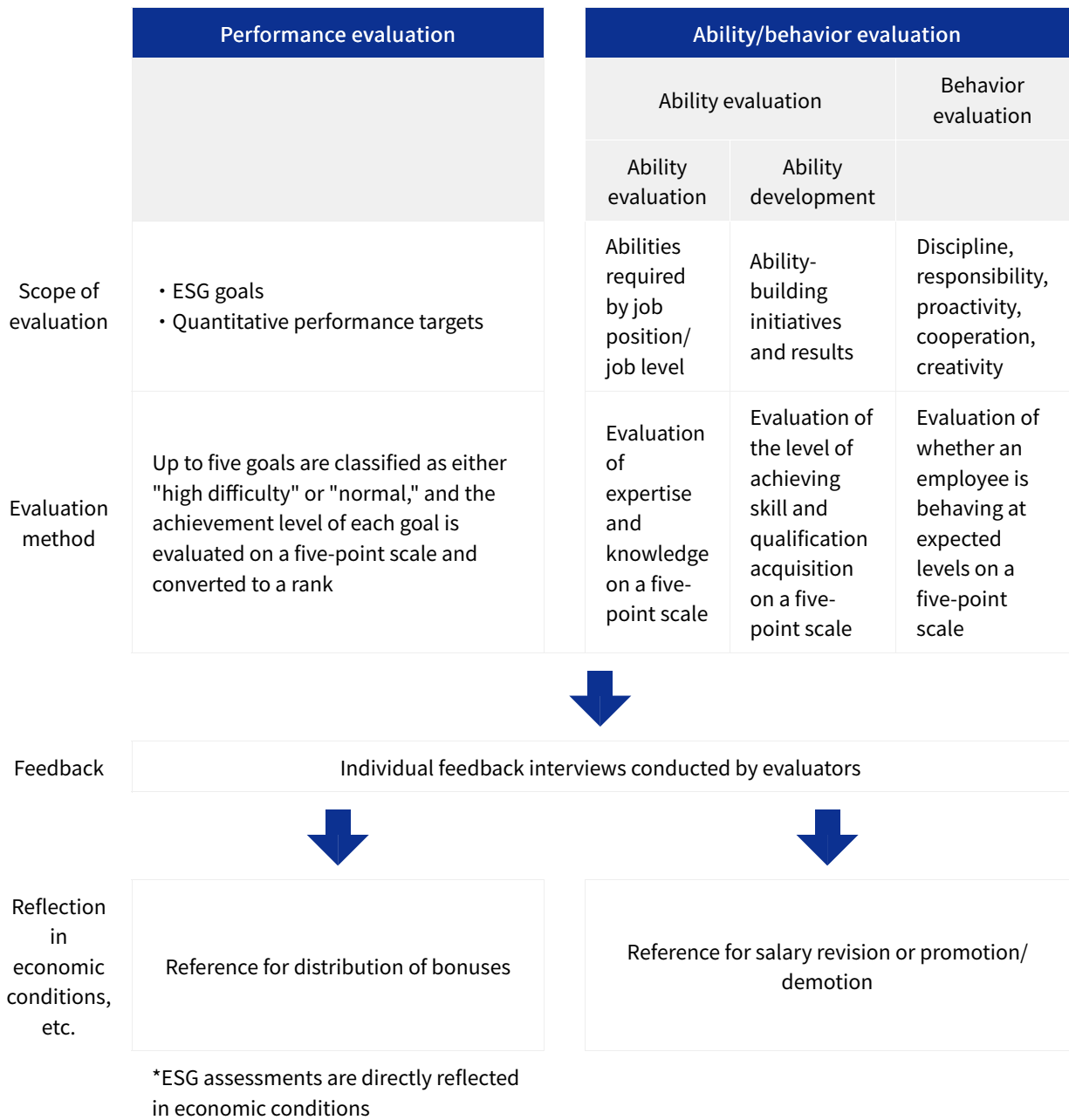
On March 7, 2022, the Asset Manager completely revised its personnel evaluation system with the aim of enhancing medium- and long-term corporate value by strengthening human capital management. ESG-related goals have been set and are mandatory for all officers and employees.

Purpose of the new personnel evaluation system (excerpt)

- To serve as a basis for human resource management to improve the abilities of individuals who make up the organization, to strengthen their teamwork, and to enhance expertise as an asset management company
- To use the results of personnel evaluation as reference information when making decisions on bonus payments, salary revisions, and promotions/demotions/etc.

