

Think bold today for a brighter tomorrow.



ESG Report

January 2020



MC-UBS Group Brand Message

Think bold today for a brighter tomorrow.

The Logo



Symbol mark

The logo evokes the idea of buildings and land while representing both the "M" of Mitsubishi Corporation and the "U" of UBS A.G. The logo expresses the focus of our group, born from the combined expertise and experience of the two firms in real estate and finance.

Mission, Vision & Core Values

MISSION

"Always Create New Value for People, the Community, and the World"

Through real estate investment management, we create new demand in our society and new value that exceed people's expectations.

VISION

We strive to be the leading group of professionals, trusted by people, the community, and the world.

CORE VALUES



Mastery

We act proactively and professionally and adhere to the highest standards of compliance and discipline.



Challenge

We always challenge the unprecedented.



Uniqueness

We think outside the box and dare to be original.



Belief in ourselves

We believe in ourselves and are committed to our "MCUBSR" values.



Stewardship and Sensitivity

We take our dialogue with investors seriously, and fulfill our fiduciary duty. We are sensitive to changes in the world and respond to them appropriately.



Respect

We respect our colleagues and partners so that we can all work with pride and a smile.

Corporate Profile

Corporate name:	Mitsubishi Corp.-UBS Realty Inc.
Capital fund:	¥500 million
Shareholder composition:	Mitsubishi Corporation 51%, UBS Asset Management AG 49%
Offices:	Head office Tokyo Building 7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-6420, Japan Kansai office Herbis ENT Office Tower, 25th floor, 2-22, Umeda 2-chome, Kita-ku, Osaka-shi, Osaka 530-8602, Japan

Certifications



MSCI Japan ESG
Select Leaders Index

Euronext® Reitsmarket GRESB
Global Sustainable NR Index

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Editorial Policy

Mitsubishi Corp.-UBS Realty Inc. (MCUBS) and all of the funds under management (also called The MC-UBS Group) are actively engaged in practices that promote sustainability within the J-REIT industry, information on which they disclose to stakeholders. For this term, information pertaining to sustainability published on the websites of each management company and investment corporation has been consolidated in this document, *ESG Report January 2020*, in order to provide a clear explanation of our initiatives as a Group.

ESG Report January 2020 serves as an informative tool for stakeholders with a high level of interest in sustainability and therefore makes reference to GRI standards and SASB standards (real estate).

Going forward, we hope to gather opinions from those who read this report in order to further improve subsequent reports. In addition, we hope that this report can be used as an effective means to maintain a dialogue with our stakeholders.

Month of issuance: January 2020

Frequency of updates: Once annually

Reference guidelines: GRI standards,

SASB standards (real estate)

The GRI Guidelines and SASB Index will be posted at the end of February 2020.

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Message from Management



The MC-UBS Group aims improve unitholder value through investment management and contributes to solving global issues.

■ Message from President Okamoto

This year, we will again issue our ESG Report, which has been well received by everyone.

Mitsubishi Corp.-UBS Realty Inc. (MCUBS), as one of Japan's leading asset management companies for listed real estate investment corporations (J-REITs), understands that always keeping in mind whether asset management activities are leading to the creation of a sustainable society is a social responsibility required from long-term management, and has promoted sustainability initiatives, a pioneering move within the J-REIT sector.

Through our ESG Report, which was created to share our basic approach toward ESG as well as our activities with various stakeholders including our unitholders, we feel that more and more people empathize with our initiatives. Looking at the current growing interest in ESG, we firmly believe that an ESG perspective will become increasingly important in the future.

From the perspective of creating a prosperous society where people can live comfortably, real estate has large potential in being able to contribute toward addressing environmental and social issues. We hope to increase unitholder value through real estate asset management, and at the same time, recognize social impact—such as responding to climate change and consideration toward society—and contribute toward addressing global issues.

The MC-UBS Group is committed to making further advances, and we ask for your continued support and understanding in our endeavors.

January 2020
Katsuji Okamoto
President & CEO

■ Message from Deputy President Suzuki (CSO)

I was recently appointed as Chief Sustainability Officer.

Around 2013 when MCUBS was embarking on sustainability activities in earnest, I was responsible for the initiative. At that time, the concept of sustainability was not widely known yet. Today, however, not only is it widely shared by our employees and affiliates, it is also widely recognized as an issue of management in the society. I feel deeply moved to see such a spreading of this concept, and at the same time, I feel it further reinforces the importance of social responsibility.

Our sustainability activities are promoted centered on our Sustainability Committee through proposing strategies and monitoring the activities of the three J-REITs we manage. Going forward, we will continue to make sure that we are able to create value exceeding the expectations of our stakeholders.

I hope you can deepen your understanding about our initiatives through this ESG Report.



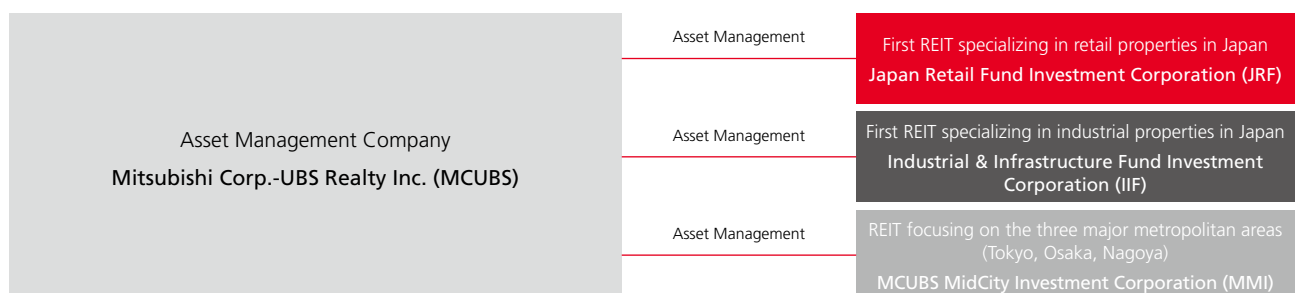
Naoki Suzuki

Deputy President and
Chief Sustainability Officer

Group Organizational Chart

The sponsors of the MC-UBS Group, Mitsubishi Corporation and UBS AG, carry with them knowledge of and experience in the real estate and financial markets, respectively, cultivated over many years. With this as our base, we would like to build real estate investment trusts and provide an abundance of investment

opportunities for investors in Japan and overseas. Through this manner of business, we can contribute to investors, contribute to the growth and development of domestic and overseas investment markets, and contribute to the real estate market. This goal forms the basic management policy of our business.



Sustainability Strategy

The MC-UBS Group's Vision for Sustainability

Supported by the funds procured from investors and other parties, the MC-UBS Group manages various types of properties, including commercial facilities, industrial facilities, and offices. Amid the rising level of interest from global investors toward environmental, social, and governance (ESG) factors, the Group is undertaking ESG-related initiatives based on an awareness shared across the organization.

The Group has formulated the Environmental Charter

and the Responsible Property Investment Policy as a clarification of its strategies and policies. In doing so, the Group is integrating ESG considerations into its investment and asset management processes. The Group is also working to incorporate ESG within its Mission, Vision & Core Values with the aim of establishing a shared awareness of ESG across the entire Group.

Environmental Charter



MCUBS

<https://www.mc-ubs.com/english/sustainability/invest.html>

(See page 9.)

Responsible Property Investment Policy



MCUBS

<https://www.mc-ubs.com/english/sustainability/invest.html>

Our Sustainability Goals

MCUBS has set the following sustainability goals to realize its vision for sustainability incorporating the ideas of the Sustainable Development Goals (SDGs).

1. Reduce environmental impact
2. Create social value / Improve health and well-being of employees / Contributing to the local communities
3. Practice sound asset management for all stakeholders

Collaboration between Mitsubishi Corporation and UBS AG

Our Sustainability Committee keeps in close communication with our sponsor, Mitsubishi Corporation. Starting with the adoption of a sustainability strategy based on Mitsubishi's Three Principles, this communication has led to the sharing of know-how and examples of successful initiatives between the Company and Mitsubishi. In addition, examples of our Green Buildings were showcased in Mitsubishi's ESG Data Book 2018, issued in December 2018.

Meanwhile, our other sponsor, UBS AG, is engaging in advanced ESG activities on a global scale. By having employees seconded to the Company from UBS participate in our Sustainability Committee, we are able to learn about examples of global initiatives and acquire relevant knowledge, which we then leverage within our own sustainability activities. Furthermore, we mutually share know-how and expertise with UBS, and examples of the MC-UBS Group's initiatives have been introduced as best practices in the CSR reports published by UBS.



Sustainability Promotion Structure

The Sustainability Committee

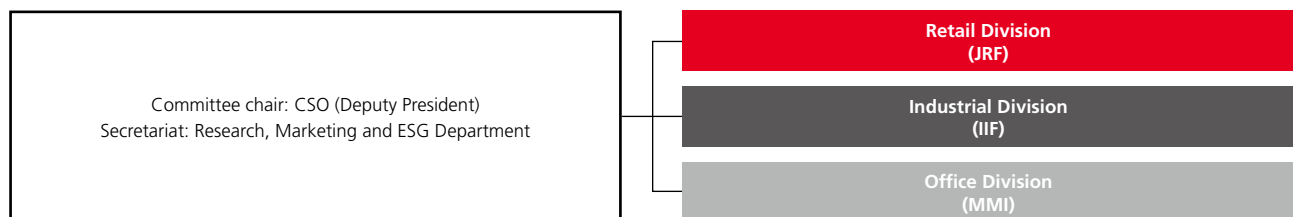
MCUBS have newly organized the Sustainability Committee in January 2020. As a result, we'll do our best to change the Sustainability Promotion Structure to which the Sustainability Committee plays a central role in formulating strategies centered and monitoring the activities of three investment corporations and we'll make effort to create value that exceeds the expectations of our stakeholders.

And we have established the person in charge at each division and by playing the role of driving ESG target activities, we'll integrate ESG considerations into its investment and asset management processes.

Chief Sustainability Officer

The Deputy President & Representative Director has been appointed as Chief Sustainability Officer (CSO) to strengthen the sustainability promotion system. CSO as the committee chairman reports the matter confirmed by the Sustainability Committee to the Board of Directors, chaired by the President & CEO & Representative Director and works to share awareness of issues and raise awareness levels.

Organizational Chart of the Sustainability Committee



Main Members of the Sustainability Committee

Committee chair: CSO

Committee members: President, COO, Head of Retail Division, Head of Industrial Division, Head of Office Division, Head of Corporate Division, Head of Strategic Planning Office, Head of Research, Marketing and ESG Department

Secretariat: Research, Marketing and ESG Department

Frequency of Meetings

The Sustainability Committee meets approximately four times a year. In addition, subcommittee meetings are held at an appropriate frequency, where more detailed discussion takes place from a practical and operational standpoint.

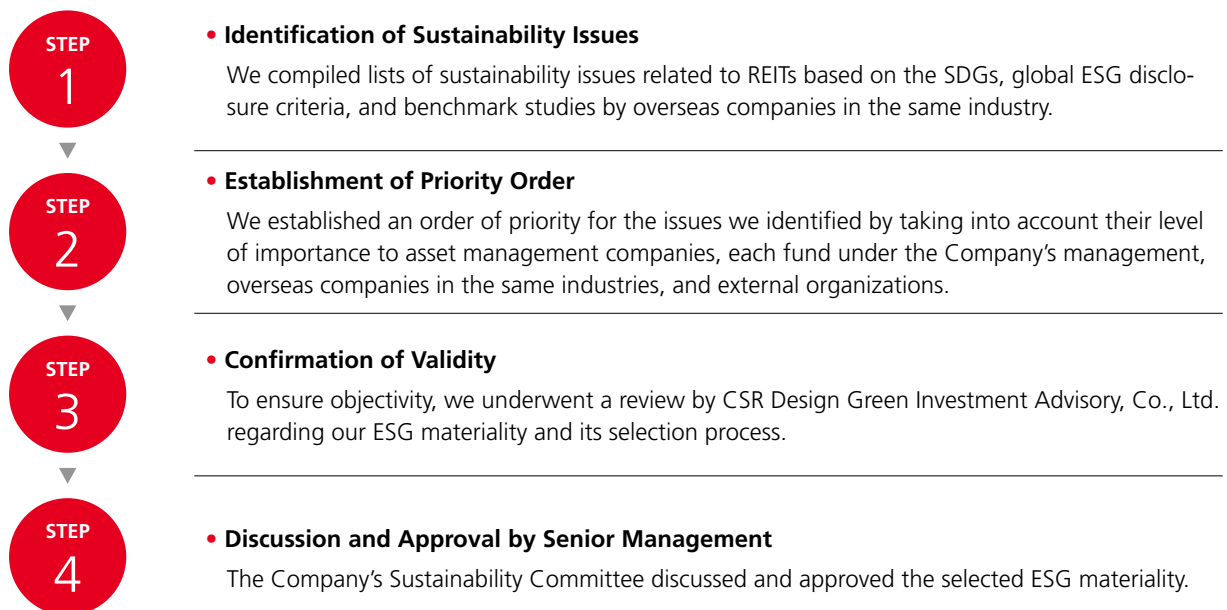
Main Examination Items

- Sustainability policy, strategy, and structure
- Sustainability targets
- Membership and signing of environmental organizations
- ESG Report approval
- Activity report
- Eligible Green Projects

ESG Materiality and the SDGs

Through the meetings of the Sustainability Committee, the MC-UBS Group has examined its vision and targets for sustainability and carried out efforts toward their realization. As the level of interest toward ESG is rising, we have identified and visualized ESG material issues related to sustainability (materiality). By doing so, we have further clarified the dialogue we hold with global stakeholders and the efforts we pursue in collaboration with other organizations. These issues were identified based on the Group's Corporate Philosophy and Environmental Charter but also incorporate the ideas of the Sustainable Development Goals (SDGs), globally shared goals promoted by the United Nations.

