



COMFORIA RESIDENTIAL REIT

Sustainability Report 2022

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About this Report

Comforia Residential REIT, Inc (“CRR”) and TLC REIT Management Inc. (“TRM”) to which CRR entrusts its asset management, are making the best effort to disclose information related to the sustainability initiatives to the investors and other stakeholders. Within this scope, this report is issued to illustrate the ESG (E: Environment, S: Society, G: Governance) initiatives at CRR and TRM which are essential to contribute to a sustainable society.

Coverage on this report

Period	From August 2021 to July 2022 (excl. some data)
Entities	CRR and TRM
Issued date	October 28, 2022

Contact

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We communicate also using the Global Reporting Initiative (GRI) Sustainability Reporting Standards, an international sustainability framework for ESG-related reporting. About the GRI Standards, please refer to page 70.

Disclaimer

CRR and TRM do not guarantee or warrant the accuracy and safety of the information provided in this document and shall not be liable for updating the information provided.

Please be advised that forward-looking statements provided herein may be subject to change or deletion without prior notice.

Top Messages

From Executive Director of CRR



Takehiro Izawa
Executive Director
Comforia Residential REIT, Inc

Since our establishment, under the basic policies of “investments in residential properties with high growth potential” and “utilization of the Tokyu Fudosan Holdings (“TFHD”) Group”, CRR has achieved internal and external growth by focusing our investment in assets located in the 23 wards of Tokyo where has a strong demand for rental residences.

In the meantime, we have witnessed changes in social structure and lifestyle in Japan, such as decrease in population caused by declining birthrate and aging population; migration of younger generations to metropolitan areas; change in residential preference from ownership to renting; and the government-led workstyle reform.

In recent years, demand for corporations to respond to such social issues has increased, considering that these issues and changes may become a risk factor for corporate business continuity. Triggered by the adoption of Sustainable Development Goals (SDGs) by the United Nations, the recognition that management focus on ESG (Environment, Society and Governance) will contribute to the enhancement of the corporate value, has been widespread.

In light of this trend, our asset management company TRM established their Sustainability Policy in April 2019 as their basic approach towards contributing to the development of sustainable society. We have created and issued this report for the purpose of providing a comprehensive tool that may be used to gain more in-depth knowledge of CRR and TRM’s aforementioned Sustainability Policy and ESG-related initiatives. We hope that it will help our unitholders and other stakeholders understand our efforts.

CRR and TRM will continue fulfilling our social responsibilities by improving our sustainability initiatives, which we hope will strengthen the relationship of mutual trust that we have built with our stakeholders.

