

SUSTAINABILITY-RELATED DISCLOSURE

Product Name: NIPPON REIT Investment Corporation.

Legal Entity Identifier: 3538004O49OJ90PEXX85

NIPPON REIT Investment Corporation (“NIPPON REIT”) promotes environmental or social characteristics, but does not have as its objective a sustainable investment within the meaning of Article 9(1) of Regulation (EU) 2019/2088 (“SFDR”). NIPPON REIT has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan and relies on SBI REIT Advisors Co., Ltd (the “Asset Manager”), to manage and operate the properties in NIPPON REIT’s portfolio. NIPPON REIT and the Asset Manager are hereinafter referred to collectively as “we,” “us” or “our,” unless noted otherwise. References to “fiscal year” or “FY” are to the 12 months began or beginning April 1 of the year specified in line with the fiscal year of the Asset Manager, unless noted otherwise.

Summary

No sustainable investment objective	The financial products offered by NIPPON REIT promote environmental or social characteristics, but do not have as their objective sustainable investment.
Environmental or social characteristics of the financial product	We focus on income growth and stability by taking advantage of NIPPON REIT’s characteristics as a diversified REIT, and endeavor to maximize unitholder value by conducting dynamic and timely investments and acting in the best interests of unitholders. In this regard, we view environmental, social and governance, or ESG, initiatives as key to continuously enhancing NIPPON REIT’s value, and have established a sustainability policy and sustainability targets to mitigate our environmental burden in collaboration with stakeholders. We also conduct our real estate investment management business through ongoing strong communication with investors, tenants, local communities, employees and all other stakeholders, while ensuring that investors have access to sufficient ESG-related information in order to make informed investment decisions. We are proactively implementing the ESG initiatives such as energy saving and reduction of greenhouse gas emissions, conserving water, collaboration with stakeholders, obtaining and disclosing environmental certification, contribution to local communities, holding seminar regarding ESG and compliance, each as described in detail below.
Investment strategy	NIPPON REIT invests primarily in office buildings, residences, retail facilities and real estate used for other purposes. Prior to acquiring a property, we conduct due diligence review, with assistance of appropriate experts, to verify legal compliance including environmental rules/regulations. We also investigate the presence of soil contamination or hazardous substances, such as asbestos, to identify and avoid properties that are at risk due to their potential impact on the environment.
Proportion of investments	The financial products offered by NIPPON REIT promote environmental or social characteristics, but do not have as their objective sustainable investment. However, as of June 30, 2025, 51.4% of the properties in the portfolio, including properties in which NIPPON REIT holds quasi co-ownership interests, received at least one Green Building Certification (as defined below), and 48.6% did not, based on gross floor area. We will continue our efforts to at least maintain and increase the current percentage of the properties with Green Building Certification in NIPPON REIT’s portfolio.
Monitoring of environmental or social characteristics	In order to measure the attainment of the E/S characteristics we promote, we use the indicators such as (i) environmental certification of individual properties, (ii) sustainability evaluation at the portfolio level and (ii) ESG data such as energy consumption, greenhouse gas emissions, water consumption and waste management data, each as further described below.