Personnel evaluation structure (excerpt)

- Personnel evaluation consists of performance evaluation and ability/behavior evaluation



Employees Data

	unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees (including temporary staff)	Persons	14	14	13	12	16
Ratio of female employees	%	28.6	28.6	23.1	33.3	37.5
Number of directors (including non-executive directors)	Persons	6	6	5	5	4
Number of managers	Persons	8	8	6	5	4
Ratio of female managers	%	0.0	0.0	0.0	0.0	25.0
Average years of service	Years	2.3	2.7	3.6	3.9	3.0

Respect for human rights

The MIRARTH HOLDINGS Group's approach to human rights

In 2020, the MIRARTH HOLDINGS Group signed the United Nations Global Compact* promoted by the UN and registered as a participating company. We will continue our efforts to achieve the Ten Principles of the UN Global Compact in four areas: human rights, labour, environment, and anti-corruption.

The Ten 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 corruption in all its forms, including extortion and bribery.

Whistleblowing system

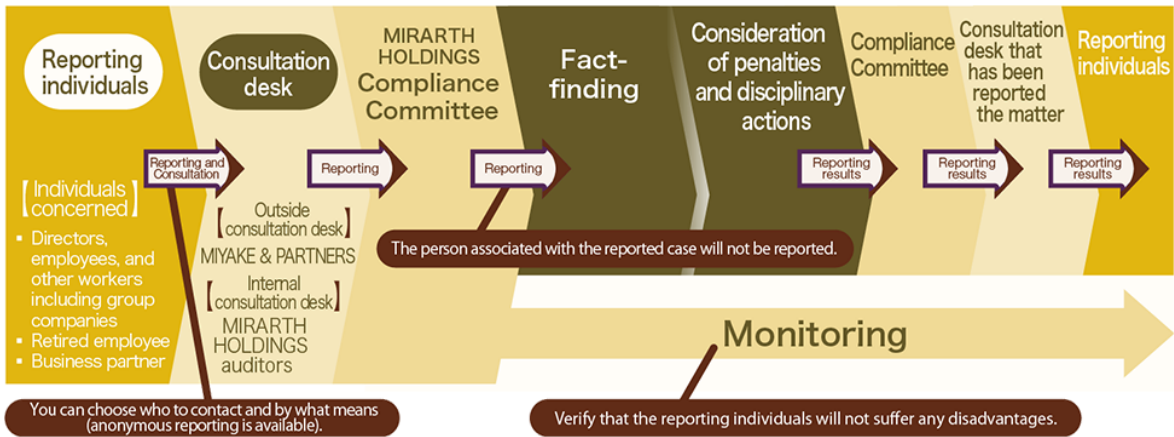
Based on the Compliance Manual and in accordance with the Whistleblower Protection Act, the Asset Manager has established a system that enables employees who become aware of a compliance-related problem or the like to report directly to the Compliance Officer or a harassment and compliance helpline without going through the person in charge of the department to which they belong (i.e., a whistleblowing system).

Asset Manager's internal contact: Compliance Officer

Harassment and compliance helpline:

External contact (external law firm)

MIRARTH HOLDINGS, Inc. contact (auditor, MIRARTH HOLDINGS, Inc.)



Comfort

Employee Satisfaction Survey

The Asset Management Company regularly conducts employee satisfaction surveys. We also hold one-on-one meetings with the president at least twice a year to strengthen communication.

	FY2020	FY2021	FY2022	FY2023	FY2024
Implementation rate (%)	100	100	100	100	100

Promotion of diverse work styles

We have provided cellphones and laptops to all officers and employees and developed an environment conducive to telecommuting. We also use staggered commuting times and flexible working hours.

Corporate Governance

TLR was established based on the Act on Investment Trusts and Investment Corporations and is managed by a Board of Directors comprised of one executive director and two supervisory directors. The executive director holds Board of Directors meeting at least once every three months, and in addition to matters for approval as stipulated by law, detailed reports are provided on the execution status of TLR's operations and the Asset Manager's operations. Through this reporting procedure, the supervisory directors, who are independent of the Asset Manager and related interested parties, etc., obtain accurate information, and a structure is maintained that enables them to supervise the executive director's execution of his/her duties. At the same time, based on the reports in question, TLR verifies whether there are any concerns about conflicts of interest in the Asset Manager's transactions with interested parties, etc. and thereby strives to manage risks relating to conflicts of interest, etc.