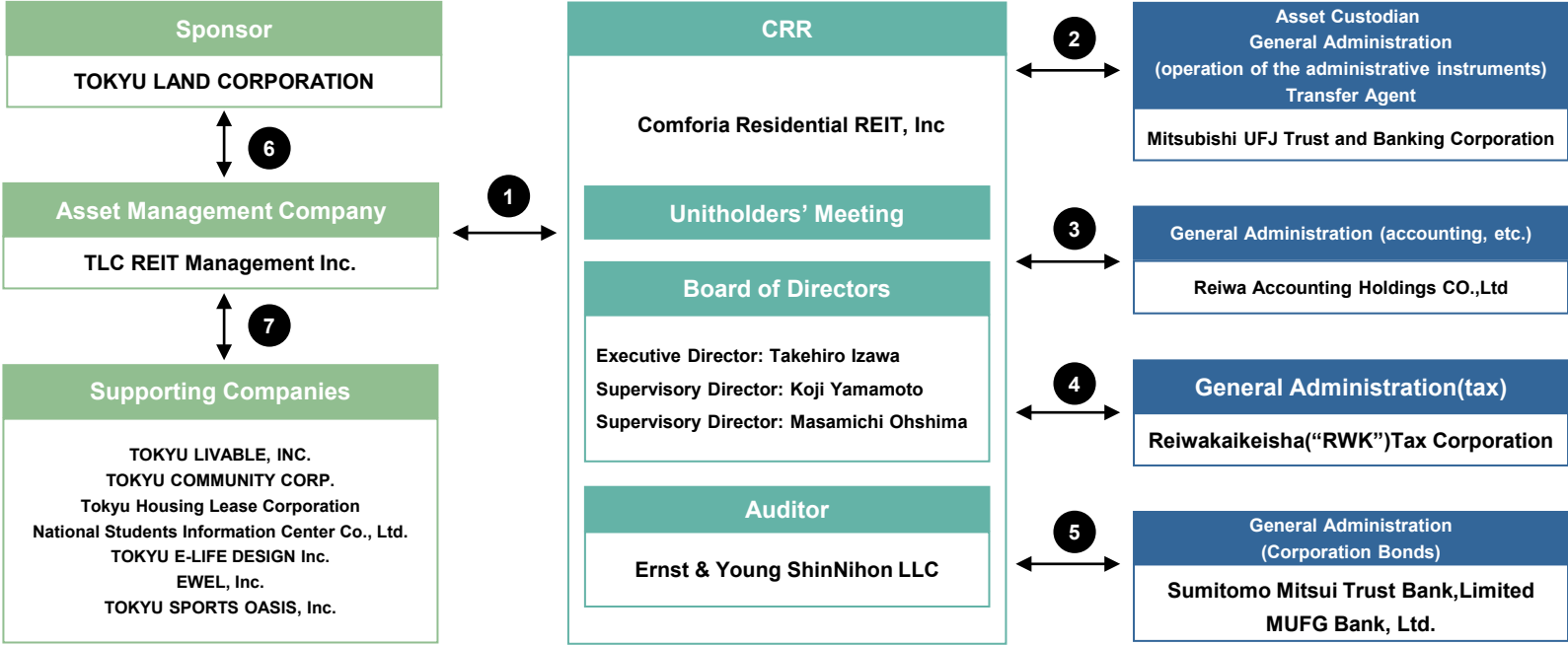
Overview

Based on the Investment Trust and Investment Corporation Act (Act no. 198 of 1951 and subsequent revisions; hereinafter referred to as the “Investment Trust Act”), CRR was established on June 8, 2010, as an investment corporation that mainly invests in real estate provided for residential use. We completed registration by the prime minister of Japan under Article 187 of the Investment Trust Act on June 30, 2010 (registration number: Director of Kanto Finance Bureau no. 71) and started operation in August 2010. Subsequently, CRR issued new investment units based on a public offering on February 6, 2013, and was listed on the Tokyo Stock Exchange’s Real Estate Investment Trust Securities Market (security code: 3282). When we began operation, CRR’s assets under management were 11 properties with a total acquisition price of 15,5 billion yen; since then, as a result of steadily acquiring and selling properties based on the basic policy concerning assets under management stipulated in our articles of incorporation (i.e., to manage assets with the aim of securing stable income and achieving steady growth of assets under management in the medium to long term in order to maximize unitholder value), the number of assets we owned had reached 147 properties by the end of July 2022, with a total acquisition price of 281 billion yen.

Name	Comforia Residential REIT, Inc (TSE:3282)
Representative	Executive Director, Takehiro Izawa

Address	21-1 Dogenzaka 1-chome, Shibuya-ku, Tokyo
Fiscal Period	Six-month period from Feb.1 to Jul.31, and Aug.1 to Jan.31

Structure



①Asset Management Agreement ②Asset Custody Agreement / Administrative Service Agreement / Transfer Agency Agreement ③Accounting Service Agreement
 ④Tax Administrative Agreement ⑤Fiscal, Issuing and Payment Agency Agreement ⑥Sponsor Support Agreement ⑦Support Agreement

Basic Policies

We invest intensively in rental residences for singles and small families, mainly in the Tokyo metropolitan area, based on our basic policies of “investments in residential properties with stable earnings and high growth potential” and “utilization of TFHD Group,” with the aim of ensuring stable earnings over the medium- to long-term and maximizing our unitholders’ value.

COMFORIA Series

We will invest in and manage rental residences, fully utilizing the concept and expertise of the urban rental residence COMFORIA series, which Tokyu Land Corporation has produced.

For a Superior Level of Living Comfort

COMFORIA is the name we have given to the urban rental residences produced by the Tokyu Land Corporation. The word COMFORIA is a compound that we coined from “comfort,” and “la,” a Latin suffix meaning “place.” The idea that residences are not just containers has given birth to our “COMFORIA” series of rental residences made specifically for people who wish to live freely and affluently in urban communities. COMFORIA offers living comfort beyond expectation and surpasses the level of mere convenience in many ways.

Four Advantages COMFORIA Offers

Location

COMFORIA knows how valuable time is.

Quality

COMFORIA knows what high quality feels like.

Safety

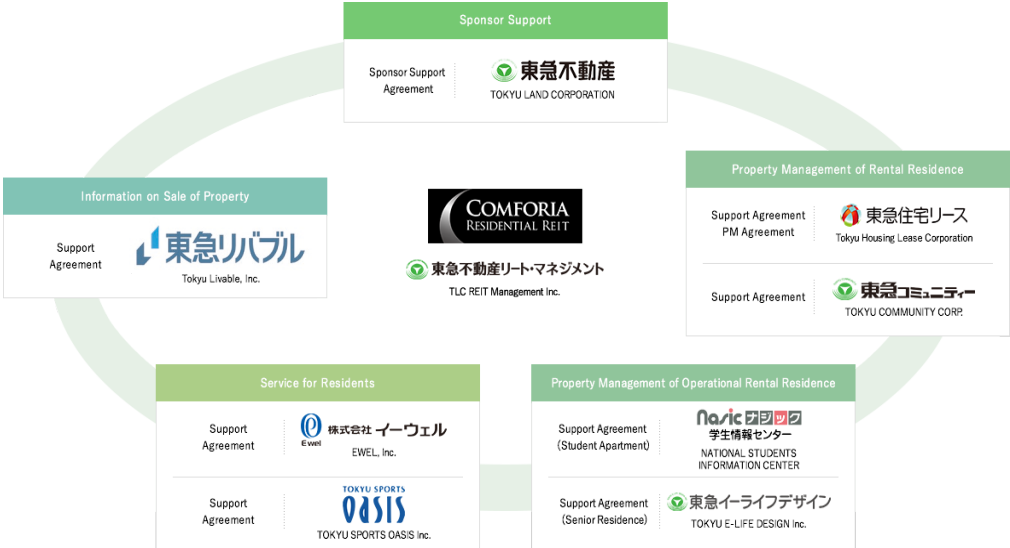
COMFORIA knows where peace of mind comes from.