Methodologies	<p>The Asset Manager has established the Sustainability Promotion Committee in April 2017 to continuously and systematically promote various ESG initiatives in the Asset Manager's business practice and operation of NIPPON REIT's properties. In general, the Sustainability Promotion Committee, which is chaired by the Asset Manager's CEO and additionally includes the Senior General Managers of the Investment Management Division, Finance & Planning Division, and the General Managers of Asset Management Department, Corporate Planning Department, Finance & Accounting Department, Capital Market Department and Compliance Officer, meets every three months and reviews progress made against targets, comparing and analyzing with the results from the previous year. The Asset Manager uses the methodologies as described below to monitor and track our ESG key indicators.</p>
Data sources and processing	<p>As further described below, the Asset Manager obtains certain ESG data from tenants, property management companies, and third-party consulting firms, depending on the type of data. In addition, the Asset Manager seeks to ensure data accuracy and quality by coordinating with relevant departments within the Asset Manager and engaging an external consulting firm for review and verification.</p>
Limitations to methodologies and data	<p>As further described below, the primary limitation to the methodology or data source is the necessity of our reliance on the tenants for raw data at the property level. Data at the portfolio level are compiled internally at the Asset Manager. To ensure the accuracy of compiled data at the portfolio level, we have retained an external consulting firm to verify the accuracy and quality of compiled data at the portfolio level in accordance with our own criteria and methodologies. However, the verification process does not provide independent verification of accuracy of raw data at the property level and the challenges associated with our reliance on the tenant and property management companies for raw data at the property level remain.</p> <p>Limitations to the methodology and data are not expected to affect the attainment of the environmental or social characteristics promoted by NIPPON REIT in any material way.</p>
Due diligence	<p>Prior to our investment in a property, the Asset Manager conducts due diligence review of the property, including environment assessment and evaluation of risks related to building safety, future prospects, and location. As a result of due diligence review, if there is a risk of a negative environmental impact, such as due to soil contaminants or other harmful substances or noncompliance with law aimed at reducing energy consumption or greenhouse gas emissions, we will take measures to avoid or mitigate the risk by postponing the acquisition of the property or requiring the seller to undertake improvement.</p>
Engagement policies	<p>When evaluating property managers, we conduct interviews to determine whether they have established policies on corporate ethics and environmental considerations, and evaluate their efforts to promote such matters. When updating major energy-consuming equipment in a building, such as air conditioning and lighting, we compare the energy consumption before and after the update, and confirm that the work complies with applicable regulations. We are also aiming to increase the use of green products in connection with such equipment.</p>
Designated reference benchmark	<p>NIPPON REIT has no benchmark index designated as a reference benchmark to meet the environmental or social characteristics promoted by NIPPON REIT.</p>

No sustainable investment objective

The financial products offered by NIPPON REIT promote environmental or social characteristics, but do not have as their objective sustainable investment.

Environmental or social characteristics of the financial product

We focus on income growth and stability by taking advantage of NIPPON REIT's characteristics as a diversified REIT, and endeavor to maximize unitholder value by conducting dynamic and timely investments and acting in the best interests of unitholders. In this regard, we view environmental, social and governance, or ESG, initiatives as key to continuously enhancing NIPPON REIT's value, and have established a sustainability policy and sustainability targets to mitigate our environmental burden in collaboration with stakeholders. We also conduct our real estate investment management business through ongoing strong communication with investors, tenants, local communities, employees and all other stakeholders, while ensuring that investors have access to sufficient ESG-related information in order to make informed investment decisions.

No specific index has been designated as reference benchmark to determine whether NIPPON REIT is aligned with the environmental and/or social characteristics that it promotes.

The following outlines key elements of our sustainability policy.

- *Saving energy.* We engage in efforts to reduce greenhouse gas emissions by improving energy efficiency and installing energy-saving equipment such as LED lighting.
- *Reducing greenhouse gas emissions.* We have switched to renewable energy-based electricity at NIPPON REIT's properties below, and will continue to make this switch at an increasing number of properties:
 - Pigeon Building: All of the electricity used at the property is now generated from biomass power, estimated to reduce CO₂ emissions by 193 tons per year as compared to the electricity level prior to the switch to biomass power.
 - La Verite AKASAKA: All of the electricity used at the property is now generated from hydroelectric power, estimated to reduce CO₂ emissions by 95 tons per year as compared to the electricity level prior to the switch to hydroelectric power.
 - Omiya Center Building: Since April 2022, all electricity consumed at the Omiya Center Building has been derived from renewable energy sources, taking into account Feed-in Tariff ("FIT") non-fossil fuel certificates and non-FIT non-fossil fuel certificates designated for renewable energy in the non-fossil fuel energy value trading market. As a result, the Omiya Center Building will have virtually zero CO₂ emissions from electricity consumption.
- *Conserving water.* We have installed toilets with water-saving equipment, which reduces the amount of water per flush by 48% on average, in several properties, such as FORECAST Gotanda WEST, to help conserve water. This equipment has had the additional effect of reducing use of electricity for water pumps.
- *Collaboration with stakeholders.*
 - *Communication with investors.* We believe in fair disclosure to all investors and conduct timely disclosure, including through simultaneous disclosure of Japanese and English language press releases, as well as by making our website user-friendly.
 - *Improving tenant satisfaction.* We conduct a tenant satisfaction survey at least once every three years. Based on the results of the survey, we identify issues at NIPPON REIT's properties and