TLR has the right to receive various types of report from the Asset Manager relating to the asset management outsourcing contract and the right to investigate the Asset Manager's books and other documents. Based on the exercising of the rights in question, TLR maintains a structure that enables it to supervise the Asset Manager's execution of its operations.

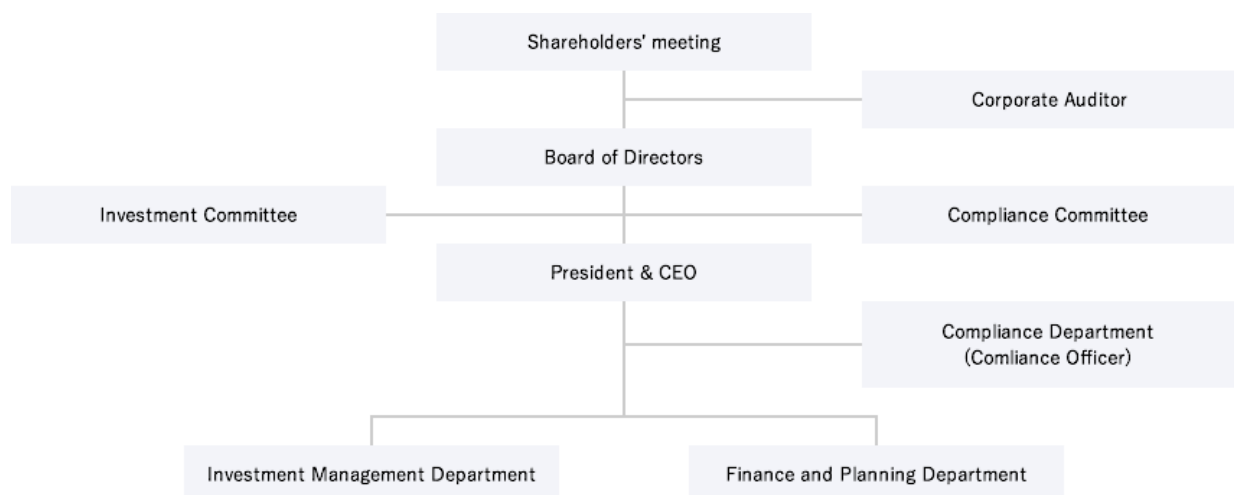
Governance Initiatives Policy

In addition to thorough compliance with laws and regulations, we will establish an internal structure and conduct regular employee training for the purpose of promoting sustainability.

TLR's Structure

Refer to the “[Structure](#)” section in “Sustainability Initiatives”.

Asset Manager's Structure



Director Selection Criteria/Reasons

When evaluated as candidates, the directors were selected via a resolution of the General Meeting of Unitholders based on the reasons below, conditional upon their circumstances not corresponding to any of the reasons for disqualification stipulated in various laws and regulations, including the Investment Trusts Act (Article 98 and 100 of the Investments Trust Act and Article 244 of the Regulation for Enforcement of the Investment Trusts Act). The current Board of Directors consists of individuals who have no special interest in TLR.

Title of Officer	Name	Reasons for Appointment	Board of Directors Meeting Attendance Record
Executive Director	Tetsuo Saida	Possesses extensive real estate- and finance-related business experience and knowledge through his work at business corporations and REIT management companies, and since he possesses appropriate decision-making ability and judgment in the execution of operations, he is considered qualified to serve as the executive director.	100% (19/19 meetings)
Supervisory Directo	Norifusa Hashimoto	Since he possesses professional independence as a lawyer and extensive specialized expertise and auditing experience, he is considered qualified to supervise the administration of TLR from the perspective of a legal expert.	100% (19/19 meetings)
Supervisory Directo	Shingo Aoshima	Since he possesses practical experience and extensive specialized expertise as a CPA and also has auditing experience, he is considered qualified to supervise the execution of the executive director's duties from the perspective of an accounting expert.	100% (19/19 meetings)

* Indicates Board of Directors meetings held from January 1, 2024, until December 31, 2024.