Service

COMFORIA knows how residents feel.

Value Chain of TFHD Group

We have concluded sponsor support agreements, support agreements and property management agreements for managed assets with TRM and TFHD Group companies to fully utilize the value chain and expertise of TFHD Group. With the support of TFHD Group companies through such agreements, we aim to expand our asset size (external growth), and maintain and increase asset value (internal growth).



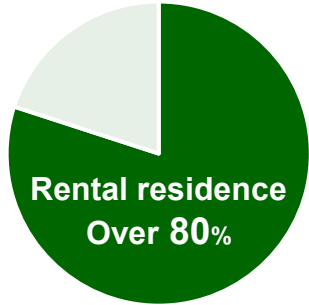
Portfolio Management Policy

Investment Target

- Primary target: Maintain over 80% investment ratio of “Rental Residence” generating stable earnings.
- Sub-target: “Operational Rental Residence” with services likely to attract demand (i.e., senior residences, serviced apartments and student apartments.)

Asset Type	Investment Target	Investment ratio (acquisition price base)	As of Jul.31,2022
Residential property	Rental residence	80%~100%	93.2%
	Operational rental residence	0%~20%	6.8%

(Note) Investment ratio is based on acquisition price. In terms of land with limited property rights, calculations are based on the type of residential property built on the parcel.

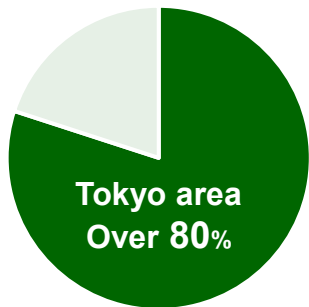


Investment Area

- Maintain over 80% investment ratio of assets in “Central Tokyo”, “Sub-central Tokyo” and “Tokyo Metropolitan areas”, where there is strong potential demand for rental residences.

Category	Investment Area		Investment ratio (acquisition price base)	As of Jul.31,2022
Central Tokyo	5 major wards	Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku	80%~100%	95.5%
Sub-central Tokyo	Dense residential districts outside of the 5 major wards	Other Tokyo wards (excluding above)		
Tokyo Metropolitan area	Dense residential districts in all other Tokyo Metropolitan areas	All other areas within Tokyo Metropolitan boundaries expecting strong demand		
Other major cities	Dense residential districts in ordinance-designated cities		0%~20%	4.5%

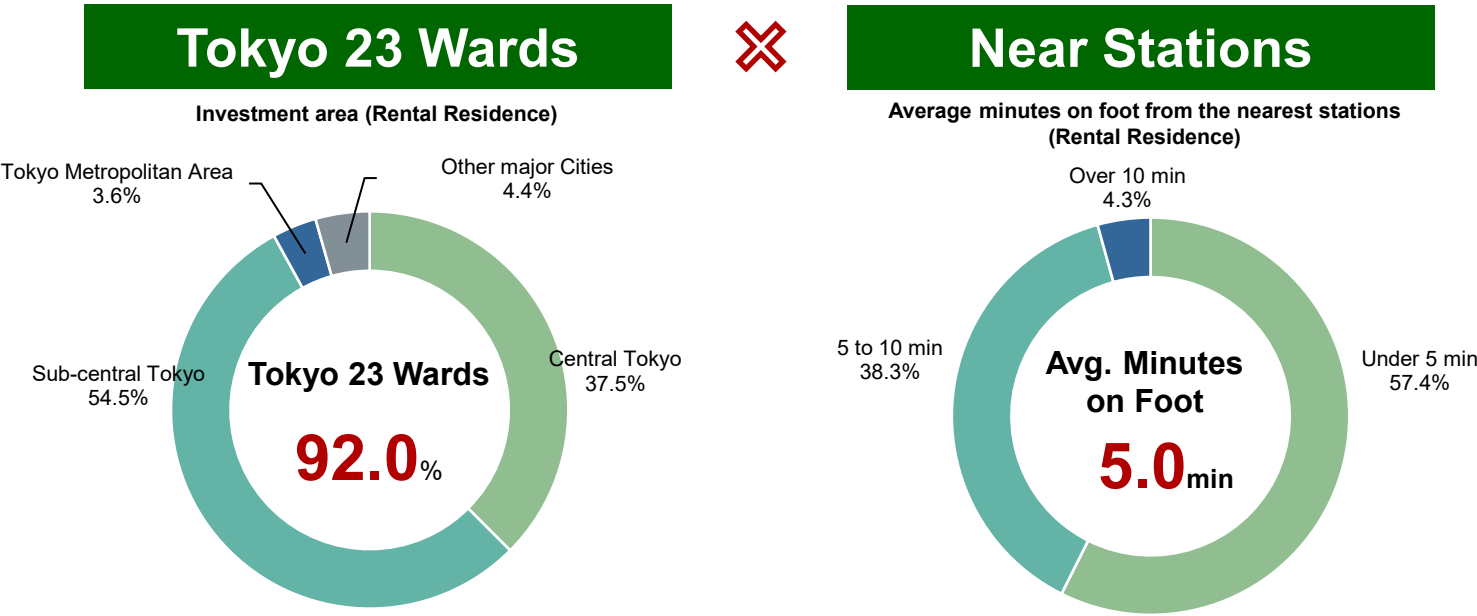
(Note) Investment ratio is based on acquisition price. In terms of land with limited property rights, calculations are based on the area where the parcel exists.