ESG Materiality Selection Process



In 2018, through the ESG materiality selection process detailed above, we have identified the following ESG materiality as having a high level of importance to the MC-UBS Group at this time. In 2019, we organized opportunities and risks about it, and set new KPIs.

First, as a real estate asset management company, it is absolutely essential that MCUBS ensures the quality of the buildings it manages through certifications and other means and addresses issues related to climate change and energy efficiency. Also, we will strive to improve building comfort and convenience and to raise the awareness of









tenant employees about ESG, and strive to increase satisfaction to achieve this goal.






Next, in addition to responding to climate change and energy efficiency, we must work together with our tenants and local community members to address the issues of efficient water use and waste disposal. By doing so, we will work to establish partnerships and build green communities.

Going forward, after further clarifying the level of priority of these issues and working to visualize them, we will strive to achieve their resolution while promoting dialogue with all of our stakeholders.

List of Sustainability Issues

- | | | |
|---|--|---|
| • Response to sustainability certifications | • Employee cultivation and level of satisfaction | • Biodiversity in areas surrounding our buildings |
| • Building resilience | • Efficient water use | • Employee diversity |
| • Response to climate change | • Waste disposal | • Compliance |
| • Energy efficiency | • Partnership with tenants | • Supply chain management |
| • Ensuring of health and well-being of and convenience for people (tenants) | • Collaboration with local communities | |

Level of Importance ★★★					
Most important ESG materiality	Target	KPI	Risk	Opportunity	Closely related SDGs
Response to sustainability certifications	Improving proportion of environmental certifications	Defined by each investment corporation	<ul style="list-style-type: none"> Decline in assessment among tenants and investors who base their assessments on sustainability 	<ul style="list-style-type: none"> Improve environmental performance of properties Expand the range of investors 	 
	Improving sustainability activities through participation in GRESB and other external evaluation institutions	Participate every year			
Building resilience	Implementing disaster prevention measures	Defined by each investment corporation	<ul style="list-style-type: none"> Increase in expenses for recovery, compensation, etc., after natural disasters 	<ul style="list-style-type: none"> Increase in property competitiveness 	 
Response to climate change	Disclosure in compliance with the TCFD framework	Disclosure in compliance with a shared framework (Target year: 2020)	<ul style="list-style-type: none"> Drop in tenant sales & increase in property damages due to physical impact of climate change Decline in assessment by tenants & investors 	<ul style="list-style-type: none"> Cost reduction with efficient energy use 	
	Reduction in CO ₂ emission	Defined by each investment corporation			
Energy efficiency	Improvement in energy consumption	Defined by each investment corporation	<ul style="list-style-type: none"> Increase in energy-related expenses Reinforcement of environmental regulations 	<ul style="list-style-type: none"> Cost reduction with efficient energy use 	
	Introduction of renewable energy use	Defined by each investment corporation			
Ensuring of health and well-being of and convenience for people (tenants)	Improvement in tenant employee space	Defined by each investment corporation	<ul style="list-style-type: none"> Decline in property competitiveness Manpower outflow due to declining work conditions 	<ul style="list-style-type: none"> Improved sustainability assessment by assessment bodies and investors Improvement in employee satisfaction and tenant assessment & satisfaction 	
	CASBEE-WO certification	Defined by each investment corporation			
	Development of the office environment and implementation of employee satisfaction survey	Survey conducted biannually			
	Improvement in paid leave usage rate	Paid leave usage rate at 70% (Target year: 2020)			
Employee cultivation and level of satisfaction	Improvement in employee training program menu	Providing menu for a program offering choices for all employees (Target year: 2020)	<ul style="list-style-type: none"> Outflow of talent Emergence of risks with decline in compliance awareness 	<ul style="list-style-type: none"> Development & recruitment of competitive human resources Assurance of customer trust through improved compliance awareness 	
	Employee participation in compliance training	100% (Target year: 2020)			

Level of Importance ★★					
Important ESG materiality	Target	KPI	Risk	Opportunity	Closely related SDGs
Efficient water use	Reduction in water consumption	Defined by each investment corporation	<ul style="list-style-type: none"> Impact of shortage or quality decline of water resources on surrounding areas Rise in cost with increase in water consumption volume 	<ul style="list-style-type: none"> Cost reduction with reduction in water consumption 	
Waste disposal	Reduction in wastes	Defined by each investment corporation	<ul style="list-style-type: none"> Reputation risk caused by increase in wastes Increase in processing cost 	<ul style="list-style-type: none"> Processing cost reduction with reduction in wastes 	
Partnership with tenants	Introduction of green lease	Defined by each investment corporation	<ul style="list-style-type: none"> Greater tenant burden regarding safety and the environment Decline in tenant satisfaction 	<ul style="list-style-type: none"> Devolution into property attractive to the tenant Generation of stable revenues 	 
	Execution of tenant satisfaction survey	Defined by each investment corporation			
Collaboration with local communities	Support of social welfare organizations	Two or more organizations per year	<ul style="list-style-type: none"> Degradation of the environment surrounding the real asset Decline in reputation in the neighboring area 	<ul style="list-style-type: none"> Revitalization of neighboring areas Improvement of corporate image 	
	Providing land to community events	Defined by each investment corporation			

* The KPI setting of each investment corporation will be disclosed on each website after March 2020.

Supported Initiatives

Principles for Responsible Investment (PRI)

Signatory since August 2013
First J-REIT asset manager

Signatory of:



In solidarity with the fundamental ideas of the PRI, MCUBS became a signatory in August 2013. MCUBS is the first J-REIT asset manager to become a signatory of the PRI.

Principles for Financial Action toward a Sustainable Society (Principles for Financial Action for the 21st Century)

Signatory since June 2013



In solidarity with these principles put forth by the Ministry of the Environment, MCUBS became a signatory in June 2013.

Montreal Carbon Pledge

Signatory since September 30, 2015
First J-REIT asset manager



MCUBS became the first J-REIT asset manager to sign the Montreal Carbon Pledge on September 30, 2015. Since then, MCUBS has continued to disclose the amount of CO₂ emissions through its corporate website and works on the reduction of its environmental impact for a sustainable society.

United Nations Environment Programme Finance Initiative (UNEP FI)

Signatory since October 2016
First J-REIT asset manager



Acknowledging the proactive sustainability initiatives of MCUBS, UNEP FI invited MCUBS to participate in the UNEP FI's Property Working Group (PWG). MCUBS became the first J-REIT asset manager to both sign up to UNEP FI and join the PWG of the initiative in October 2016. PWG is a working group consisting of 20 major real estate investors around the world, with MCUBS being the third member from Japan.

Through becoming a signatory, for the asset management of each investment corporation, MCUBS is sharing best practice cases globally and continues striving to reduce its environmental load and realize a sustainable society.

United Nations Global Compact (UN Global Compact)

Signatory since October 2016
First J-REIT asset manager



MCUBS became the first J-REIT asset manager to sign up to the UN Global Compact in October 2016. As a signatory and respecting the principles of the UN Global Compact, MCUBS has further strengthened its corporate governance in the areas of human rights, labor, the environment, and anti-corruption, based on its corporate mission to "always create new value for people, the community, and the world."

Task Force on Climate-related Financial Disclosures (TCFD)

Signatory since August 2019



MCUBS supports the spirit of the recommendations published in June 2017 by the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board, and in August 2019, MCUBS declared that support.

TCFD was established in 2015 by the Financial Stability Board, which is composed of the central banks and financial regulatory authorities of major countries. In June 2017, in order to reduce risks associated with destabilizing financial markets, TCFD recommended that companies disclose business risks and opportunities presented by climate change in the medium to long term, along with the effects of these on financial conditions, as well as specific measures and strategies.

Recognizing that climate change is an important environmental issue that significantly affects our business activities, we will aim to take measures in line with the TCFD framework.

Japan Association for UNHCR and UNICEF

MCUBS has received a letter of appreciation from the Japan Association for UNHCR (United Nations High Commissioner for Refugees), which closely coordinates with UNHCR Representation in Japan, for making JRF's and MMI's vacant space from existing properties available to the Campaign for United Nations Refugee Support Activities free of charge. Similarly, we'll support UNICEF campaigns.

MCUBS will continue to hold a high level of interest in reducing its environmental load and making contributions to local society.



E N V I R O N M E N T A L

Environmental Charter

The MC-UBS Group formulated the Environmental Charter, which sets out our environmental principles and action plans, in June 2013.

Environmental Charter

At Mitsubishi Corp.-UBS Realty Inc., we consider the Earth itself to be our most important stakeholder and are continuously working toward the realization of a sustainable society through our business activities.

- We will strive to reduce greenhouse gas emissions by continuously implementing new efficiency measures and embracing new technologies.
 - We will promote the sustainable use of natural resources including energy, minerals, food stocks, and water throughout our global business operations.
 - We recognize the critical importance of what ecosystems can provide and are committed to protecting ecosystems and mitigating any potential impacts on biodiversity.
 - We will strive to create and enhance environmental benefits by undertaking conservation activities and reducing our environmental footprint.
 - We will continue to actively engage and work with our various stakeholders openly and transparently and disclose information on the environmental impacts of our business operations in an appropriate and timely manner.
 - We will conduct all of our activities in compliance with environmental laws while adhering to international rules and social standards.
-



Climate Change and Resilience

The MC-UBS Group recognizes that climate change is an important environmental issue that significantly impacts our business activities. Global warming is becoming more severe with increasing economic activities, and various researches have made clear that this leads to abnormal weather such as torrential rains, floods, and droughts.

Our mission is “Through real estate investment management, we create new demand in our society and new value that exceed people’s expectations.” To achieve our mission, it is necessary to create a sustainable society, and we recognize that the shift to a low-carbon society is a social responsibility required from long-term management.

Agreement to Task Force on Climate-Related Financial Disclosures (TCFD)

Overview of TCFD

TCFD stands for the Task Force on Climate-related Financial Disclosure. It was established in 2015 by the Financial Stability Board, which is composed of the central banks and financial regulatory authorities of major countries. In June 2017, in order to reduce risks associated with destabilizing financial markets, TCFD recommended that companies disclose medium- to long-term business risks and opportunities presented by climate change and the impacts of these risks and opportunities on their financial conditions, as well as specific measures and strategies.

Policy

The MC-UBS Group recognizes the importance of climate-related financial disclosure. Together with expressing support for the recommendations of the TCFD in August 2019, we promote initiatives aimed at improving the

energy efficiency and building resilience of properties in the possession of the investment corporations by cooperating with all our stakeholders so as to reduce the impact of climate change through real estate asset management.

Governance

Management Structure

In January 2020, MCUBS redefined our existing Sustainability Committee, and at the same time, appointed our Deputy President as the Chief Sustainability Officer (CSO).

With the CSO as the committee chair and the President and other executive officers as the main members, the Sustainability Committee meets once every fiscal quarter to propose strategies regarding important issues—such as climate change—related to sustainability in general, and share information and verify the measures of the investment corporations related to aspects such as energy efficiency. These results are reported to the board of directors meeting chaired by the President of MCUBS.

Under the committee, subcommittees—comprising sustainability staff from the Research, Marketing and ESG Department and the investment corporations—are established as appropriate to share information about the progress of specific issues and initiatives by each investment corporation so as to share recognition of issues and increase the level of awareness.

Strategy

Regarding Climate Change’s Periods of Risks and Opportunities

The MC-UBS Group sees financial risks from climate change as medium to long term risks.

We understand its short term risk is limited as we conduct due diligence when acquiring properties.

At the same time, we have come to recognize that there is even more severe physical risk when taking into consideration factors such as the increased severity of typhoons and floods from torrential rains beyond expectation occurring in recent years.

We seek to respond to risks and opportunities by undertaking responses to building resilience of properties, and by introducing green building and renewable energy.

Risks and Impact on Business

		Impact on business
Transition risks	Policies, and legal	Increase in facility costs due to energy-saving performance becoming obligatory Increase in costs due to expansion of emission trading system and introduction of carbon tax
	(Acute)	Increased severity of typhoons, floods, etc. Property selection Increase in insurance premiums
Physical risks	(Chronic)	Rise in average temperatures Measures against localized torrential rains
		Rise in sea levels Measures to elevate foundations

Scenario Analysis

The Paris Agreement is an international framework regarding the climate change problem from 2020 and beyond. Its long term goal is stated as holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C, and aiming to reach global peaking of greenhouse gas emissions as soon as possible so as to achieve a balance between emissions and removals (by forests, etc.) of greenhouse gases in the second half of this century in order to achieve this goal.