make appropriate improvements to increase the comfort of the properties for the tenants and enhance the competitive strengths of NIPPON REIT's properties. Through efforts to improve tenant satisfaction, we seek to foster strong tenant relationships and facilitate communication between tenants and lessors.

- *ESG disclosure and environment certification.* We will continue to make our sustainability policy available to all stakeholders, including investors, and to proactively disclose information on ESG-related activities such as reducing greenhouse gas emissions and saving energy. We will continue to make effort as described in this document to obtain environmental certification for an increasing number of NIPPON REIT's properties.
- *Contribution to local communities.* Our representative contributions to local communities include the following:
 - *Tenant profiles that fit within local community.* For each of NIPPON REIT's properties, we make effort to attract tenants that match the needs of and fit within the local community so that the property contributes to the convenience of the people in the local community.
 - *Environmentally-friendly renovations.* We have renovated the washrooms at Pigeon Building, and have introduced car sharing at Dormy Kitaakabane, a share-cycle port at FORECAST Shinjuku SOUTH and Itohpia Iwamotocho 1-chome Building, umbrella sharing at FORECAST Shinjuku AVENUE and FORECAST Nishishinjuku, and an electric vehicle charging facility at Wald Park Minamioi. These renovations have contributed to reducing CO₂ emissions, saving water and saving electricity.
 - *Accessing the rooftop in disaster.* We have an agreement with the local fire department that allow them to use the Tower Court Kitashinagawa's rooftop at a time of disaster to monitor the Shinagawa area.
 - *History of Shinagawa:* The Shinagawa area has extensive history dating back to the Heian Era (an approximately 400-year period from AD 794), and Shinagawa prospered as a port in Edo (Tokyo) Bay during the Kamakura Era (AD 1185-1333) and subsequently as a transportation hub. We have opened a portion of the first floor of Tower Court Kitashinagawa to the public as a gallery showcasing the history of Shinagawa.
- *Seminar regarding ESG and compliance.* The Asset Manager encourages and supports its employees to participate in a variety of internal and external education and training sessions. Internal education includes lectures by our compliance officers on internal rules and by outside lecturers to deepen the employees' understanding of daily operations. All employees are required to participate in certain seminars offered outside the company to improve operational efficiency. From April 2024 to March 2025, we held 10 compliance training sessions and one sustainability training session, purpose of which is to enhance employee's awareness of ESG, for executives and employees. We will continue to make efforts to regularly hold such trainings.

Investment strategy

NIPPON REIT invests primarily in office buildings, residences, retail facilities and other real estate properties. Prior to acquiring a property, we conduct due diligence review, with assistance of appropriate experts, to verify legal compliance including environmental rules/regulations. We also investigate the presence of soil contamination or hazardous substances, such as asbestos, to identify and avoid properties that are at risk due to their potential impact on the environment.

In order to conduct sustainable asset management while maximizing the value of NIPPON REIT's properties, we have taken into consideration ESG factors in our investment and asset management processes. In particular, NIPPON REIT has established a green finance framework (the "Green Finance Framework"). We plan to use funds procured under the Green Finance Framework to acquire or renovate

assets or refinance funds used to acquire or renovate assets meeting either eligibility criteria A or B below (such assets, “Eligible Green Assets”).