Features and Strengths

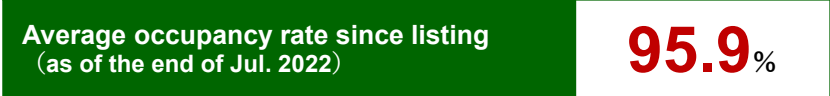
Portfolio focusing on “Tokyo 23 Wards” and “Near Stations”

When investing in properties, CRR selects them carefully, based especially on our location strategy for rental residences, with a focus on Tokyo’s 23 wards where there are strong rental needs. Moreover, we have strategically built up our portfolio by continuing to emphasize properties located near stations, with the closest station just a few minutes away on foot. As a result, 92% of the rental residences in our portfolio were located in Tokyo’s 23 wards as of the end of July 2022, and the average time on foot from rental residences to the nearest station was 5.0 minutes.



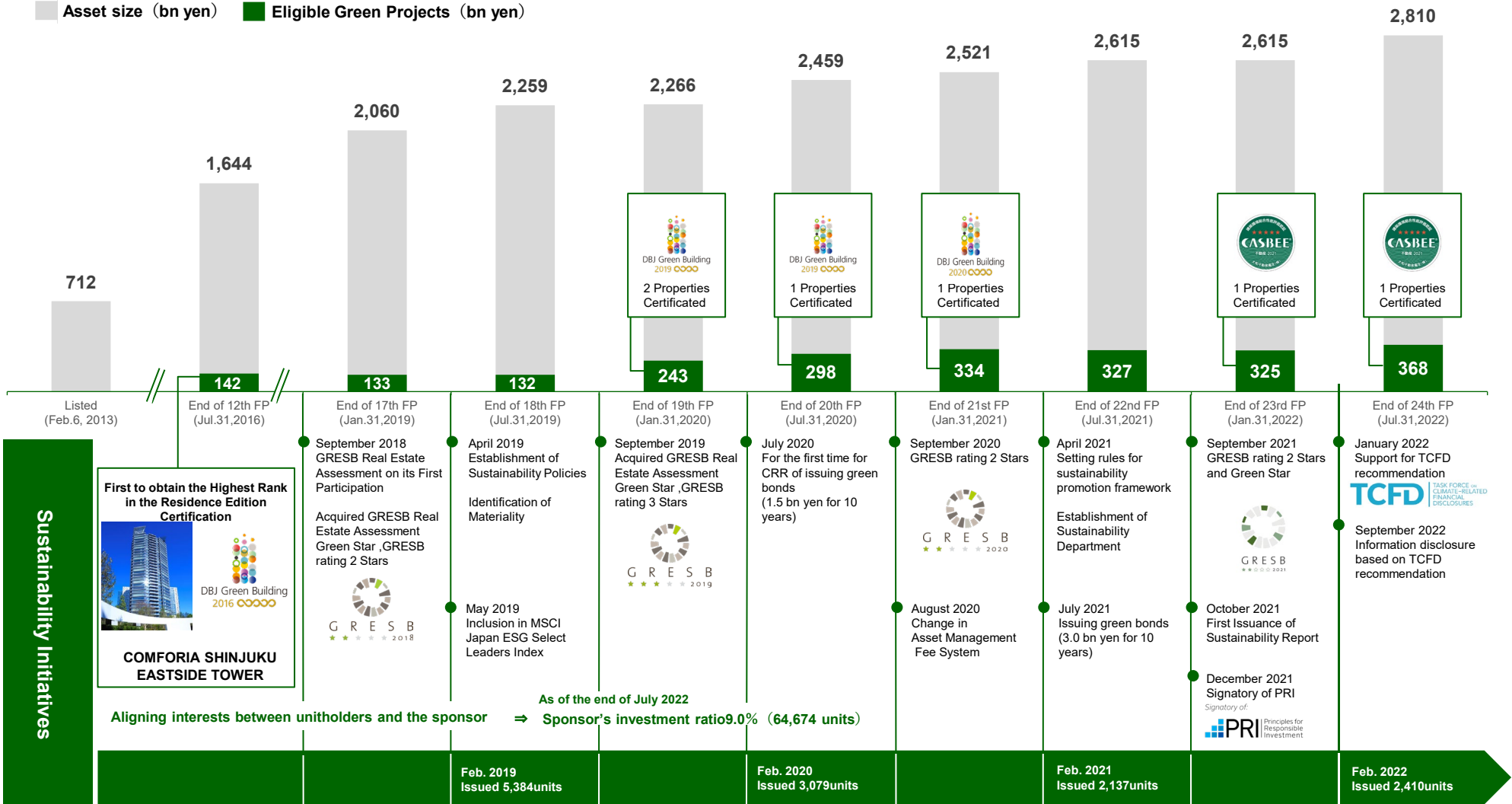
Utilizing Support from TFHD Group

CRR aims to steadily increase our asset size and maintain and improve our asset value by using the support of the TFHD Group. The proportion of our properties acquired from the TFHD Group as of the end of July 2022 was 72.7% (based on the acquisition price). In addition, the average occupancy rate since our listing is 95.9% (as of the end of July 2022).