The MC-UBS Group is to undertake scenario analysis while seeking collaboration with the United Nations Environment Programme—Finance Initiative (UNEP FI) and other organizations.

Risk Management

Risk Management Related to Climate Change

The Sustainability Committee identifies and evaluates important risks and opportunities related to climate change.

Identified issues are managed under the aforementioned management structure, and MCUBS intends to study into the specific methods for strategy formulation and monitoring.

Indexes and Goals

Indexes and Goals

Each investment corporation undertakes reduction of CO₂ emissions as a response to climate change.

While we have stated our goal of reducing CO₂ emissions by 1% each year, we plan to revise our goal after deepening our recognition of the risks and opportunities brought by climate change and conducting scenario analysis.

Resilience

Tenant Risk Management

We promote disaster response measures for tenants of our investee properties, such as monitoring the implementation of disaster-preparedness drills. At the same time,

we contribute to the occupational health and safety of our tenants.

Provision of Portable Storage Batteries and Lifelines

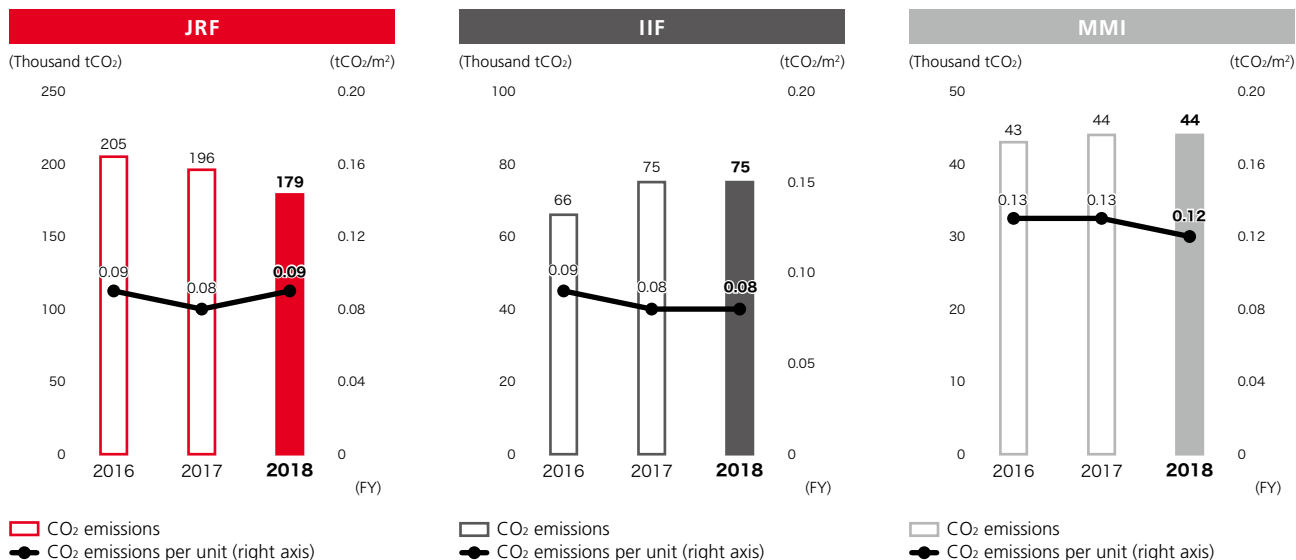
IIF provides lifeline equipment including portable storage batteries, disposable toilets, and emergency lighting in its properties as a disaster countermeasure aimed at tenants.

Improve Disaster Response

JRF installs wireless phones and development of crisis management portal as a means of communication during disasters such as major earthquakes.

Climate Change and Resilience

CO₂ Emissions



IIF Supports “Zero Emission Tokyo” Initiative

In support of initiatives by the Tokyo Metropolitan Government Bureau of Environment to make zero CO₂ emissions in Tokyo. IIF has donated 1,341 tons of CO₂ credits acquired through energy conservation efforts in accordance with Tokyo’s Cap-and-Trade Program.

For details, please refer to the website of Tokyo Metropolitan Government Bureau of Environment.

<http://www.kankyo.metro.tokyo.jp/en/climate/zc4d/index.html>

Environmental Performance Data

Data and emissions per unit are calculated based on the total leasable floor area (after considerations for rate of occupancy).

Data collection rate

JRF

CO₂ emissions and energy amount

2018: 89.1% 2017: 92.7% 2016: 88.4%

Water consumption

2018: 89.0% 2017: 92.7% 2016: 90.1%

Waste generated

2018: 61.7% 2017: 88.5% 2016: 99.1%

IIF

2018: 100% 2017: 100% 2016: 100%

MMI

2018: 100% 2017: 100% 2016: 100%

Aggregation period

JRF

2018: March 2018–February 2019

2017: March 2017–February 2018

2016: March 2016–February 2017

IIF

2018: February 2018–January 2019

2017: February 2017–January 2018

2016: January 2016–December 2016

MMI

2018: January 2018–December 2018

2017: January 2017–December 2017

2016: January 2016–December 2016

For examples of the environmental initiatives for each fund, please refer to the links below.



JRF

<https://www.jrf-reit.com/english/sustainability/environment/index.html>

IIF

<https://www.iif-reit.com/english/sustainability/environment/index.html>

MMI

<https://www.midcity-reit.com/en/sustainability/environment>

Environmental Approvals and Evaluations for Group Assets

At the MC-UBS Group, we make active efforts to achieve sustainability, but we also believe in the importance of acquiring positive ratings and appropriate certifications for these efforts. To meet the demand of investors, tenants, and other stakeholders worldwide, we acquire a wide range of domestic and overseas certifications, from performance assessments of individual buildings to evaluations of entire funds.

Conditions Regarding the Acquisition of Certifications






We have received several positive overall ratings of our funds under management from GRESB (Global Real Estate Sustainability Benchmark), the current global standard for real assets. Our funds received certification in their early stages, including IIF, which became the first J-REIT to be selected as a Sector Leader in 2013. In 2019, JRF, IIF, and MMI each received the highest ranking given by GRESB, the Green Star, for the fifth, seventh, and fourth consecutive years, respectively and MMI received 5 stars for second consecutive years. In addition, JRF became the first J-REIT to participate in the CDP (formerly, the Carbon Disclosure

Project) climate change program in 2016.

Regarding performance evaluations on real estate, we have acquired certifications for CASBEE for Real Estate, DBJ Green Building, and BELS. Furthermore, MMI received the first certification of J-REIT for “CASBEE for Smart Wellness Office” newly established from Institute for Building Environment and Energy Conservation (IBEC). For further details, please see below.

Going forward, the MC-UBS Group will maintain its policy of improving the ratings of its overall funds under management while increasing its proportion of properties with certifications from external parties.

As of December 31, 2019

	JRF	IIF	MMI
GRESB 	Real Estate Rating Green Star: (fifth consecutive year) 4 stars Public Disclosure Rating A (third consecutive year)	Real Estate Rating Green Star: (seventh consecutive year) 4 stars Public Disclosure Rating A (second consecutive year)	Real Estate Rating Green Star: (fourth consecutive year) 5 stars Public Disclosure Rating A
CDP Climate Change Program 	C (third consecutive year)		
CASBEE Certifications for Real Estate, Buildings, & Wellness Office 	S: 11 properties (first rating acquired in 2015) A: 2 properties (first rating acquired in 2015)	S : 5 properties (first rating acquired in 2018) A : 8 properties (first rating acquired in 2014) B+: 1 property (first rating acquired in 2013)	A : 2 properties (first rating acquired in 2008) B+: 3 properties (first rating acquired in 2018)
Includes properties subject to reporting system of local municipalities			
DBJ Green Building Certification 	5 stars: 1 property (first rating acquired in 2015) 4 stars: 7 properties (first rating acquired in 2014) 3 stars: 4 properties (first rating acquired in 2014) 2 stars: 5 properties (first rating acquired in 2014) 1 stars: 2 properties (first rating acquired in 2016)	4 stars: 3 properties (first rating acquired in 2012) 3 stars: 2 properties (first rating acquired in 2014)	4 stars: 4 properties (first rating acquired in 2012)
BELS Certification 	4 stars: 1 property (first rating acquired in 2017)	5 stars: 2 properties (first rating acquired in 2016) 4 stars: 2 properties (first rating acquired in 2014) 2 stars: 4 properties (first rating acquired in 2016)	3 stars: 1 property (first rating acquired in 2016) 2 stars: 4 properties (first rating acquired in 2016)

Detailed examples of our environmental approval and evaluation

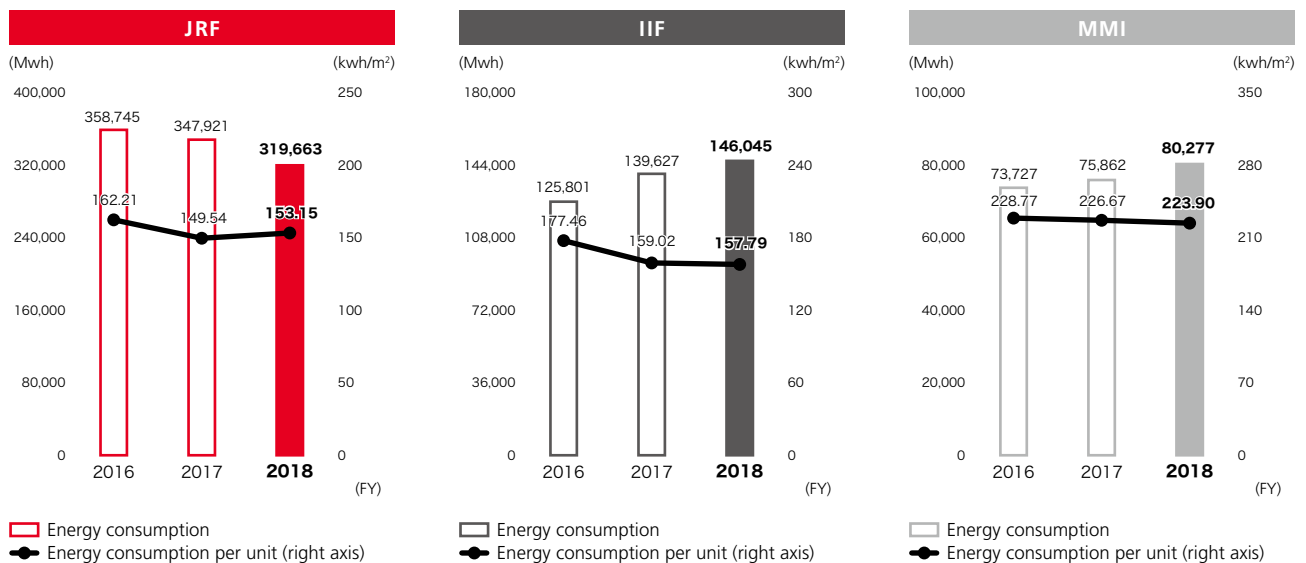


JRF	https://www.jrf-reit.com/english/sustainability/environment/index.html
IIF	https://www.iif-reit.com/english/sustainability/environment/index.html
MMI	https://www.midcity-reit.com/en/sustainability/evaluation

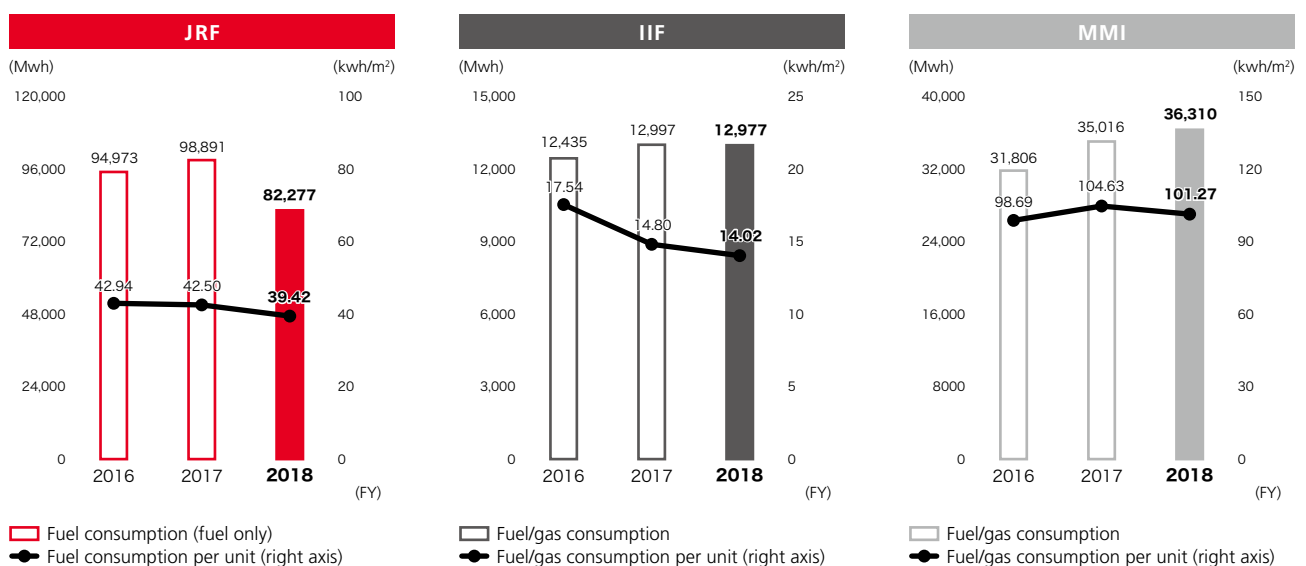
Energy

The MC-UBS Group implements environmentally friendly and energy-saving measures and makes efforts toward more efficient energy use for the properties held by each investment corporation under management to show greater consideration for the environment and lessen its environmental impact. We collectively manage energy, fuel, and water consumption and analyze the accumulated data, which is both accurate and highly transparent to actively manage reduction of energy use.