- *Eligibility criteria A.*

Assets for which any of the following certifications from a third-party certification body has been or will be obtained:

- DBJ Green Building Certification: 3 Stars and above
- BELS : (Based on FY2016) 3 Stars and above
(Based on FY2024) non-residential Level 4 or above, residential Level 3 or more
- CASBEE for Real Estate, CASBEE for Buildings: B+ rank or higher
Except for case in which BEI=0.75 exceed as plants, etc., including logistics centers.

- *Eligibility criteria B.*

Renovation that meets one out of the following three requirements and that has completed or will be completed within three years from the closing date of the green bond or the green loan, as the case may be:

- Renovation work intended to reduce CO₂ emissions by more than 30%
- Renovation work intended to reduce energy consumption by more than 30%
- Renovation work intended to reduce water consumption by more than 30%
- Renovation work intended to improve the number of stars or the grade/rank by one or more for any of the eligible green asset certifications

- *Third-party eligibility assessment.* The JCR Green Finance Framework Evaluation is the evaluation of the Green Finance Framework conducted by Japan Credit Rating Agency, Ltd. (“JCR”). JCR evaluates whether any given project conducted in accordance with the Green Finance Framework may be deemed to be a green project as well as our management/operations and transparency. The Green Finance Framework was assigned “Green 1(F),” the highest evaluation grade in the JCR Green Finance Framework Evaluation by JCR.

Proportion of investments

The financial products offered by NIPPON REIT promote environmental or social characteristics, but do not have as their objective sustainable investment. However, as of June 30, 2025, 51.4% of the properties in the portfolio, including properties in which NIPPON REIT holds quasi co-ownership interests, received at least one Green Building Certification (as defined below), and 48.6% did not, based on gross floor area (including properties with expired certifications unless there is reason to believe that such properties are no longer environmentally friendly to the same degree as Green Building Certifications). We will continue our efforts to at least maintain and increase the current percentage of the properties with Green Building Certification in NIPPON REIT’s portfolio.

Monitoring of environmental or social characteristics

We use the following indicators to measure the attainment of the E/S characteristics we promote.

- *Environmental certification of individual properties.* To track the environmental performance of individual properties, we rely on the following green building certifications issued by third-party organizations (collectively, “Green Building Certifications”).
 - *DBJ Green Building Certification.* The DBJ Green Building Certification is certification developed by Development Bank of Japan Inc. (DBJ) to identify and certify real estate properties that satisfy various social needs including environmental quality. We consider a property to have sufficient environmental certification if it received one star or higher out of DBJ’s five-star ranking system.