Continuous expansion in asset size and sustainability initiatives

CRR aims to steadily increase our asset size and maintain and improve our asset value by using the support of the TFHD Group. Furthermore, we have positioned sustainability initiatives as one of our priority strategies and are pursuing various environmental and social initiatives.



Sustainability Initiatives

TRM recognizes the impact of environmental and social considerations, and that of strong governance, and as a member of TFHD Group, shares TFHD Group's Sustainability Vision. TRM believes that tackling these issues is a social responsibility, realizes our management philosophy, and contributes to the development of a sustainable society. The Sustainability Policies are established hereunder to implement the beliefs of TRM.

Sustainability Policies

Established April 1, 2019

1. Environmental Considerations

TRM will consider energy efficiency, decarbonization, water efficiency, and waste reduction as four major items in the operation of each investment corporation, and promote our initiatives by applying these items to each environmental policy.

2. Efforts for Employees

- (1) TRM will improve employees' sustainability knowledge, promote enlightenment activities for that purpose, implement capacity building to allow personnel to act professionally and become more productive, provide training for human resource development, and support the acquisition of qualifications.
- (2) TRM will promote efforts to improve the way employees work in light of the policies and practices of the entire Group and by closely sharing information in TRM.

3. Collaboration with External Stakeholders

- (1) As a member of the local community, TRM will enhance relationships with customers, such as tenants and facility users, and the local community through improvements in disaster prevention and BCP measures, contributing to safety and security.
- (2) TRM will promote programs and procurement with environmental and social considerations through engagement with tenants and suppliers, including property management companies.
- (3) By means of the effective use of the expertise in real estate and other fields owned by TFHD Group's affiliates, TRM will be committed to improving customer satisfaction while continuing to create value through each investment corporation.

4. Legal Compliance and Risk Management

TRM will comply with environmental, social, and governance laws and regulations as well as pay close attention to and appropriately respond to legislative changes. For risk assessment upon real estate acquisition, TRM will work on risk management in an appropriate manner, taking into account environmental and social impacts.

5. Information Disclosure

TRM will strive to disclose information on our sustainability efforts to investors and other stakeholders.

Promotion System

To enhance TRM’s efforts towards the issues related to environmental or societal consideration, etc. based on its Sustainability Policy, the rules on the Sustainability Promotion System require that the President & CEO to be the Chief Sustainability Officer and each department appoint one responsible person from the department. The Sustainability Promotion Council is to be held with the President & CEO as chairperson.

Sustainability Department was established as of April 1, 2021 to expand the functionality of the Sustainability Promotion System. The Sustainability Department succeeds the ESG-related missions from the Environmental Engineering Department, and we will further promote our sustainability program.

Sustainability Promotion Council

The Sustainability Promotion Council meets regularly with President & CEO as the Chief Sustainability Officer who assumes the ultimate responsibility, and other members from across the organization of company and among members, we share relevant information and examine and promote the efforts. External experts are invited to the Council to consult opinions when needed. Important Agenda discussed at the Sustainability Promotion Council are regularly reported to the Asset Management Company's Board of Directors and as needed, to CRR's Board of Directors as well.

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

Materiality

As a member of TFHD Group, TRM recognizes the key issues (the "Materiality") identified by TFHD Group and has identified its own materiality by extracting significant medium- to long-term societal issues based on the tasks which CRR has been working on such as environmental issues. The Materiality has been shared with CRR.

Identification process

Materiality was identified by select cross-divisional members of TRM.

Step1 Awareness and organization of societal issues

In preparing discussions for Materiality, societal issues related to CRR and TRM were extracted by referencing TFHD Group Integrated Report; materiality; GRI Standards; relevant SDGs; ESG assessments for the real estate sector; and issues recognized by the industry association.