Energy Consumption



Fuel/Gas Consumption



Initiatives

LED Lighting

JRF

Switching from conventional incandescent lighting to LED lighting reduces labor required for maintenance and also reduces the cost of purchasing parts and equipment over

the long term. JRF actively promotes the use of LED lighting, which reduces electricity consumption through its high luminous efficiency.

Properties

- GYRE
- La Porte Aoyama
- KAWASAKI Le FRONT
- mozo wonder city
- Kyoto Family

plus other properties



mozo wonder city

Solar Power

IIF

Solar panels are installed on the roofs of facility buildings to save energy by using renewable sources.

Properties

- IIF Kobe Logistics Center
 - IIF Misato Logistics Center
 - IIF Tosu Logistics Center
 - IIF Iruma Logistics Center
 - IIF Fukuoka Hakozaki Logistics Center II
- plus 5 other properties



IIF Kobe Logistics Center



IIF Tosu Logistics Center

Green Lease

MMI

A "green lease" refers to an agreement made via a contract of memorandum between building owners and tenants to cooperate toward reducing environmental impact and making a more environmentally friendly facility through various means, including energy conservation on properties. Green leases are entered into on a voluntary basis, with

both parties agreeing to uphold the terms of the arrangement. For example, MMI has borne the costs of installing LED lighting in its facilities, which allows tenants to enjoy lower energy fees in exchange for paying MMI a fixed green lease payment.

Properties

- Twin 21

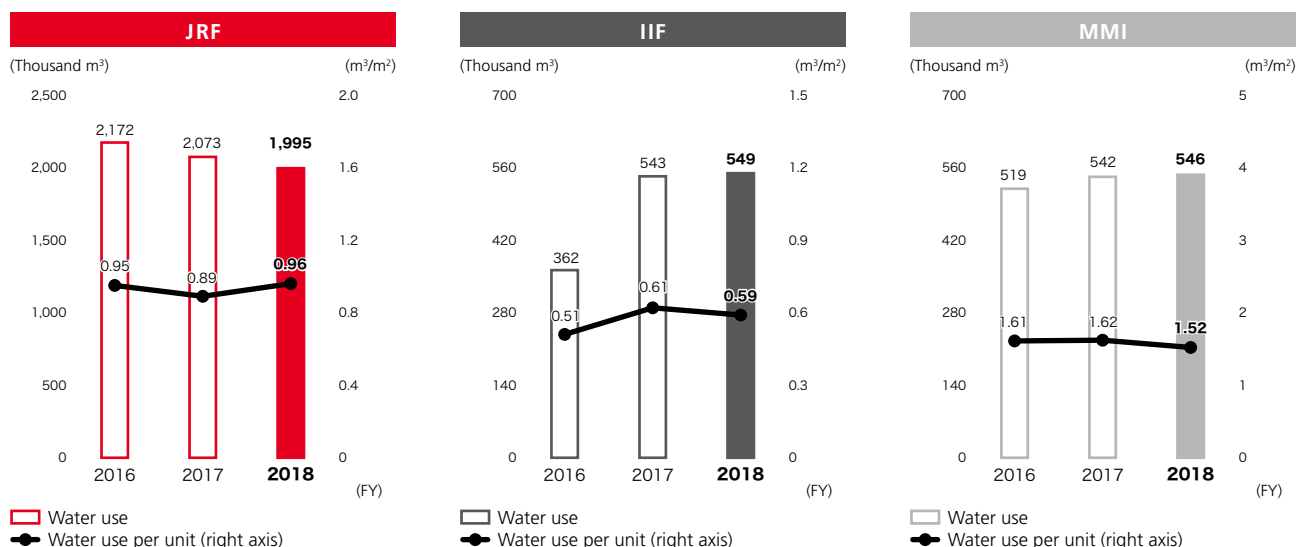


Twin 21

Water

The MC-UBS Group strives for sustainable resource use. The Group makes active efforts to utilize water resources effectively as part of a greater effort toward sustainable resource use. JRF returns over 6,000m² of rainwater to groundwater every year through means such as permeable pavement, while IIF works with tenants to promote effective water use by utilizing on-site well water pumped from 100m underground, drawn using an automatic water supply apparatus.

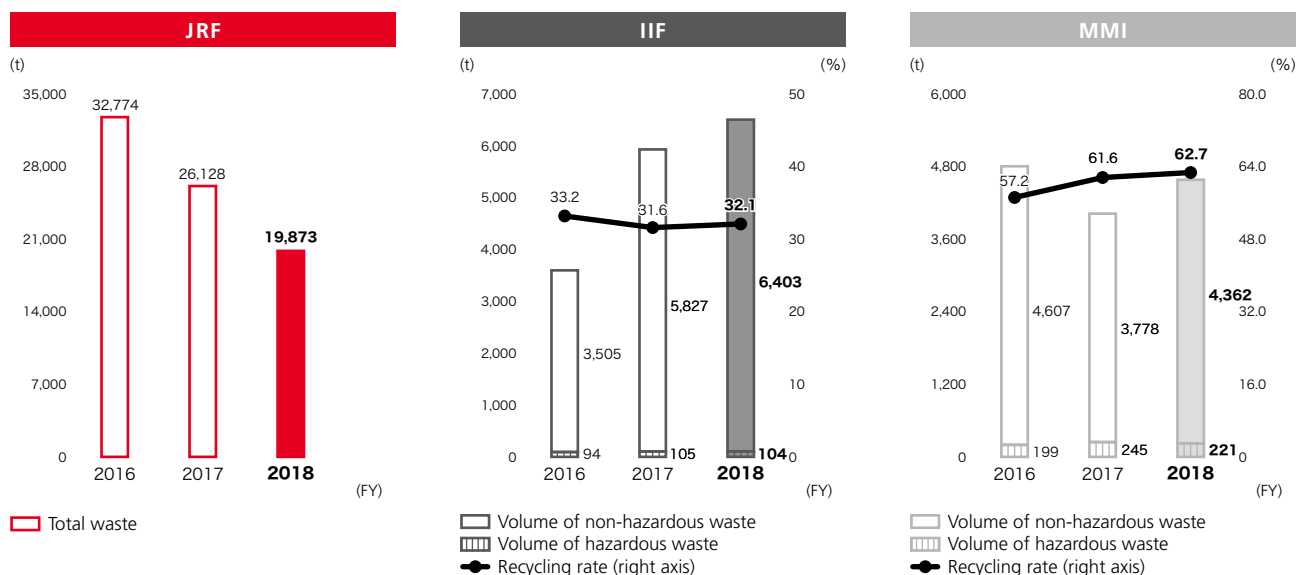
Water Use



Waste

The MC-UBS Group has been making efforts to minimize the amount of waste produced by its properties, monitor the amount of waste generated, and appropriately manage waste production.

Waste and Recycling Rate





Pollution Prevention

The MC-UBS Group strives to create and enhance environmental benefits by undertaking conservation activities and reducing its environmental footprint.

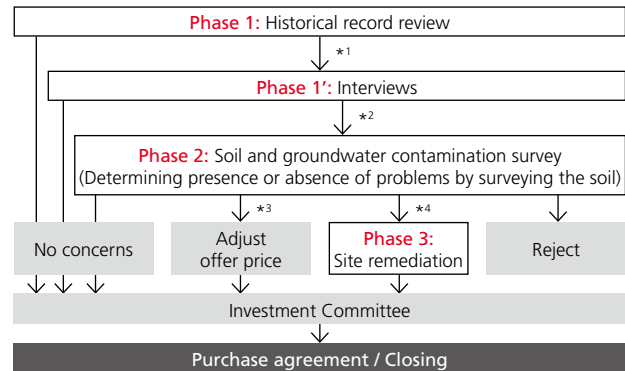
Assessments When Acquiring Real Estate Properties

When acquiring real estate properties, MCUBS takes various environmental factors into consideration before making investment decisions: property inspections, land history investigations, and other related research on environmental risk factors.

During soil and environmental investigations, third-party experts perform environmental pollution investigations. Prior to executing any purchase agreement, IIF will have experts conduct a soil and environmental contamination survey to assist it in assessing a property's environmental risks. IIF will use the pre-investment assessment workflow chart indicated on the right to determine whether the investment would be appropriate.

Concerning soil contamination, its property acquisition manual stipulates that investment targets shall be, in principle, properties "that are very unlikely to have soil contamination or that cannot eliminate the possibility of having soil contamination but are very unlikely to carry environmental damage risk."

Pre-Investment Assessment Workflow



*1 If we are unable to determine solely from a review of historical records that there is no risk of soil contamination or that no other environmental contamination exists (for example, a manufacturing facility that utilized toxic or other hazardous substances in the past), we will conduct interviews with the seller.

*2 If we are unable to determine from interviews with the seller that there is no risk of soil or other environmental contamination, we will conduct a soil and groundwater contamination survey.

*3 If a contamination concern exists, but the necessary remediation would be technically or economically infeasible (for example, remediation is extremely difficult due to structures existing above the contaminated area), we will recommend a price adjustment.

*4 If, after discussions with the seller, remediation is deemed technically and economically feasible, we will conduct site remediation or require the seller to do so.



Building Safety

The MC-UBS Group is working to maintain the safety of its buildings by conducting building and earthquake risk assessments at the time of acquisition as well as collecting engineering reports on a regular basis.

Seismic Reinforcements

JRF

JRF conducts a building and earthquake risk assessment at the time of property acquisition, and calculates earthquake risk in held properties whenever standards are revised. When necessary, secondary assessments are performed as well. When results of those assessments conclude that earthquake-resistant reinforcement construction is required, we make environmentally conscious choices that will provide the necessary seismic retrofitting while minimizing waste. At the same time, we also work to reduce CO₂ emissions and energy consumption in the updated facility.

Measuring Air Environment

MMI

Asbestos is a naturally occurring mineral fiber sometimes called *sekimen* or *ishiwata*, and breathing it is highly likely to be hazardous to health, thus implementation of some measures is required. MMI measures the air environment once a year to confirm the dispersal status of asbestos.



Biodiversity

The MC-UBS Group recognizes the critical importance of what ecosystems can provide and is committed to protecting ecosystems and mitigating any potential impacts on biodiversity.

Examples of Initiatives

Greening of Facilities

JRF

In addition to energy savings, the greening of facilities creates pleasant spaces for customers and allows them to relax and enjoy the colors and fragrances of the natural surroundings.

Greening of main entrances and wall surfaces of parking lots

The greening of main entrances and wall surfaces of parking lots mitigates outdoor temperature increases by means of transpiration by plants and also provides relaxation and comfort through its visual impact, in addition to energy savings and the suppression of temperature increases due to solar radiation.



La Porte Aoyama

Greening of rooftops and entrances

The greening of rooftops and entrances and the bedding of various flowers and plants throughout the year creates a visually appealing environment for customers. JRF can also expect to benefit from such greening as it encourages shopping by customers who come to various events that are held in open spaces on a regular basis.



Nara Family

Establishing Green Zones

IIF

IIF creates green zones at each of its properties to help reduce the heat island effect and the amount of CO₂ emissions.

Total green-
ing area
7.8ha
(78,000m²)



IIF Noda Logistics Center

Protection of Native Species

MMI

When planting at our properties, MMI makes sure to transplant any native plants that were replaced to new areas and promote the greening of our properties with consideration given to biodiversity.



M-City Akasaka 1-chome Bldg.

The Green Bond

In May 2018, as part of its efforts to maintain sustainability for the environment and society as a whole, JRF has issued the Green Bond, the first such issuance from a J-REIT. Through the issuance of the Green Bond, JRF conducts investment contributing to the implementation and realization of a sustainable environment and society.

About the Green Bond

The Green Bond Framework Overview

1. Project evaluation/selection

With regard to the Green Bond issuance process, which is based on the Green Bond Principles, MCUBS selects new or existing properties ("Eligible Green Projects") from its portfolio, which satisfy the eligibility criteria*¹ of MCUBS Sustainability Committee, as subject assets for the Green Bond.