- *CASBEE*. The Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a system for comprehensively assessing and ranking the environmental performance of buildings with regard to aspects such as the enhancement of environmental quality and performance, including with respect to energy saving and use of materials and equipment with a lower environmental burden, which considers indoor comfort and landscape. We consider a property to have sufficient environmental certification if it received Rank B or higher out of the CASBEE ranking system featuring Rank S, Rank A, Rank B+ and Rank B.
 - *BELS Certification*. The Building-Housing Energy-efficiency Labeling System (BELS) is a third-party certification system to evaluate houses and buildings based on energy saving performance in accordance with the Act on Improving Energy Consumption Performance for Architectural Structures of Japan and applicable guidelines thereunder. Until March 2024, the evaluation was based on a five-star ranking system from 1 star to 5 stars, but from April 2024, the evaluation has been based on a six-star ranking system from 0 star to 6 stars for non-residential properties and residential properties equipped with renewable energy facilities. We consider a property to have sufficient environmental certification if it received 1 star or higher.
 - *Low-Carbon Model Building Designation by the Tokyo Metropolitan Government*. In May 2012, the Tokyo Metropolitan Government released an assessment index for low-carbon buildings called the “Low-Carbon Benchmark” with the aim of promoting the value of buildings with low CO₂ emissions in the Tokyo Metropolitan Area. Buildings that (1) fall within the range of A1 or higher in the Low-Carbon Benchmark, and (2) are actively implementing energy-saving measures are officially recognized and publicized as “Low-Carbon Model Buildings” by the Tokyo Metropolitan Government. We consider a property to have sufficient environmental certification if it is designated as a “Low-Carbon Model Building” by the Tokyo Metropolitan Government.
- *Sustainability evaluation at the portfolio level*. GRESB is an industry-driven organization established by European pension funds committed to assessing the sustainability performance and management of real estate portfolios (public and private) around the globe.
 - *Energy consumption*. We have established a goal of reducing energy consumption intensity by 1% per year on average or by 5% over the five-year period from FY2021 to FY2025 for NIPPON REIT’s entire portfolio and each property.
 - *Greenhouse gas (“GHG”) emissions*. We have established a goal of reducing GHG emissions intensity by 1% per year on average or 5% over the five-year period from FY2021 to FY2025 for NIPPON REIT’s entire portfolio and each property. We have also established a long-term goal to reduce CO₂ emissions intensity by 50% by FY2030 compared to the FY2016 level. We have also established other targets with respect to properties in accordance with local regulations addressing global warming (such as the Tokyo Metropolitan Ordinance).
 - *Water consumption*. We have established a goal of reducing water consumption by 0.5% per year over the ten-year period from FY2017 to FY2026 for NIPPON REIT’s entire portfolio and each property.
 - *Waste management*. We have established a goal of increasing the recycling ratio to 70% or higher over the ten-year period from FY2017 to FY2026 for NIPPON REIT’s entire portfolio and each property.

Methodologies

The Asset Manager has established the Sustainability Promotion Committee in April 2017 to continuously and systematically promote various ESG initiatives in the Asset Manager’s business practice and operation of NIPPON REIT’s properties. In general, the Sustainability Promotion Committee, which is chaired by the Asset Manager’s CEO and additionally includes the Senior General Managers of the Investment Management Division, Finance & Planning Division, and the General Managers of Asset Management Department, Corporate Planning Department, Finance & Accounting Department, Capital Market Department and Compliance Officer, meets every three months and reviews progress made against targets, comparing and analyzing with the results from the previous year. The targets include those required

under Act on the Rational Use of Energy of Japan, which will result in the government's guidance advice if we fail to achieve such targets.

- *Environmental certification of individual properties.* The Sustainability Promotion Committee discusses the policy for acquiring environmental certifications and decides on which properties to acquire environmental certifications. The department in charge of the budget for acquisition of environmental certifications is the Capital Market Department, and the departments responsible for initial screening of properties and selection of the type of environmental certification are the Asset Management Department. The frequency of reporting and decision making is once every six months. When acquiring a property, the acquisition status of environmental certification is not formally included in the due diligence framework and is not reflected in the valuation process, however, the Investment Committee take the acquisition status into consideration when making the overall investment decision.
- *Sustainability evaluation at the portfolio level.* The Capital Market Department of the Asset Manager initially reviews the results of GRESB evaluation and the analysis thereof by a third-party consulting firm, and reports such findings to the members of the Sustainability Promotion Committee from October to December each year. The Asset Management Department and the Capital Market Department separately discuss and implement applicable improvement measures for the next year based on the analysis. The third-party consulting firm conducts a response analysis once a year. The relevant departments and offices will hold discussions based on the response analysis at least once a year, and will also hold discussions when matters for discussion arise on a case-by-case basis. The third-party consulting firm also prepares the form responses to GRESB's questionnaires based on the previous year's responses, and the Asset Management Department and Capital Market Department review and prepare final responses to the questionnaires.
- *Tracking and monitoring ESG data.* The data on energy and water consumption is compiled by the Asset Management Department which enters monthly electricity, water and gas consumption for each property to our internal data monitoring system. The compiled data is reported to the Sustainability Promotion Committee on a quarterly basis by the Asset Management Department. The data on waste is collected and compiled once a year by the property management companies using waste recycling plan. To ensure the accuracy of ESG data, an external consulting firm is retained to verify the accuracy of the data. The Asset Management Department serves as the contact point for the external consulting firm.
- *Implementation of tenant satisfaction survey.* The Asset Manager conducts tenant satisfaction survey through an outside vendor once per three years. The Asset Management Department manages the survey and reports the results to the Board of Directors. Based on the results of the survey, we identify issues at NIPPON REIT's properties and make appropriate improvements to increase the comfort of the properties for the tenants and enhance the competitive strengths of NIPPON REIT's properties.