Step2 Integration and consolidation of issues

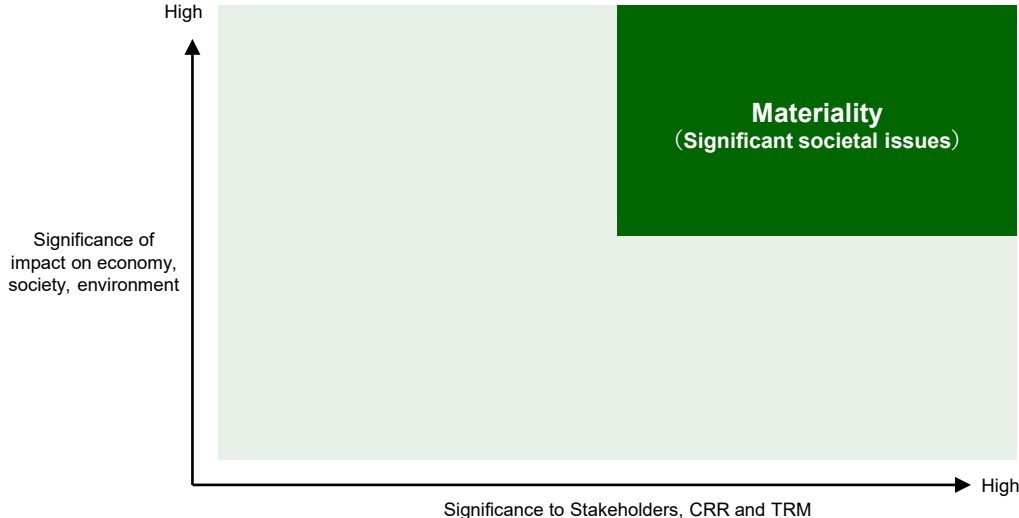
With respect to the above stated societal issues, a materiality short list was created after summarizing the tasks which CRR and TRM has been working on, and discussing topics that should be given higher significance, with additional consideration to risks and opportunities regarding each issue.

Step3 Reflection of opinions from officers and employees

All officers and employees were asked to offer opinions as stakeholders of TRM, and preliminary interview was conducted with executive officer and supervisory directors of CRR.


















Step4 Identification of materiality

Based on the interview results, significance of each issue to be addressed by CRR and TRM was reviewed for appropriateness. Materiality was identified by the Sustainability Promotion Council and reported to the board of directors of TRM and CRR.






SDGs with close relevance to the Materiality

The Materiality, which is shared between CRR and TRM, is identified by considering the impact from a view of risks and opportunities, and the significance for us to address. Our aim is to contribute to the SDGs (Sustainable Development Goals) through our commitment to the Materiality.

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



CRR’s initiatives towards to each Materiality

Environment (E)

Materiality	Policy	Status/Initiatives
<p>Reducing environmental impact</p>	<p>1. Energy use: Medium- to long-term target of 1% average annual reduction in energy use intensity. 2. Energy-related CO2 emissions: by 2030, 40% reduction in greenhouse gas emissions intensity (vs.2020).</p>	<ul style="list-style-type: none"> • Implementation of energy efficiency retrofits • Acquisition of environmental certifications/assessments, etc. • Efforts to improve waste management • Introduction of green leases • Monitoring by Sustainability Promotion Council • Promotion of environment-friendly procurement through “Green Procurement Standards”
<p>Relevant SDG Targets</p>	<p> 7.3 By 2030, double the global rate of improvement in energy efficiency</p> <p> 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> <p> 12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.</p>	



CRR’s initiatives towards to each Materiality

Society(S)