*¹ To be eligible for Green Bond proceeds, Eligible Green Projects must meet one of the following eligibility criteria:

- On the payment date of each investment corporation bond, buildings that have received 3, 4, or 5 stars under the DBJ Green Building Certification Program within two years preceding the Green Bond issuance date, and/or buildings that are expected to receive the certification after issuance. At the time of reporting, buildings that meet the same criteria as of the end of February of each year.
- On the payment date of each investment corporation bond, buildings that have received B+, A, or S rank under the CASBEE Certification Rank within two years preceding the Green Bond issuance date, and/or buildings that are expected to receive the certification after issuance. At the time of reporting, buildings that meet the same criteria as of the end of February of each year.

2. Use of proceeds

The Green Bond totaling the same amount will be allocated toward one or more of the following.

- The acquisition of existing and/or new Eligible Green Projects.
- The refinancing of existing debts that have already been allocated to Eligible Green Projects.
- The redemption of the issued investment corporation bonds (including Green Bonds) required to acquire Eligible Green Projects.

3. Management of Green Bond proceeds

JRF has an internal process in place to track and monitor the amount of outstanding Green Bond proceeds and the allocation thereof, which is in line with market practice. The maximum outstanding amount of the proceeds ("Debts of Eligible Green Projects") is calculated by multiplying the total book value of Eligible Green Projects by JRF's interest-bearing liabilities ratio (45.1% as of the end of February 2019).

The maximum outstanding amount of Green Bond proceeds is ¥116.3 billion, and JRF currently issues ¥15 billion (as of the end of June 2019).

Second-Party Opinion

JRF has obtained a second-party opinion from Sustainalytics, an ESG rating agency, for the eligibility of Green Bond*² proceeds. For more information, please refer to the second party opinion.

*² Green Bond eligibility entails a Green Bond framework that aligns with the four pillars (use of proceeds, project evaluation and selection, management of proceeds, and reporting) of the Green Bond Principles 2017.



https://www.jrf-reit.com/english/sustainability/environment/136ilc000000340e-att/sustain_secop201804_1.pdf

The Green Bond Summary

	The 1st Green Bond (The 12th Unsecured Investment Corporation Bonds)	The 2nd Green Bond (The 13th Unsecured Investment Corporation Bonds)
Issued Amount (million yen)	8,000	7,000
Interest Rate	0.210%	0.200%
Issue Date	May 25, 2018	June 25, 2019
Maturity Date	May 25, 2023	June 25, 2024
Remarks	Unsecured, Unguaranteed	Unsecured, Unguaranteed
Assessment* ³	GA1	—

*³ Assessment is a rating opinion provided by R&I with regard to the extent to which the Green Bond proceeds are used to invest in projects that resolve environmental issues.

Green Bond details



JRF

<https://www.jrf-reit.com/english/sustainability/environment/index.html>



S O C I A L

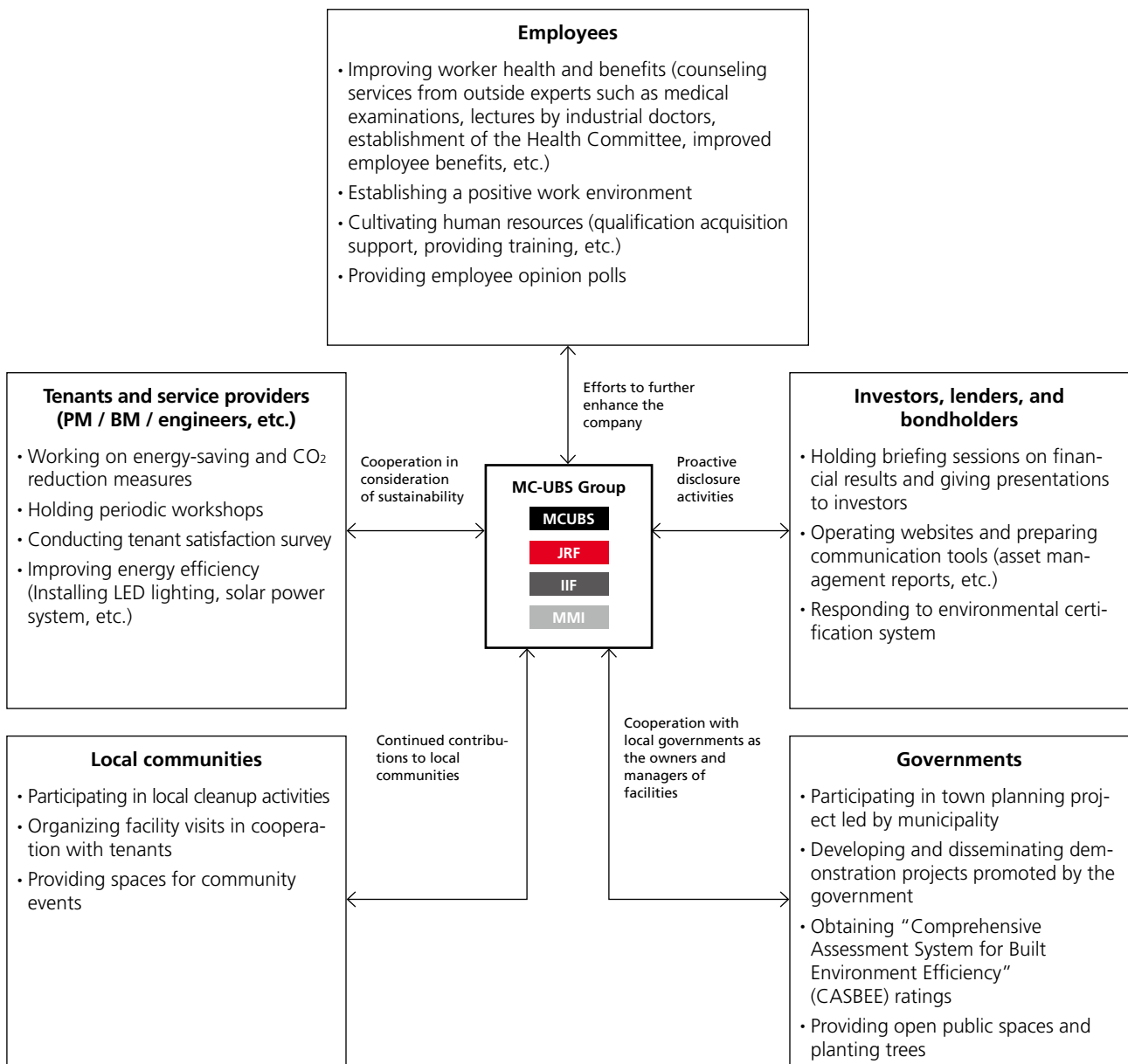




Communication with Stakeholders

The MC-UBS Group stakeholders cover a wide range of roles, from investors, lenders and bondholders, to tenants making use of its properties and service providers related to property management (PM) and building management (BM), to members of the surrounding community, and to various government administrations. Furthermore, we consider our employees to be stakeholders just as important as those mentioned above.

We believe that it is our mission to build long-lasting relationships with this wide variety of stakeholders and to continue sustainable management of the Group.



Detailed examples of our initiatives



JRF	https://www.jrf-reit.com/english/sustainability/society/index.html
IIF	https://www.iif-reit.com/english/sustainability/society/index.html
MMI	https://www.midcity-reit.com/en/sustainability/communication

Creating a Positive Impact

MC-UBS Group conducts corporate activities based on a long-term perspective on ESG. We focus on the identified materiality from perspective of impact on society, by creating economic and social value, we aim for sustainable growth and at the same time aim to contribute to the SDGs, which are sustainable development goals as a global company.

As a Positive Impact is one of the methods to realize it, we are working on it.

The Principle for Positive Impact

In October 2015 UN Environment Finance Initiative's (the Finance Initiative) banking and investment members released the Positive Impact Manifesto, which calls for a new financing paradigm. As per the Manifesto, bridging the funding gap for sustainable development and the attainment of the SDGs requires a new, impact-based approach, based on a holistic consideration of the three pillars of sustainable development. The development of a dedicated set of Principles for Positive Impact Finance to guide financiers and investors in their efforts to increase their positive impact on the economy, society, and the environment, constitutes a central component of the Positive Impact Roadmap outlined in the Manifesto. By providing a common language to the finance community and for a broader set of stakeholders, the Principles are expected to constitute an important step in unlocking the SDGs opportunity and overcoming the funding gap for sustainable development.

The Positive Impact Initiative

The Positive Impact Initiative brings together banks, investors, corporations, and government to co-create commercially viable, impact-based solutions to the Sustainable Development Goals (SDGs).

The Initiative is promoting the idea that new lines of business and impact business models need to be developed and financed to meet the SDGs. It's one of the measures to address the SDGs financial issues.

Impact-Based Real Estate Investment Framework

UNEP FI has developed action-oriented framework based on four Investment Objectives for real estate investors to practice the Positive Impact Principles.

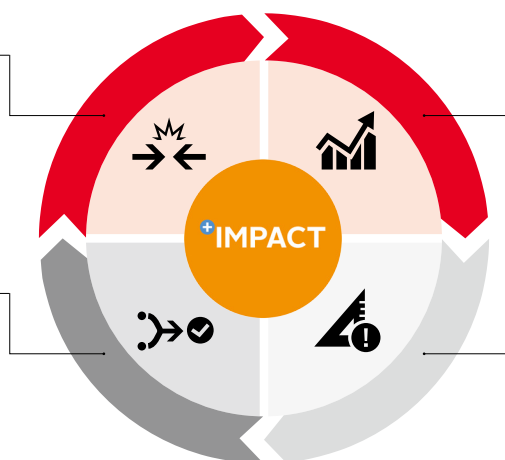
Positive Impact Real Estate Framework Investment Objectives

Clarity of Impact

Identifying and creating impact from investment activity

Additional Finance and/or Impact Flows

To underserved products and markets; supporting physical and social factors that contribute to long-term economic performance



Market and Sustainable Returns

No trade-off in financial results while generating economic, social, environmental benefits

Measurement of Impact

Positive and negative attributes and mitigating the negative; linking ex-ante and ex-post intent with impact

Source: POSITIVE IMPACT REAL ESTATE INVESTMENT FRAMEWORK

Acquisition of OTA Techno CORE

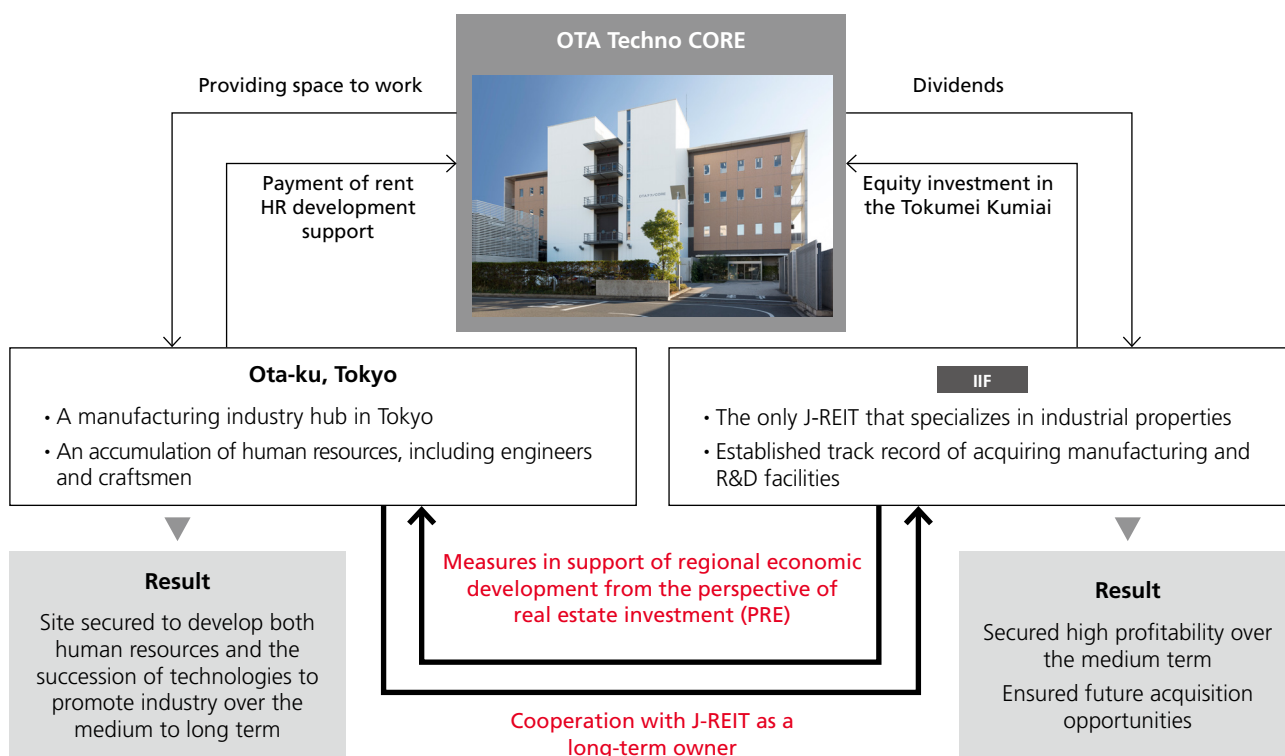
In January 2019, IIF decided on an impact investment project (a silent partnership, herein referred to as the “Tokumei Kumiai”) related to the OTA Techno CORE building. This is the first case of a J-REIT making such an agreement based on the Principles for Positive Impact Finance.