Remuneration of Executive Directors and Supervisory Directors

The amount of remuneration shall be determined by the Board of Directors, with a maximum of 800,000 yen/month for the executive director and a maximum of 500,000 yen per month for the supervisory directors.

Position	Name of Director	Main Concurrent Positions, etc.	Remuneration Amount by Position	
			Previous Fiscal Year (7th Fiscal Period)	Current Fiscal Year (8th Fiscal Period)
Executive Director	Tetsuo Saida	President and Representative Director MIRARTH Real Estate Advisory Inc.	-	-,000 yen
Supervisory Directors	Norifusa Hashimoto	Partner, Kaynex Law Offices Auditor, Nihon Waters K.K. Auditor, March Asset Management Co., Ltd. Auditor, Narashino Okubo Mirai Project Co., Ltd. Auditor, Hirosaki Geijutsu Souzou Co., Ltd. Auditor, Higashi Okazaki Station Northeast District Complex Facility Co., Ltd. Auditor, Kumagaya Childcare support and Health base facilities Co., Ltd. Auditor, Yell Co., Ltd. Auditor, Fukuoka chihaya forest Co., Ltd.	1.2 million yen	1.2 million yen
	Shingo Aoshima	Representative Partner, Cenxus Tax Accountant Corporation Representative Partner, Tokai Audit Corporation Supervisory Director, Marubeni Private Real Estate Investment Trust	1.2 million yen	1.2 million yen

* Major concurrent positions, etc. as of the end of February 2025

Asset Manager Compensation Structure

Regarding fees paid to the Asset Manager for asset management services, with the aim of further improving the linkage to unitholder profits, TLR presented a revision of the asset management compensation structure at the General Meeting of Unitholders held on November 26, 2021, and since it was approved by the unitholders, the new compensation structure will be applied from March 1, 2022.

Management Compensation Structure	Calculation Method	Upper Limit
Management fee I	Total assets at end of previous fiscal period x 0.3% annual rate (maximum rate)	Total assets × 0.5% annual rate
Management fee II	Net income before tax (before deducting management fees) × net income per unit before tax (before deducting management fees) × 0.0030% (maximum rate)	
Acquisition fee	Acquisition price × 1.0% (maximum rate)	-

Compliance

Basic Compliance Policy

Fully recognizing that inadequate compliance could have a disruptive effect on TLR's and the Asset Manager's management, the Asset Manager has positioned thorough compliance as one of its key management issues. Furthermore, as a company involved in the financial instruments business, the Asset Manager recognizes that it has a responsibility to strive to realize business value that meets the needs of society, and it proactively and constantly pursues compliance for the purpose of qualitatively and quantitatively increasing the value of its business.

Compliance Promotion Structure

Body	Main Role
Board of Directors	As the body with final responsibility for the execution of operations, the Board of Directors, with the aim of implementing thorough compliance, receives reports on matters for approval, etc., at Compliance Committee meetings, etc., and also passes resolutions on important matters relating to the Asset Manager's compliance.
Compliance Committee	The Compliance Committee carries out the tasks stipulated in the Compliance Committee Regulations, in collaboration with the Board of Directors, Compliance Officer, and Compliance Department.
Compliance Officer	As the person in charge of compliance at the Asset Manager, the Compliance Officer establishes an internal compliance structure and strives to foster awareness of internal regulations for abiding with the law and other rules. In addition, the Compliance Officer aims to improve compliance awareness and keep personnel well-informed by planning and implementing compliance training, etc. for officers and employees, etc. (this refers to all officers and employees of the Asset Manager and all other persons engaged in work for the Asset Manager; the same applies hereinafter). For this purpose, the Compliance Officer shall constantly monitor whether the execution of asset management tasks by the Asset Manager on behalf of TLR is based on the law, TLR's articles of incorporation, and other regulations, etc. and also monitor and supervise the status of compliance in the execution of daily tasks.
Compliance Department	The Compliance Department manages matters relating to the Asset Manager's compliance and carries out the tasks stipulated in the Division of Duties Regulations.