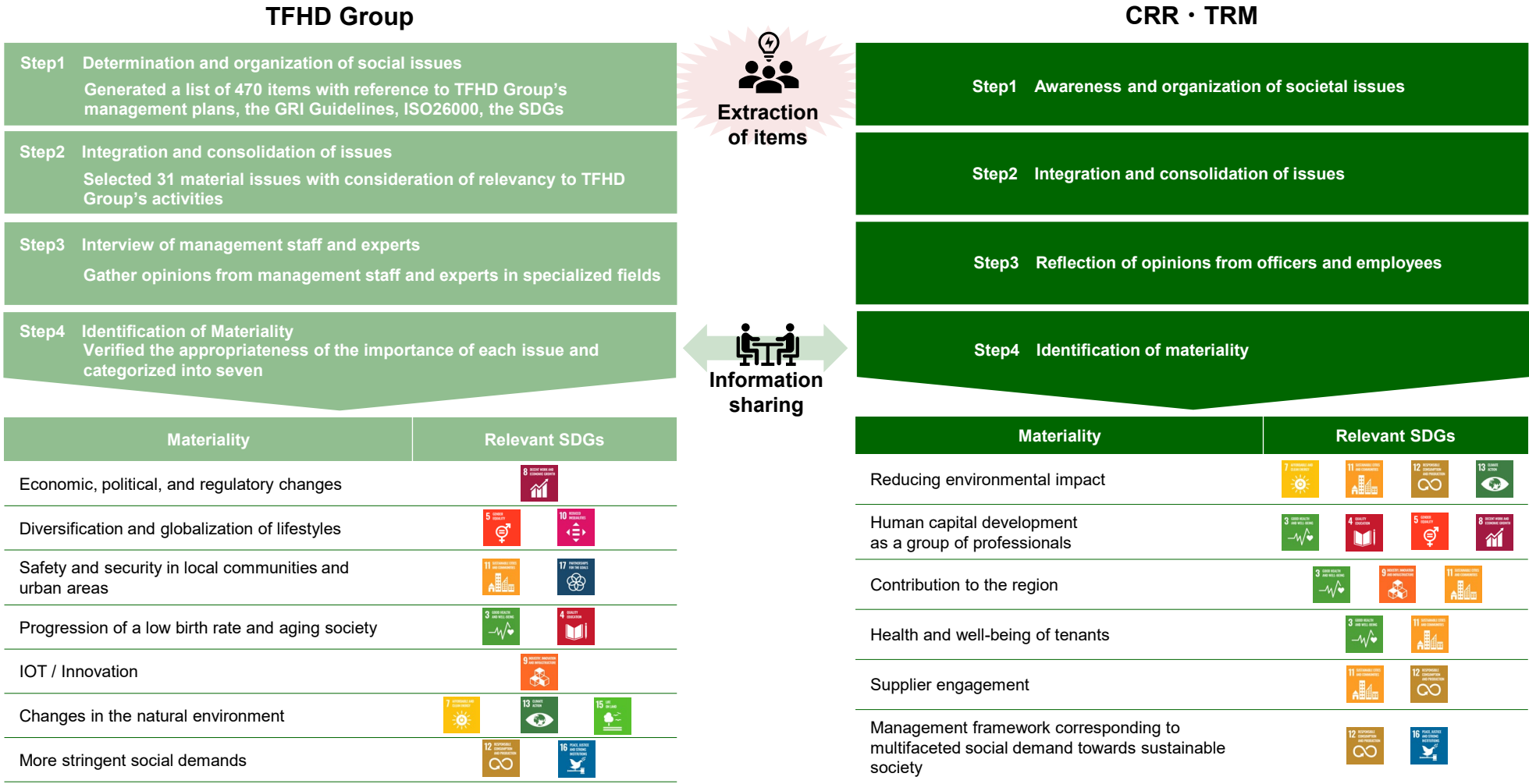
Materiality	Policy	Status/Initiatives
Human capital development as a group of professionals	<ul style="list-style-type: none"> Promote human resource strategy that indicates the requirements of desirable resources and facilitate development Commitment to health and well-being of each employee Deployment of measures based on Group KPIs (work-style reform, promotion of diversity) 	<ul style="list-style-type: none"> Disclosure of key employee data to present our human resources strategy and status of efforts on employee health and well-being (ratio of female employees, number of female directors and managers, turnover ratio, stress check participation ratio, etc.) Support acquisition of business knowledge, skills, qualifications, and implement various trainings Promote career development through periodic performance evaluation/feedback Periodic Health Committee Introduction of various support systems leveraging on Tokyu Group membership, etc.
Contribution to the region	<ol style="list-style-type: none"> Further improvement in disaster prevention functions Prompt recovery of assets under management Educational activities on fire and disaster prevention and disaster response Enhanced cooperation with local community 	<ul style="list-style-type: none"> Capital expenditure from disaster prevention perspective Public disclosure of evacuation sites/emergency reserves, etc. Relationship with local community (Corporation with local events, local disaster prevention, disaster response and infectious disease prevention etc.)
Health and well-being of tenants	<ul style="list-style-type: none"> Improve tenant satisfaction 	<ul style="list-style-type: none"> Check satisfaction via tenant survey and respond to comments by tenants Distribute guide map on managed facilities Deploy tenant service leveraging on group resources Hold tenant participation events
Supplier engagement	<ul style="list-style-type: none"> Aim for smooth property management by utilizing expert know-how of Tokyu Housing Lease, Tokyu Community, and other support agreement counterparties in TFHD Group. Share information and actively work on environmentally friendly procurement with PM/BM 	<ul style="list-style-type: none"> Build and promote collaborative structure through periodic monitoring Promote collaboration with all stakeholders through “Green Procurement Standards”
Relevant SDG Targets	 <p>11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries</p>  <p>12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p>	

CRR’s initiatives towards to each Materiality

Governance(G)

Materiality	Policy	Status/Initiatives
<p>Management framework corresponding to multifaceted social demand towards sustainable society</p>	<ol style="list-style-type: none"> 1. Express statement on governance of the investment corporation 2. Express statement on investment decision making body and the risk management system for investment 3. Establish framework for promoting implementation of the Sustainability Policy 	<ul style="list-style-type: none"> • Governance of the investment corporation • Investment decision making body and the risk management system for investment • Establishment of Sustainability Promotion Council for TRM
<p>Relevant SDG Targets</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div data-bbox="464 672 551 758">  </div> <div data-bbox="576 704 627 729"> <p>12.8</p> </div> <div data-bbox="665 689 1935 743"> <p>By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p> </div> </div> <div style="display: flex; flex-direction: column; gap: 10px; margin-top: 10px;"> <div data-bbox="464 789 551 875">  </div> <div data-bbox="576 821 627 846"> <p>16.7</p> </div> <div data-bbox="665 821 1624 846"> <p>Ensure responsive, inclusive, participatory and representative decision-making at all levels</p> </div> </div>	

Relevance of the Materiality of CRR and TRM to that of TFHD Group



(Note)TFHD Group's Materiality is those at the time of identification of Materiality for CRR and TRM

TFHD Group's Code of Conduct, etc. that TRM shares as a member of TFHD Group

As a member of TFHD Group, TRM does not only leverage TFHD Group's comprehensive value-chain and expertise, but also shares the Code of Conduct and other policies of TFHD Group.