Measures Based on the Sustainable Development Goals (SDGs) and the Principles for Positive Impact Finance

- The investment is in line with the materiality of the SDGs, which is emphasized by MCUBS and will contribute to the creation of a sustainable society.
- Furthermore, a third-party opinion has been obtained stating that the project is in accordance with the Principles for Positive Impact of the United Nations Environment Programme Finance Initiative (UNEP FI).



Measures for the Creation of a Sustainable Society



Property details



IIF

<https://www.iif-reit.com/english/portfolio/f-99.html>

Health and Well-Being

The MC-UBS Group considers its employees to be its most important management resource and essential for carrying out its activities. We are actively working to create conditions where each and every employee can perform their work in a lively manner and to cultivate them accordingly. In addition, we regularly conduct employee opinion polls with the aim of building an even better company.

Work Environment

The MC-UBS Group is working to ensure that all employees can work with peace of mind and to improve the benefits it provides to them.

Improving Employee Health and Benefits

Besides meeting the legal requirements in Japan for employee health and safety, including labor and risk management, MCUBS emphasizes the prevention of excessive work and understanding the appropriateness of working hours, and is enhancing our system for managing working hours through an original monitoring framework. In addition to an emphasis on measures aimed at reducing overtime, we require employees to take long-term leave and are taking steps to increase the rate that paid leave is used.

We also provide various wellness programs to maintain and improve the mental and physical health of our employees and their families. Specifically, health checkups, influenza immunization shots, various counseling services (EAP) by external experts, and health-based lectures by industrial physicians are being implemented.

In addition, stress checks are conducted once each year for the mental health of our employees and to prevent mental disorders.

We have also established the Health Committee that meets once a month to exchange opinions on working conditions alongside industrial doctors, and to gain health-related insight. In doing so, we are supporting employees in the preservation of their health.

To improve the benefits we provide to our employees, not only do we completely supply a social insurance system, we have also introduced an original retirement pension system and have entered into general welfare group term life insurance, group long-term income compensation insurance, and member welfare services.

MCUBS also emphasizes work-life balance. Regardless of men or women, we offer support and welfare services to help all employees who are starting families and raising children. Furthermore, we are also promoting diversity.

New hires (Employees who joined between January 1 and December 31, 2019)		Women in managerial posts	
Men	65.2%	Women	23.9%
Women	34.8%	* Excluding executives and temporary staff	
* Excluding executives, temporary employees, and staff			
Diversity of employees		Total workforce	
Under 30 years old	4.1%	Men	61.4%
30 to 50 years old	83.5%	Women	38.6%
50 years old or older	12.4%	* Excluding executives and temporary staff	
* Excluding executives and temporary staff		As of December 31, 2019, results of MCUBS-wide survey	

Establishing a Positive Work Environment

In January 2018, MCUBS renovated its office space and created an environment that allows employees to work comfortably and actively.

Natural light enters the work space through windows and plants have been arranged throughout this new, bright office. Employees' desks are larger than those at a standard Japanese office,* and we have upgraded communal spaces to promote communication with fellow co-workers. We have also incorporated rest areas where employees can relax and refresh themselves.

In addition, we have gone 70% paperless, reducing the need for cabinet space. This move, combined with improved communication that includes using electronics to host meetings, has reduced printing and paper costs for the Company.

Furthermore, we periodically conduct environmental checks to provide comfortable working conditions for employees.

* Desk width per person is 1,200mm in a standard Japanese office (as of December 2018, according to the website of Kokuyo Co., Ltd.).

Human Capital Development—Job-Specific Development Training Programs

Support for Acquiring Further Qualifications

In order to cultivate professional human resources in real estate finance, the MC-UBS Group encourages employees to pursue higher qualifications by providing financial assistance and training opportunities.

Specifically, the MC-UBS Group is actively utilizing the specialist qualification system by the Association for Real Estate Securitization (ARES), of which we are an official member. The Company covers the costs for employees to obtain the ARES Certified Master qualification (educational program enabling systematic learning of practical

specialized knowledge in the fields of real estate and finance). Moreover, employees are also encouraged to undergo training and participate in seminars after obtaining this qualification. Employees are also dispatched as lecturers when requested by ARES.

The Company also covers some or all of the costs of work-related training and tests for obtaining qualifications and maintaining them. As a result, several employees are taking on the challenge of improving their qualifications.

The number of employees with qualifications at MCUBS is shown below.

As of December 31, 2019

• Real estate transaction specialists	53	• Real estate appraisers	6	• CPAs	6
• ARES Certified Masters	60	• CMAs	7	• Tax accountants	5
• Licensed senior architects	10	• Lawyers	2	• MBAs	1

Improved Training

The MC-UBS Group has improved employee training by instituting a variety of programs aimed at enhancing occupational expertise and leadership skills.

Employees in managerial positions are dispatched to various leadership programs, such as the Program for Leadership Development by Mitsubishi Corporation (training over a total of five days in which skills as a manager can be obtained in coordination with overseas business schools). Furthermore, we support employees after they enter the Company by providing management training, which includes inviting outside lecturers to provide interviewer training.

In addition, to support improving the skills of each and every person through enhancing off-job training (Off-JT), we provide employee training services which allows all officers and employees to easily participate in business seminars (open seminars) by a professional group of lecturers.

In addition, we conduct seminars in order to raise awareness of sustainability, and offer improved training to increase understanding of compliance and IT literacy. We also provide support several times a year through e-learning so that employees are aware of the latest information and can utilize it effectively.

Communication with Employees

MCUBS has measured employee satisfaction on an annual basis since 2011 as part of our engagement. In addition, communication improvement is being promoted through dialogues between the employees and management. Through casual lunch meetings, discussions at the Divisions and direct dialogues with the General Managers and other top management officers, action is taken to assure mutual

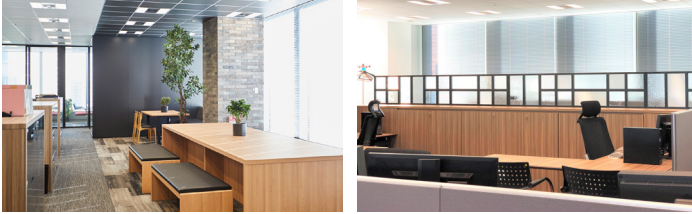
understanding of the presence of a wide range of views (diversity) within the company, to foster greater solidarity and to resolve issues.

In addition, MCUBS is executing strict action on all forms of harassment by boosting employee awareness through in-house training, consultation desk and whistle-blowing system.

Health and Well-Being

Measures for Health and Well-Being

Space and Interior



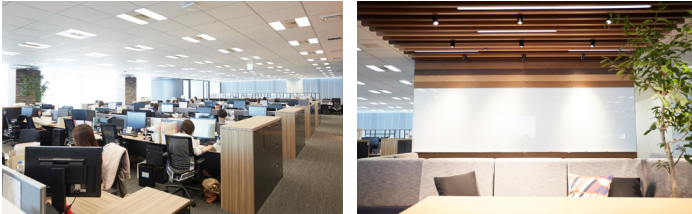
Interiors decorated with a clear concept, including spaces that incorporate nature

Sound



Soundproofed spaces where people can concentrate on their work

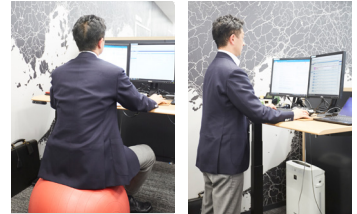
Light



Office that actively incorporates natural light

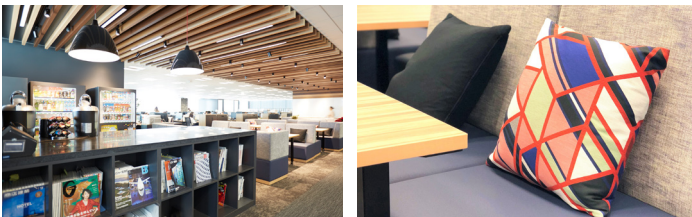
Community area with dimmable lighting

Exercise



Furniture that is adjustable to various health-conscious configurations

Rest



In-office cafeteria
Providing health beverages

In-office, furnished rest area for employees

Spaces to Move and Communicate



Rooms for groups to gather and discuss located near the entrance and in the corridor

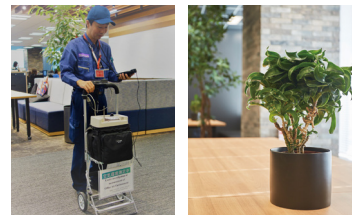
Telecommunications



An upgraded telecommunications system that allows employees to use the Internet away from their desks

A teleconferencing system that allows for meetings with outside groups, including branch offices

Maintenance



Regular air quality inspections

Regular replacement of planting

Satisfaction



Regular worker satisfaction surveys

Programs



Use of local events to promote communication and exchange between employees



KID's DAY

Investment Corporation Initiatives

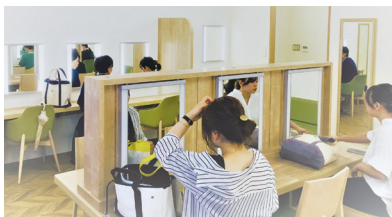
Investment corporations collaborate with tenants in working to improve the environment so that tenant employees are able to work comfortably.

Development of Productive Work Environments

JRF is putting effort into developing better working environments for tenant employees, such as renovating the employee lounge and creating a powder room for tenant employees at mozo wonder city.



Employee lounge



Powder room

Good use of Courtyard Area

At the IIF Mitaka Card Center, which is one of the properties owned by IIF, there is an interior courtyard which is used by tenant employees as a place for meetings and having lunch. IIF is putting effort into maintaining the courtyard, such as by changing the flowers and trees planted there.



Interior courtyard at IIF Mitaka Card Center



Social Contributions by Employees

The MC-UBS Group undertakes social contribution activities in partnership with sponsors. We will continue to deepen our employees' understanding about contributing to local communities, and support social welfare groups and other organizations.

Examples of Initiatives

Support for Social Welfare Organizations

We undertake support by selling within the company products produced by social welfare groups that UBS AG gives continuous support, disaster areas, and others.



Sales of Kamaishi rugby pie

Volunteer Activities

We participate in volunteer activities being conducted by Mitsubishi Corporation in support of disaster areas, and cooperate in supporting reconstruction.



Volunteer activities for reconstruction support

Communication with Local Communities

The MC-UBS Group works to create important bonds with local communities by implementing disaster prevention measures and performing activities that contribute to society at every one of its wide range of properties.

Initiatives by Fund

JRF

JRF carries out day-to-day management of its properties based on the Property Management Policy so that customers can shop safely, and is mindful of making contributions to society and local communities. We aim to provide commercial facilities that exist as part of the local community by having our properties fulfill a role as hubs for disaster prevention activities in areas where disasters are prone to occur.

We have introduced “Park & Ride Shopping” at mozo wonder city as an effort to alleviate traffic jams in the surrounding area and to be environmentally friendly. We cooperate with nearby railway companies and offer benefits to customers who visit the shopping center by train after parking in a designated parking lot.

To provide peace of mind to our customers, we have added greenery to our facilities and opened up parks and

other communal spaces. We have also opened up the rooftop of our Abiko Shopping Plaza as one of the largest viewing spots during fireworks festivals, as part of our continuous effort to provide safe spaces for the local community and to coordinate with local events. Through these efforts, we are working to create an environment where local residents see our facilities as part of their community.



Abiko Shopping Plaza

IIF

IIF provides neighboring communities and governments with spaces and public open spaces at the real estate properties it owns. In addition, we provide tours of our facilities and other services to ensure that local residents are aware of the functions performed by our properties in the area.



IIF Haneda Airport Maintenance Center

MMI

At MMI, we actively utilize the property as a space for local events and community exchange so that locals and visitors, in addition to resident office workers, can enjoy it.

In the summer, G-Square Shibuya Dogenzaka holds an *Uchimizu* (water-sprinkling) event, co-sponsored by the Tokyo Metropolitan Government, working to create an environmentally friendly office building.



Flower event at Twin 21



Uchimizu (water-sprinkling) event at G-Square Shibuya Dogenzaka



Communication with Tenants

The MC-UBS Group operates a wide variety of properties, including retail facilities, industrial facilities, and office buildings, which means the needs of our tenants are also diverse. We make efforts in consideration of our tenants' safety and the facility environment, but we promote measures that consider the global environment as well.

Initiatives by Fund

JRF

JRF services more than 900 tenants over 100 properties. Despite this large number, JRF proactively takes measures to save energy and reduce CO₂ emissions at the properties it owns. For example, JRF improves the environmental efficiency of properties. In some cases, it makes initial investments in energy-saving equipment and recovers the

investment costs from the rent payments, while tenants save utility costs without any capital outlay. Therefore, a win-win relationship is created between JRF and tenants.

In addition, JRF is collaborating with tenants to reduce CO₂ emissions by participating in the CO₂ Reduction / Light-Down Campaign.