Internal Compliance Structure

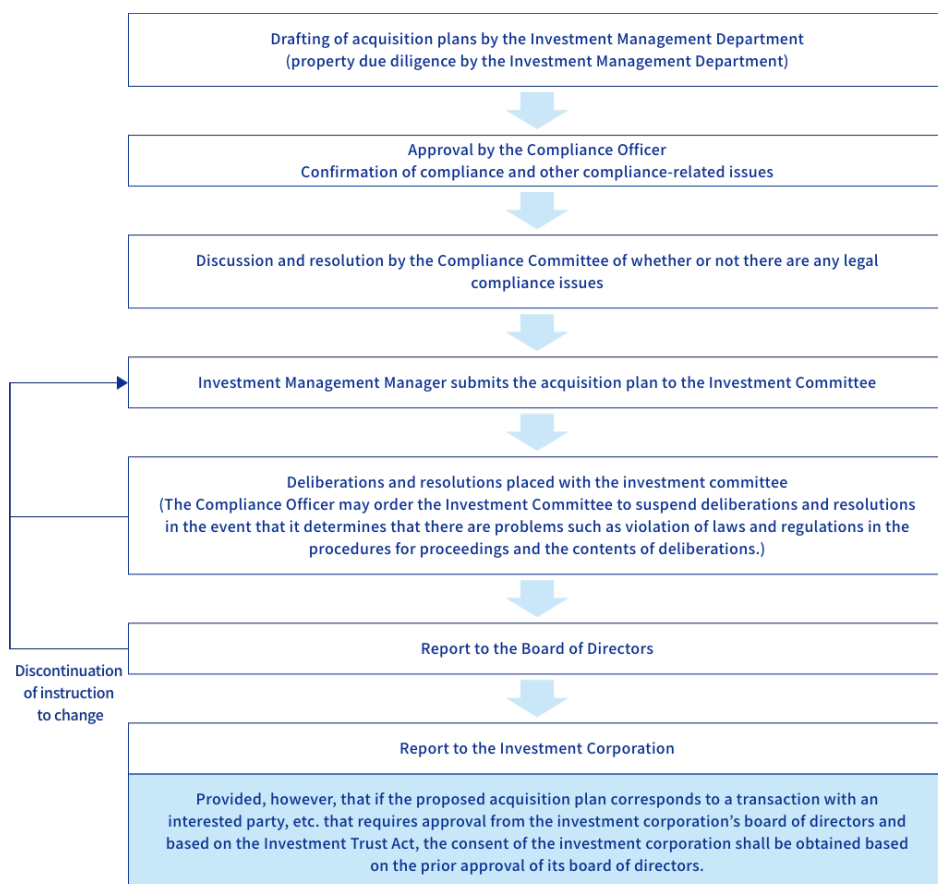
The Compliance Officer ensures there is a system in place that enables reports to be received immediately in the event that an officer or employee detects conduct within the Asset Manager that violates the laws relating to its business operations, or is highly likely to violate those laws, and prevents officers and employees from covering up misconduct. Furthermore, the Board of Directors supports the Compliance Officer to ensure that there is an internal compliance structure.

Handling of Conflict-of-Interest Transactions

With regard to transactions with interested parties, TLR and the Asset Manager have established transaction criteria that stipulate the regulations for such transactions and established an approach whereby transactions are conducted after performing rigorous screening based on the screening procedure specified in the regulations to ensure that transactions are not detrimental to TLR.

If the Asset Manager attempts to conduct a transaction with an interested party, after it is proposed by the department in charge of the transaction, the Compliance Officer will review it beforehand to determine whether it complies with the laws and regulations (this refers to laws, governmental and ministerial ordinances, by-laws, and other instructions that the Asset Manager must comply with when executing its business, Investment Trusts Association regulations, regulations of financial instruments exchanges on which TLR is listed, TLR's regulations, and the Asset Manager's articles of incorporation, internal rules, and contracts signed by it based on these, including the asset management contract for TLR, etc.) and whether there are any other compliance-related issues, and if the Compliance Officer approves the transaction, it may be brought before the Compliance Committee. The Compliance Committee will deliberate the transaction from a compliance perspective, and if it approves it, the transaction may be brought before the Investment Committee. The Investment Committee will deliberate the transaction, and upon its approval being obtained (however, in the case of transactions corresponding to transactions with interested parties, etc. in the Investment Trusts Act, as stipulated in Article 5 of the Interested Parties Transaction Regulations, the Investment Committee's approval and the consent of TLR, based on the approval of its Board of Directors, will be required), it will be decided that the transaction is to be executed.