Data sources and processing

We use the following data sources:

- *Environmental certification of individual properties.* As described above, the Asset Management Department collects the relevant data required by the organizations that issue green building certifications for the candidate properties in NIPPON REIT's portfolio. In principle, the Asset Management Department compiles and submits the relevant data required and the supporting materials to the issuing organizations, and the Asset Management Department of the Asset Manager reviews and confirms the accuracy of the compiled data before submission.
- *Sustainability evaluation at the portfolio level.* As described above, the Asset Management Department and the Capital Market Department separately prepare the applicable responses to the GRESB questionnaires based on the initial form responses prepared by the third-party consulting firm, and the ESG data, which is initially collected and compiled by the Asset Management Department as described above.

- *Tracking and monitoring ESG data.* As described above, the raw monthly data for electricity, water and gas consumption for each property is collected and entered into our internal data monitoring system by the Asset Management Department. The Asset Management Department compiles the quarterly data and reports them to the Sustainability Promotion Committee once a quarter. The raw data on waste is collected once a year by property management companies, which in turn compiles the annual data. To ensure the accuracy of the ESG data, an external consulting firm is retained to verify the data. The Asset Management Department serves as the contact point for the external consulting firm.
- *Implementation of tenant satisfaction survey.* The Asset Management Department manages the tenant satisfaction survey, which is conducted by an external vendor using web system. The Asset Management Department reviews and compiles the responses gathered by the outside vendor, and reports the result to the Board of Directors.

Limitations to methodologies and data

The primary limitation to the methodology or data source is the necessity of our reliance on the tenants for raw data at the property level. Like many other real estate investment corporations and asset managers, we rely on raw data provided by the tenants and property management companies, and independent verification of accuracy of such raw data provided by the tenants and property management companies presents challenges. In addition, certain data such as waste data at the property level provided by the tenants and property management companies is generally updated on an annual basis. Accordingly, property-specific data will therefore not always be fully up to date.

Data at the portfolio level are compiled internally at the Asset Manager. To ensure the accuracy of compiled data at the portfolio level, we have retained an external consulting firm to verify the accuracy and quality of compiled data at the portfolio level in accordance with our own criteria and methodologies. However, the verification process does not provide independent verification of accuracy of raw data at the property level and the challenges associated with our reliance on the tenant and property management companies for raw data at the property level remain.

Limitations to the methodology and data are not expected to affect the attainment of the environmental or social characteristics promoted by NIPPON REIT in any material way.

Due diligence

Prior to our investment in a property, the Asset Manager conducts due diligence review of the property, including environment assessment and evaluation of risks related to building safety, future prospects, and location. As a result of due diligence review, if there is a risk of a negative environmental impact, such as due to soil contaminants or other harmful substances or noncompliance with law aimed at reducing energy consumption or greenhouse gas emissions, we will take measures to avoid or mitigate the risk by postponing the acquisition of the property or requiring the seller to undertake improvement.

In addition to these factors, we also consider factors such as surrounding land use, including trends, how much sunlight the property gets, views from the building, landscaping, and noise.

Engagement policies

When evaluating property managers, we conduct interviews to determine whether they have established policies on corporate ethics and environmental considerations, and evaluate their efforts to promote such matters.