IIF

By providing value to tenants, IIF continues to manage its portfolio using its "3C Management Cycle," which is designed to realize internal growth through stable, long-term management that goes beyond the norm. The three "Cs" of the 3C Management Cycle are Communicate: acquire an accurate understanding of tenant needs through close communication with tenants; Customize: strategically put forth customized proposals according to individual needs; and Create: employ a concept of portfolio management that creates unitholder value through long-term, superior property management while creating value that meets the needs of tenants.

Utilizing this concept, IIF have been able to conclude a green lease agreement that is for lowered costs by converting to LED lighting in an effort to lower electricity costs and, by extension, electricity bills. IIF holds periodic tenant workshops actively selected sustainability themes so that tenants can better understand responses to climate change and disaster countermeasures. With the understanding and cooperation of tenants, a large number of tenants participate in the workshops, and the workshops serve as a foundation for IIF's cooperation with tenants in their commitment to sustainability.

MMI

MMI conducts a tenant satisfaction survey once a year. Based on the results of the survey, MMI puts forth efforts to create comfortable spaces for those working in office

buildings by improving the surrounding environments and enhancing the convenience of building facilities and equipment as well as safety.

Tenant satisfaction survey details



<https://www.midcity-reit.com/en/sustainability/communication>

IR Activities

Each investment corporation strives to explain their investment policies to individual and institutional investors in an accurate and prompt manner. In doing so, we aim to maximize our value to our unitholders.

Listing on ESG Indices

MSCI Japan ESG Select Leaders Index

MSCI, an American stock index provider listed on the New York Stock Exchange, launched a index called the MSCI Japan ESG Select Leaders Index, taking into account high environmental, social, and governance (ESG) performance.

The index covers the top 700 equities by market capitalization size, and it is built by selecting relatively good ESG evaluation stocks in the industry. In addition, the Government Pension Investment Fund (GPIF) has selected MSCI Japan ESG Select Leaders Index as one of its ESG index and implemented passive investment tracking the index.

JRF, IIF, and MMI, all funds of the MC-UBS Group, have been listed on the index since its establishment in 2017.



MSCI Japan ESG
Select Leaders Index

Index launched in June 2017

Incorporation	JRF	Incorporated since June 2017
	IIF	Incorporated since June 2017
	MMI	Incorporated since December 2018

(Note) THE INCLUSION OF MITSUBISHI CORP.-UBS REALTY INC. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF MITSUBISHI CORP.-UBS REALTY INC. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Euronext® Reitsmarket GRESB Global Sustainable NR Index

This is an index created by Reitsmarket, a real estate investment trust research company of Luxembourg, in collaboration with GRESB and Euronext, to invest in the top 30 REITs according to the score prepared by GRESB. The index was set up on June 7, 2018.

More than six REITs have been selected from respective areas in North America, Europe, and Asia Pacific, and JRF

accounts for the second-largest composition ratio in the Global sector, as of the establishment of this index on June 7.

Euronext® Reitsmarket GRESB
Global Sustainable NR Index

Index launched in June 2018

Incorporation	JRF	Incorporated since June 2018
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IR Briefing Sessions

Briefing Sessions for Individual Investors

In addition to each investment corporation participating in major events organized by the Tokyo Stock Exchange, we are putting effort into helping individual investors better understand investment corporations, while capitalizing on the strength of managing three investment corporations. This includes holding online briefing sessions and joint seminars for the three investment corporations.



Joint seminar for the three
investment corporations

For IR information pertaining to each fund



JRF	https://www.jrf-reit.com/english/ir/index.html
IIF	https://www.iif-reit.com/english/ir/index.html
MMI	https://www.midcity-reit.com/en/ir/



C O R P O R A T E G O V E R N A N C E

As asset management companies, MCUBS receives asset management consignments from JRF, IIF, and MMI and are committed to upholding their fiduciary duties to investment corporations.

Corporate Governance

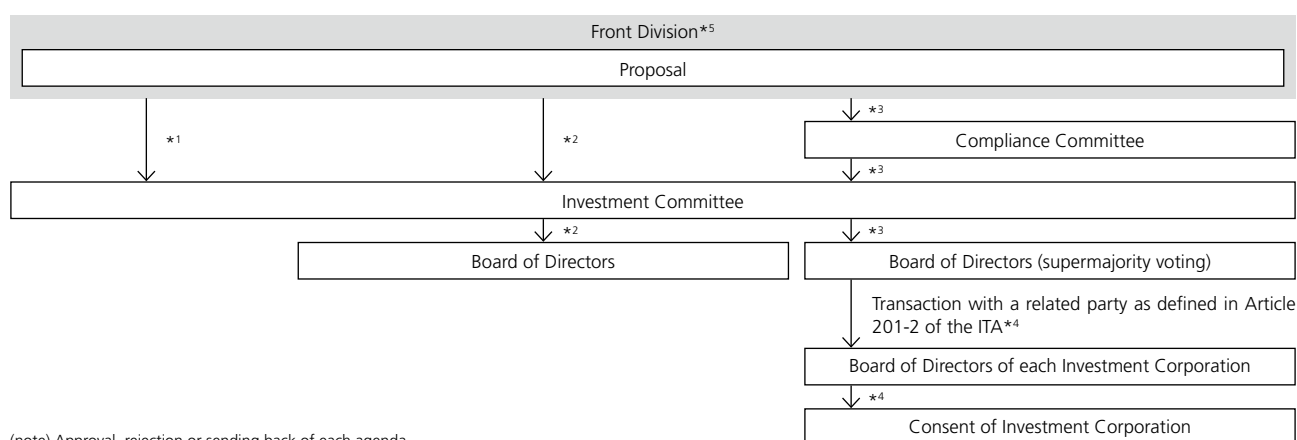
As an asset management company, MCUBS receives asset management consignments from JRF, IIF, and MMI, and is committed to upholding its fiduciary duty to investment corporations.

Decision-Making Process

Mitsubishi Corp.-UBS Realty Inc., the asset manager of JRF, IIF, and MMI (hereinafter, the "Asset Manager"), has four committees: the Investment Committee, the Risk Management Committee (the Risk Management Committee acting as an advisory board to facilitate decision-making, not a decision-maker), the Compliance Committee, and the Compensation Committee.

In the course of making decisions regarding investment policy and standards, operation and management policy and standards, budget and financing, as well as the acquisition, disposal, or operation and management of assets for each investment corporation, a proposal will be submitted to the Asset Manager's Board of Directors for approval in accordance with rules of the Board of Directors.

Proposals relating to stakeholder transactions of the Asset Manager must first be approved by the Compliance Committee before they are submitted to the Investment Committee (excluding "Minor Transactions," as stipulated in the Regulations for Transactions with Stakeholders). In addition, subsequent to approval by the Board of Directors of the Asset Manager, approval from our board of directors is required prior to a transaction involving the acquisition, disposal, or lending of securities or real estate between us and a related party (as defined in Article 201-1 of the Investment Trust Act) of the Asset Manager, except certain of such transactions determined not to have a significant impact on each investment corporation under the Ordinance for Enforcement of the Investment Trust Act.



(note) Approval, rejection or sending back of each agenda

*1 With regard to matters relating to the acquisition, disposition, operation and management of assets, the approval of the Investment Committee will be obtained based on the Guidelines for the Investment Committee.

*2 With regard to the investment policy and standards, operation and management policy and standards, budget and financing, etc. for each Investment Corporation, the approval of the Investment Committee and the Board of Directors will be obtained in accordance with the Guidelines for the Investment Committee and the Rules for the Board of Directors.

*3 With regard to matters relating to transactions with stakeholders stipulated in the Regulations for Transactions with Stakeholders, the approval of the Compliance Committee, the Investment Committee and the Board of Directors (supermajority voting) will be obtained in accordance with the Regulations for Transactions with Stakeholders, the Guidelines for the Compliance Committee, the Guidelines for the Investment Committee and the Rules for the Board of Directors. In the case of Minor Transactions, the approval at the Compliance Committee and the Board of Directors (supermajority voting) is not required.

*4 With regard to matters relating to transactions with a related party as defined in Article 201-2 of the ITA, the approval of the Board of Directors of each Investment Corporation and the consent of Investment Corporation will be obtained. In the case of transactions determined not to have a significant impact on asset of the investment corporation under the Ordinance for Enforcement of the Investment Trust Act, consent of each investment corporation based on the approval by its board of directors is not required.

*5 The Retail Division, Industrial Division, or Office Division is referred to as the Front Division.

For information regarding corporate governance for each fund, please visit the websites below.



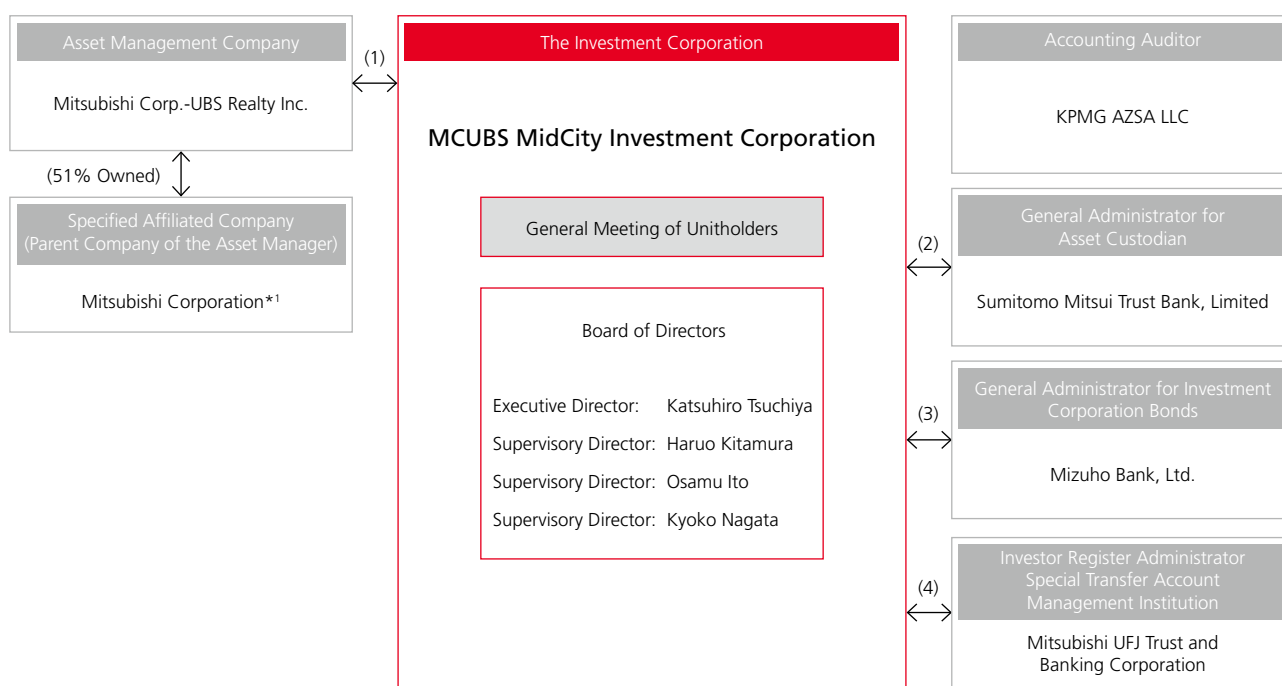
JRF	https://www.jrf-reit.com/english/sustainability/governance/index.html
IIF	https://www.iif-reit.com/english/sustainability/governance/index.html
MMI	https://www.midcity-reit.com/en/structure/governance

Governance of Investment Corporations

The organization of each investment corporation consists of executive directors, supervisory directors, an Officers Meeting, which is comprised of all directors, a General Meeting of Unitholders, which is comprised of investors, plus an accounting auditor.

The number of directors and their compensation is decided by each investment corporation, and monthly remuneration is determined by the Officers Meeting. Pursuant to the Investment Trust Act, investment corporations are prohibited from having employees. Accordingly, none of our investment corporations have any employees.

As a typical example, the mechanism of MMI is as follows.



Contract Name

- (1) Asset management agreement
- (2) General administrative outsourcing agreement and asset storage outsourcing agreement
- (3) Financial affairs and issuance & payment agency agreement
- (4) Administrative outsourcing agreement for investment units and special transfer account management agreement

*1 Mitsubishi Corporation is the parent company of the Asset Management Company (the parent company prescribed in the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc. (Ministry of Finance Ordinance No. 59 of 1963; including subsequent revisions), Article 8, Paragraph 3; the same hereinafter), and falls under a specified affiliated company of the Asset Management Company, which is prescribed in the Cabinet Office Ordinance on Disclosure of Information, etc., of Regulated Securities (Ministry of Finance Ordinance No. 22 of 1993; including subsequent revisions), Article 12, Paragraph 3.