Decision-Making Flow on Acquisition from Related Parties



Establishment of System to Eliminate Anti-Social Forces

The Asset Manager has formulated Regulations to Eliminate Anti-Social Forces and an Anti-Social Forces Elimination Manual and implements a system for eliminating relationships of any kind with anti-social forces. Specifically, under the guidance of the Compliance Officer (the officer who supervises the implementation of the system for severing ties with anti-social forces and handling of them), the Asset Manager checks for the presence of anti-social forces by investigating using a database (updated as appropriate, including the addition, deletion, and revision of information), search engine, and search records. Moreover, as a result of investigation, if it is found that the other party in a transaction (or a potential other party in a transaction; the same applies hereinafter) is an anti-social organization, if the involvement of an anti-social organization is suspected, or if an inappropriate request is received from an anti-social organization, the employee in charge shall immediately and appropriately report to and consult with the department manager (the “department manager with direct responsibility”) and the Compliance Officer. After discussing countermeasures with the Compliance Officer, the department manager with direct responsibility will seek to ensure the employee in charge's safety and resolve the matter. If it is found that the other party in a transaction is an anti-social organization after the transaction has begun, the department manager with direct responsibility will take steps to dissolve the transaction with the anti-social organization after discussing countermeasures with the Compliance Officer.

Prohibition of Political Contributions and Anti-Corruption Measures

The Asset Manager's Compliance Manual stipulates the following with regard to relationships with politicians and public officials, and the information is shared with employees when the opportunity arises (e.g., compliance training):

“With regard to relationships with politicians and public officials, we must comply with the relevant laws and regulations, such as the Political Funds Control Act (Act No. 194 of 1948) and the Public Offices Election Act (Act No. 100 of 1950), maintain sound, transparent, and honest dealings with political and governmental parties, and prevent corruption, including mutual favors, collusion, etc. Furthermore, when dealing with public officials and the like, we must not only thoroughly comply with the laws and regulations but also avoid conduct that raises doubts. Hospitality and gifts for public officials are prohibited. Providing hospitality and gifts to, or offering them, parties holding public office is subject to criminal punishment for bribery.”

Compliance and ESG Training

The Asset Manager conducts compliance- and ESG-related training for all officers and employees on a continuing basis, in which they play an active part. Compliance-related training is also provided to new hires at the time of joining the company.

	FY2020	FY2021	FY2022	FY2023	FY2024
Compliance Training	2	6	6	4	6
ESG Training	2	3	3	1	15

Whistleblowing System

Based on the Compliance Manual and in accordance with the Whistleblower Protection Act, the Asset Manager has established a system that enables employees who become aware of a compliance-related problem or the like to report directly to the Compliance Officer or a harassment and compliance helpline without going through the person in charge of the department to which they belong (i.e., a whistleblowing system).

Click [here](#) for details.

Risk Management

Basic Risk Management Policy

The Asset Manager, under its own responsibility as an asset management specialist, fully recognizes that it has an obligation to monitor and manage various risks, especially management-related risks, in an appropriate manner and conduct its business optimally and that failure to implement appropriate risk management will damage TLR's assets under management and hurt customers' interests. It has therefore positioned appropriate management and control of risks, based on the characteristics of its business and the associated risks, as a key management issue and strives to implement a risk management system.

Risk Management System

TLR's organizational structure relating to risk management is as follows:

- (1) TLR was established based on the Act on Investment Trusts and Investment Corporations and is managed by a Board of Directors comprised of one executive director and two supervisory directors. The executive director holds Board of Directors meetings at least once every three months, and in addition to matters for approval as stipulated by law, detailed reports are provided on the execution status of TLR's operations and the Asset Manager's operations. Through this reporting procedure, the supervisory directors, who are independent of the Asset Manager and related interested parties, etc., obtain accurate information, and a structure is maintained that enables them to supervise the executive director's execution of his/her duties. At the same time, based on the reports in question, TLR verifies whether there are any concerns about conflicts of interest in the Asset Manager's transactions with interested parties, etc., and thereby strives to manage risks relating to conflicts of interest, etc.
- (2) TLR has the right to receive various types of report from the Asset Manager relating to the asset management outsourcing contract and the right to investigate the Asset Manager's books and other documents. Based on the exercising of the rights in question, TLR maintains a structure that enables it to supervise the Asset Manager's execution of its operations.