When updating major energy-consuming equipment in a building, such as air conditioning and lighting, we compare the energy consumption before and after the update, and confirm that the work complies with applicable regulations. We are also aiming to increase the use of green products in connection with such equipment.

We disclose non-financial information, including ESG-related information, in addition to financial information in a timely and adequate manner. We also disclose any ESG-related certification received from third-party evaluators and ESG reports on our website.

Designated reference benchmark

NIPPON REIT has no benchmark index designated as a reference benchmark to meet the environmental or social characteristics promoted by NIPPON REIT.

REMUNERATION AND SUSTAINABILITY RISKS (SFDR ARTICLE 5 DISCLOSURE)

The Asset Manager has a remuneration policy in place which aims to support its strategy, values and long-term interest, including its interest in sustainability. The Asset Manager's remuneration policy is consistent with the integration of sustainability risks as follows.

- Remuneration, methods of calculation and payment, timing of payment and increases or decreases in remuneration are determined according to compensation rules of the Asset Manager.
- Monthly remuneration is determined by taking into account such factors as the individual employee's skills, experience and assigned duties. The individual employee's remuneration may be increased or decreased by considering the change in the employee's title and ESG-related activities such as introduction of renewable energy, earing of incentives against works on reducing CO₂ emissions, introduction of LED lightning and placing a food cart.
- Bonuses may be paid based on the individual employee's performance, financial results of the Asset Manager and Asset Management Fee and ESG-related activities such as introduction of renewable energy, earing of incentives against works on reducing CO₂ emissions, introduction of LED lightning and placing a food cart.

INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISIONS, AND THE IMPACT OF SUCH RISKS ON THE RETURNS OF NIPPON REIT (SFDR ARTICLE 6 DISCLOSURE)

We and the Asset Manager address sustainability risks by taking into account environmental, social and governance, or ESG, factors in our investment decision process and on a continuous basis.

As stated above, we have instituted a number of initiatives, at both the portfolio level and the property level, to promote the environmental and social characteristics. Such initiatives include energy-saving initiatives, waste management initiatives and initiatives for employees.

While sustainability issues will severely impact our business activities, we believe that such issues may also become potential business opportunities to create new value for sustainable growth. Accordingly, we position our commitment to sustainability as a top priority in our management strategies. We also believe that integrating sustainability factors alongside traditional financial and operational metrics in our investment decision process helps us make a more holistic assessment of a property's risks and opportunities and is commensurate with the pursuit of superior risk-adjusted returns.

As described in further detail above, the Sustainability Promotion Committee generally meets at least four times a year to review and analyze the progress made toward achieving its targets, compared against the previous year.

Physical risks

The assets in which we invest are exposed to physical climate risks, which can materialize through, for example, floods, storms, heat and limited access to natural resources, which in turn can cause the value of our assets to decline. The following risks are particularly relevant.

Potential Changes in Business Environment	Emerging Risks	Our Understanding	Potential Countermeasures
Large-scale earthquakes	Severe physical damages caused by earthquakes	This is a relevant risk for us because earthquakes occur frequently in Japan and could affect the value of our portfolio.	In order to mitigate this risk, we generally only invest in the following properties: (i) properties with earthquake resistance meeting the current standards set forth in the Building Standards Law Enforcement Order of Japan; and (ii) properties whose probable maximum loss ("PML") is less than 15%, where the portfolio PML remains less than 15% after the acquisition of any such property. However, we may choose to invest in other properties if (x) the economics of the property is sufficient even after obtaining earthquake insurance, or (y) the property can be

			seismically reinforced to meet criteria (i) or (ii).
Flood	Severe physical damages caused by flood	This is a relevant risk for us because floods occur occasionally in areas where our properties are located and could affect the value of our portfolio.	We review the hazard map of the area where the property is located prior to acquisition, and take a cautious approach in acquiring any property with a high flood risk. If the property has a high risk of flooding, we may forgo an investment.