*2 Kanden Realty & Development Co., Ltd., which was one of the support company of MCUBS MidCity Inc. (the former asset management company), was to transfer all of its holding 900 shares of MCUBS MidCity Inc. to Mitsubishi Corp.-UBS Realty Inc., as of April 1, 2019 (the transfer of shares will hereafter be referred to as the "Share Transfer"). Along with the Share Transfer, "Memorandum concerning the supply of information on real estate for sale and other support" as of April 10, 2015 and "Asset Value Improvement Support Agreement" as of December 7, 2011 between MCUBS MidCity Inc. and Kanden Realty & Development Co., Ltd. (these agreements will hereafter be referred to as the "MOU") was terminated as of the date of the Share Transfer. However, MCUBS MidCity Inc. and Kanden Realty & Development Co., Ltd. concluded a new agreement in order to supply information on real estate for sale with each other as of January 30, 2019. In addition, following the merger between Mitsubishi Corp.-UBS Realty Inc. and MCUBS MidCity Inc. as of July 1, 2019, Mitsubishi Corp.-UBS Realty Inc. has succeeded the position of the MCUBS MidCity Inc. in the agreement.



Compliance

MC-UBS Group committed to the thorough implementation of these compliance.

Basic Policy

Mitsubishi Corp.-UBS Realty Inc. (hereinafter, “the Asset Manager”) and each Investment Corporation are striving to ensure the appropriateness of asset management and the soundness and adequateness of operations, as well as the protection of investors at the discretion and responsibility of each entity, by strengthening and facilitating maximum functioning of the internal control system based on the highest quality standards of laws and regulations under the real estate investment fund system. In addition, the Investment

Corporation and the Asset Manager are of a highly public nature and also assume the social responsibility of extensively making contributions to the economy and society.

Given such a business environment and in view of the fact that the Asset Manager is a joint venture company between a Japanese company and a foreign financial institution, and characteristically has an international corporate culture, it has developed the following compliance system with the aim of achieving a high level of compliance in the industry.

- In order to ensure that the performance of duties by directors and employees of the Asset Manager complies with laws and regulations and the articles of incorporation, the Asset Manager shall establish the Compliance Office, which shall seek to, in operation with the Compliance Office, develop the system for directors and employees to act in compliance with laws and regulations, the articles of incorporation and social norms, and identify problems thereof.
 - The Risk Management Committee shall identify administrative risks, system risks, and any other risks relating to the business operations of the Asset Manager and investment corporations on a regular basis.
 - Based on the “Whistle-Blowing Rules,” the Asset Manager shall avoid any disadvantageous treatment on a whistle-blower. Any whistle-blower is entitled to appropriate protection and may contact the internal inquiry counter. The employees may contact external legal counsel, using the “MC Group Lawyers’ Opinion Box,” which is designated as the external inquiry counter for consultation and reporting.* By such means, the Asset Manager shall prevent violations of laws and regulations or the articles of incorporation and, if any such violation has occurred, shall seek to quickly gather information and address it.
- * The Confidentiality Legal Counsel will confirm the affiliation of whistle-blowers, but will not disclose their name or organizational position to the Compliance Administration Office without their consent.
- If any violation of laws and regulations or the articles of incorporation has been discovered, the Compliance Office shall, pursuant to the “Administrative Incident Handling Rules,” investigate the cause of such violation and handle and settle it, and then establish measures.

(As of January 1, 2019)

Anti-Corruption

The MC-UBS Group eliminates all forms of transactions with antisocial forces. In addition to checking against laws and paying the greatest attention to suspicious transactions, we prohibit all forms of dealings which may be interpreted as bribery. Also, MCUBS signed up to the UN Global Compact (UNGC), endeavors to strengthen corporate governance against

anti-corruption through supporting the UNGC’s ten principles.

We conduct compliance training several times each year for our employees to increase their compliance knowledge and awareness, including the above. In addition, employees pledge to observe our code of conduct by submitting compliance pledges each year.

For information regarding compliance and risk management for each fund, please visit the websites below.



JRF	https://www.jrf-reit.com/english/about/compliance.html
IIF	https://www.iif-reit.com/english/about/compliance.html
MMI	https://www.midcity-reit.com/en/structure/compliance

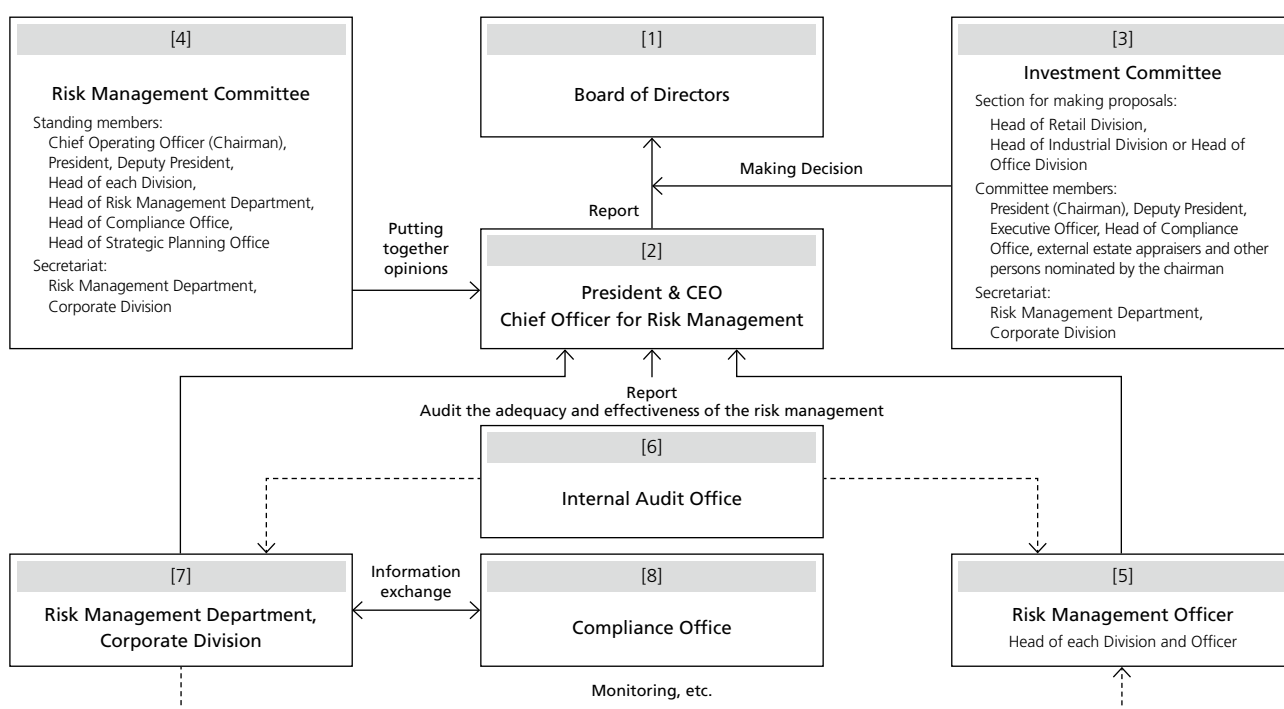
Risk Management

MC-UBS Group committed to the thorough implementation of these risks under the following organization structure.

Structure on Risk Management

To protect investors and implement the investment management business appropriately, the Asset Manager of the Investment Corporation shall in principle execute operations related to asset management for investment corporations as its clients, faithfully and with the care of a good manager in accordance with the purposes of the

investment management business. The asset manager has classified the major risks associated with asset management into investment management risk, clerical work risk, system risk, etc. and is striving to cope with and continuously reduce such risks through the following activities.



- | | |
|---|--|
| [1] Board of Directors | Understanding of the overall management, etc |
| [2] President & CEO,
Chief Officer for Risk Management | President & CEO: Supervision of the overall risk management, etc.
Chief Officer for Risk Management: Execute necessary measures to properly manage risks |
| [3] Investment Committee | Examines, discusses and makes decisions regarding overall risks affecting the portfolio as a whole (e.g. acquisition, disposal and management of assets by the investment corporations, investment policy and standards, management policies and standards, budgets, funding, etc.) |
| [4] Risk Management Committee | When required, identifies, examines and formulates responses and policies for matters that pose major risks (excluding those matters that are dealt with by the Investment Committee) |
| [5] Risk Management Officer | <ul style="list-style-type: none"> • Person responsible for managing major risks, etc. in his/her department • Reports the state of risk management to the Risk Management Committee |
| [6] Internal Audit Office | Planning and implementation of internal audit |
| [7] Risk Management Department,
Corporate Division | <ul style="list-style-type: none"> • Plans and makes proposals concerning risk management for the company as a whole • Monitors, evaluates, and analyzes the extent to which risk management is in place and functioning • Runs the Risk Management Committee |
| [8] Compliance Office | Accumulating risk information through, but not limited to, the management of operational accidents and the review of the approval documents |

JRF**Japan Retail Fund Investment Corporation**

After becoming Japan's first retail facility-specialized REIT listed on the Tokyo Stock Exchange, the Japan Retail Fund (JRF) has grown to become one of the largest REITs in Japan. JRF has a large number of retail facilities mainly in Tokyo, Osaka, and Nagoya, which are located in representative commercial districts, around stations used by large numbers of passengers, and around stations in highly populated areas.

Characteristics of the REIT

1. Opportunity to see the actual properties while shopping in them
2. Portfolio stability supported by diversified asset portfolio with top-class scale in Japan



GYRE



G-Bldg. Midosuji 01

IIF**Industrial & Infrastructure Fund Investment Corporation**

Listed on the Tokyo Stock Exchange, the Industrial & Infrastructure Fund (IIF) is a unique REIT that focuses on industrial properties in Japan. IIF invests in real estate anticipated for stable use over the medium to long term while upholding a philosophy of investing in social infrastructure as a source for generating Japan's economic strength and supporting industrial activities in Japan through real estate.

Characteristics of the REIT

1. Investing in properties that play a vital role in industrial activities across a broad range of sectors
2. Stable cash flows based on lease agreements over 10 years



IIF Haneda Airport Maintenance Center



IIF Shin-Kawasaki R&D Center

MMI**MCUBS MidCity Investment Corporation**

MCUBS MidCity (MMI) is a REIT focusing on office properties located in the three major metropolitan areas. After joining the MC-UBS Group in 2015, its distribution per unit has grown at the fastest pace among office J-REITs. It aims to continuously improve unitholder value.

Characteristics of the REIT

1. Has higher portfolio weight in Osaka compared with other office J-REITs. Expanded its geographical focus to the three major metropolitan areas of Tokyo, Osaka, and Nagoya in order to capture more opportunities to invest in high-quality office properties
2. Aims to acquire properties selectively through various methods and to improve asset value and profitability



Twin 21



Yokohama i-land Tower

JRF

TSE code	8953	Fund listing	2002/3/12
Major types of properties	Core	Prime	Retail properties located in representative commercial districts in Japan
		Major stations	Retail properties located around stations used by large numbers of passengers
		Residential station	Retail properties located around stations in highly populated areas
	Secondary core	Suburban mall	Large-scale shopping malls located in suburban areas
		Value-added	High-yield retail properties with room for upside
	Sub	GMS / Roadside	GMS / Roadside shopping facilities

Portfolio details


<https://www.jrf-reit.com/english/portfolio/map.html>

IIF

TSE code	3249	Fund listing	2007/10/18
Major types of properties	Logistics facilities	Facilities used to provide intercompany distribution and sales distribution services, including transportation, shipping, storage, stockpiling, cargo handling, packaging, sorting, distribution processing, and information functions	
	Manufacturing and R&D facilities	Facilities for research and development, raw material procurement, stockpiling, storage, manufacturing, production, assembly and processing, recycling, and other purposes	
	Infrastructure facilities	Facilities developed as bases for industrial activity, such as transportation, communication, energy, water, and public facilities	

Portfolio details


<https://www.iif-reit.com/english/portfolio/map.html>

MMI

TSE code	3227	Fund listing	2006/8/29
Major types of properties	Focus on office properties	More than 70% of the portfolio is invested in office properties. The remaining 30% is invested mainly in hotels and serviced apartments.	
	Focus on three major metropolitan areas	More than 70% of the portfolio is invested in properties in prime locations in Tokyo, Osaka, and Nagoya where strong tenant demand is expected. Additionally, less than 30% of the portfolio is invested in properties located in government-designated cities and other major cities in which stable revenues are expected in the medium to long term.	
	Building specifications attracting tenants	Holding properties with superior building specifications to satisfy a wide range of demand from tenants of all sizes, such as flexible office layout and parking lots. The locations of properties vary, from close to major stations to nearby neighbor stations ideal for back-office functions.	

Portfolio details


<https://www.midcity-reit.com/en/portfolio/>

Disclaimer

- This document may contain information such as statements on future performance, plans, management targets, and strategies. Such statements with regard to the future are based on current hypotheses and assumptions about future events and trends of the business environment. However, these hypotheses and assumptions are not necessarily correct. Actual results may vary significantly due to various factors.
- Unless otherwise specified, this document was created based on Japanese generally accepted accounting principles.
- Japan Retail Fund Investment Corporation, Industrial & Infrastructure Fund Investment Corporation, MCUBS MidCity Investment Corporation, and Mitsubishi Corp.-UBS Realty Inc. (MCUBSR) shall not be liable for any errors, inaccuracies, loss or damage, or for any actions taken in reliance thereon, or undertake any obligation to publicly update the information contained in this document after the publication date thereof.

Asset Management Company: Mitsubishi Corp.-UBS Realty Inc.

(Financial Instrument Firm under License No. 403 of the Director of the Kanto Local Finance Bureau)