The Asset Manager's organizational structure relating to risk management is as follows:

Body	Main Role
Board of Directors	After identifying the types and characteristics of risks faced by the Asset Manager, the Board of Directors determines key matters concerning risk management, such as establishing the organizational structure and regulations with respect to risk management.
Compliance Committee	The Compliance Committee serves a role as a cross-organizational consultative body. It discusses and considers the formulation, revision, and abolition of the organizational structure and regulations relating to risk management, monitors risks, etc. and passes resolutions on key matters concerning risk management, as well as collaborating with the Board of Directors, auditors, and Compliance Officer as needed.
Risk Management Supervisor	The role of the Compliance Officer includes supervising risk management for the Asset Manager.
Risk Managers	The head of each department manages risks that fall under their department's jurisdiction and reports to the risk management supervisor regarding the status of management.

Asset Manager Risk Management

As a rule, the Asset Manager monitors and manages risks relating to operation and management via multiple verification systems at various levels.

- A. The Asset Manager has stipulated a portfolio development policy, due diligence standards, portfolio operation and management policy, etc. in its Operation Guidelines. By complying with these guidelines, it strives to manage risks relating to real estate and real estate trust beneficiary interest.
- B. The Asset Manager has formulated Investment Committee Regulations with the aim of making the decision-making process for key matters relating to investment and management on behalf of TLR more transparent. It also strives to manage risks by establishing objective business procedures for real estate research, acquisition, management, operation, and other tasks.
- C. The Asset Manager has formulated Compliance Regulations, a Compliance Manual, and Interested Party Transaction Regulations. Compliance with laws and regulations, etc. is verified by the Compliance Officer, while the Compliance Committee deliberates and approves transactions with interested parties as stipulated in the Interested Party Transaction Regulations. Through these activities, the Asset Manager strives to prevent risks associated with legal violations and conflicts of interest.
- D. The Asset Manager has stipulated Risk Management Regulations and specific methods for managing risks, etc., and through maintaining an appropriate risk management structure, it strives to implement thorough risk management.
- E. The Asset Manager has formulated Insider Trading Prevention Regulations and strives to prevent insider trading by officers, employees, etc.

Cybersecurity

Information Security Manual

The Information Security Manual stipulates cybersecurity measures, which are rigorously managed and supervised by the information security supervisor.

BCP

Crisis Management Manual

With regard to crisis management, we fulfill our social obligations as a company and ensure our social credibility based on the following basic approach:

- (1) We will prioritize saving the lives and ensuring the health of officers, employees, and related persons over everything else.
- (2) We will preserve the assets managed for TLR and meet our commitments as an asset management company.
- (3) We will rapidly restore and normalize business operations, as well as supporting the stabilization of the local community and economy.
- (4) We will minimize the negative impact on stakeholders and seek to continuously improve the situation.

Emergency Response Manual

The Emergency Response Manual comprehensively outlines response guidelines in the event of a disaster or accident, from advance preparations to communication. The manual was developed based on the following basic response procedure, which enables an appropriate response when a crisis occurs:

- (1) Emergency Communication Guidelines, Emergency Response Guidelines, and Response Flow relating to properties entrusted to the Asset Manager by TLR
- (2) Disclosure rules in the event of a disaster
- (3) Advance preparation methods in anticipation of disasters or accidents
- (4) Response procedure and triggering of BCP measures in the event of a crisis

Business Continuity Planning (BCP)

Business Continuity Planning (BCP) is formulated for the purpose of continuing the company's business while ensuring the safety of employees and their families even in emergency circumstances (presumably when a natural disaster such as an earthquake occurs, but not limited to this). The basic approach is shown below.

The Asset Manager will implement measures aimed at business continuity in the event of an emergency based on the following basic policy:

- Ensuring the safety of people's lives (employees, outsourcing contractor employees, customers).
- Continuing asset management operations (maintaining the company's own business).
- Fulfilling our fiduciary responsibilities and carrying out our mandate from unitholders.

Green Finance

TLR shares the basic stance of MIRARTH HOLDINGS Group and engages in Green and Sustainability Finance to further promote real estate investment management that considers ESG.

Green Finance Framework

Third-party Evaluation

TLR has obtained a rating of “Green 1 (F)” for our Green Finance Framework. This is the highest rating offered in JCR Green Finance Framework Evaluations conducted by the third party, Japan Credit Rating Agency, Ltd. (JCR). For details on this evaluation, see the JCR website at <https://www.jcr.co.jp/en/greenfinance/>

Eligibility Criteria

Funds procured through Green Bonds or Green Loans are applied to the acquisition of eligible green assets that meet the eligibility criteria below, refinancing of those funds or funding or refinancing renovation work.

Eligibility Criteria-1

Assets that have achieved or will achieve any following certification

(1) DBJ Green Building Certification: 3 Stars, 4 Stars, or 5 Stars.

(2) CASBEE Certification:

- CASBEE for Buildings (New Construction) and CASBEE for Real Estate: S Rank, A Rank, or B+ Rank.
- CASBEE for Local Governments: S Rank, A Rank, or B+ Rank.

(*Validity period shall be three years from the date of construction completion.)

(3) BELS Certification:

- based on the 2016 standard: 5 Stars, 4 Stars, or 3 Stars. (*Non-residential buildings with a BEI exceeding 0.75 are excluded.)
- based on the 2024 standard:
Non-residential buildings rated Level 6 to Level 4
Residential buildings rated Level 6 to Level 3 (for homes with renewable energy systems) or Level 4 or Level 3 (for homes without renewable energy systems).

(4) LEED Certification (LEED O+M, LEED BD+C): Silver or higher (*Limited to v4 or later.)

Eligibility Criteria-2

Renovation work that meets any of the following (1) to (3)

(1) Renovation work intending to improve the number of stars or the rank by one or more for any Green Eligibility Criteria-1 (green building) certification.

(2) Renovation work under management with the objective to enhance energy efficiency, reduce water usage, and any other environmental improvements. (expected to reduce consumption or emissions by 30% or more compared to previous levels)

(3) Installation or acquisition of equipment related to renewable energy.

Management of Financing

TLR will promptly allocate the total procured funds to projects that meet the Eligibility Criteria.

If there are unappropriated funds at the time of issuing green bonds or green loans, TLR will disclose an appropriation plan on its website.

In addition, if the property for which the proceeds will be used will no longer be a subject of the use of proceeds due to its sale,

TLR will disclose this in its press release and its website.

Upper limit of green finance procurement is calculated by total book value of Eligible Green Projects multiple by total asset LTV.

Reporting

Reporting on Status of Fund Allocation

	Balance (millions of yen)
Green Finance	10,950
Green Bonds	0
Green Loans	10,950

* The amount stated refers to the balance as of February 28, 2025.

Green Loans

Lender	Loans executed and outstanding (millions of yen)	Interest rate	Borrowing date	Repayment date	Unallocated amount (millions of yen)	Third-party evaluation
Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. SBI Shinsei Bank, Limited Sumitomo Mitsui Trust Bank, Limited Aozora Bank, Limited Resona Bank, Limited THE NISHI-NIPPON CITY BANK, LTD. The Hiroshima Bank, Ltd. The Kiyo Bank, Ltd.	3,600	0.98500%	August 31, 2023	August 31, 2027	-	JCR Green Bond Evaluation "Green 1"
Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank SBI Shinsei Bank Limited Aozora Bank, Ltd. Daishi Hokuetsu Bank, Ltd. THE NISHI-NIPPON CITY BANK, LTD The Minato Bank, Ltd. The Bank of Yokohama, Ltd. Kansai Mirai Bank, Limited The Chiba Bank, Ltd. The Aichi Bank, Ltd. The 77 Bank, Ltd.	3,000	1.55000%	February 28, 2025	February 29, 2028	-	JCR Green Bond Evaluation "Green 1"
Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank SBI Shinsei Bank Limited Resona Bank Limited Aozora Bank, Ltd. Daishi Hokuetsu Bank, Ltd. THE NISHI-NIPPON CITY BANK, LTD The Minato Bank, Ltd. The Bank of Yokohama, Ltd. Kansai Mirai Bank, Limited The 77 Bank, Ltd.	4,350	1.69000%	February 28, 2025	February 28, 2029	-	JCR Green Bond Evaluation "Green 1"

Impact Reporting

DHR will annually disclose the following indicators on its website for as long as the funds procured through green finance are outstanding.

- Number and type of environmental certifications of portfolio assets
Please refer to "[External Evaluations](#)" for details.
- Water consumption
- Electric power consumption (energy consumption)
- CO2 emissions (GHG emissions)
Please refer to "[Environmental Performance](#)" for details.