Topics

Support for International Initiatives

Asset management company has announced support for PRI (Principles for Responsible Investment) and has been a signatory since December 2021. Refer to “External Certifications / International Initiatives” (Page 19) for more details.

With the support for TCFD(Task Force on Climate-related Financial Disclosures), the asset management company has made a set of climate action standards and making efforts to conduct information disclosure for CRR based on the TCFD recommendations. Refer to “Approach to Climate Change” (Page 23) for more details.

Signatory of:



CASBEE Certification for Real Estate

COMFORIA SHINJUKU EASTSIDE TOWER was the first residential REIT property to obtain the “S rank” of CASBEE Certification for Real Estate in December 2021. Consecutively, COMFORIA OMIYA also obtained the “S rank” in July 2022.



New Work Style Project

A voluntary team set up by asset management company employees launched a new project in October 2021, aiming to design and propose new work styles. Mainly concentrated on 3 Topics as “office and digital environment” “internal Communication ” and “Company System”, the team targeted on individual performance improvement and challenging spiritual company building and made renovative suggestions to the management. One of the suggestions that has been adopted is the online proposal box for all employees.



Additional ownership acquisition by the Sponsor

In the public offering conducted in February 2022, the Sponsor acquired an additional 2,410 units of the new investment units issued by CRR. Going forward, we expect to receive strong Sponsor support through the further aligning of our interests.

	Before issuing units	Issuing units	After issuing units
Number of units issued and outstanding	692,994	22,988	715,982
Number of units held by Sponsor	62,264	2,410	64,674
Percentage of units held by Sponsor	9.0%	10.5%	9.0%

External Certifications / International Initiatives

Signatory to PRI(Principles for Responsible Investment)

PRI(Principles for Responsible Investment) started in 2006, advocated by former United Nations Secretary-General to join a process to develop the following 6 Principles for Responsible Investment for financial industry, and has been developed as an international investor network by UNEP (FIUN Environment Programme Finance Initiative) and UNGC (UN Global Impact) to put these principles into practice. PRI works to understand the investment implications of environmental, social and governance (ESG) factors, and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The asset management company announced support for these principles and joined signatory in December 2021.

< Six Principles for Responsible Investment >

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

Signatory of:



Participate in GRESB Membership

The asset management company has well recognized the importance of environmental, social and governance (ESG) factors in investment and asset management, joined GRESB membership(GRESB Real Estate/ Company & Fund Manager Member) in February 2019.

As an International Initiative member, the asset management company has been conducting sustainability initiatives through network with pioneer company, related information collection and GRESB Real Estate rating, etc.



GRESB Real Estate Assessment

CRR has been participated in the GRESB Real Estate Assessment since 2018. We will continue to promote sustainability initiatives through the participation and aim to further improve its rating in the assessment.



Signatory to UNGC(UN Global Impact)

UNGC(UN Global Impact) is a voluntary global corporate sustainability initiative joined by corporate and bodies taking responsible and innovative leadership to seek sustainable growth. UNGC advocates corporate participant to align strategies and operations with 10 universal principles on human rights, labor, environment and anti-corruption and take actions that advance societal goals through active engagement.

TFHD has been a signatory to the United Nations Global Compact since December 2016 and TRM supports the UNGC’s 10 principles as a member of TFHD Group. (For the UNGC 10 principles, please refer to page 48.)

TRM shares the Human Rights Policy of TFHD Group announced in January 2020 (Cf. page 47) and conducts business in belief that the respect for the human rights of all its stakeholders is essential. We also believe that all the companies should hold such respect.



Support for TCFD (Task Force on Climate-related Financial Disclosures)

TCFD refers to the Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (FSB) at the request of G20, to examine how climate-related information should be disclosed, and how should financial institutions respond.

Asset Management Company has announced support for the recommendations of TCFD in January 2021, and joined the TCFD Consortium, an organization established by domestic companies supporting TCFD.



A photograph of a modern, multi-story building with a blue and white facade. The building has large glass windows and balconies. In the foreground, there is a courtyard with a water feature consisting of a shallow pool with large, light-colored rocks. The water is clear and reflects the surrounding greenery. There are several trees and plants in the courtyard, including a large tree on the left and a cluster of trees on the right. The overall scene is bright and green, suggesting a sustainable and eco-friendly environment.

Environment

Our View on Environment

We are implementing sustainable property management through various initiatives, including reducing energy usage and acquiring environmental certifications.



7.3 By 2030, double the global rate of improvement in energy efficiency



12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

Relevant SDG Targets

Environmental Performance

Reduction targets

Among the various problems relating to the environment, CRR views climate change as main risk, and we have specified the reduction of our environmental footprint as a target in our materiality.

We are aiming to reduce our energy consumption by 1% per year on an intensity basis over the medium to long term, and also reduce CO₂ emissions by 40% relative to FY2020 on an intensity basis until FY 2030. Recognizing that reducing our environmental footprint and contributing to the mitigation of medium-to long-term climate change risks, such as extreme weather and sea level rise, will support the maximization of medium-to long-term unitholder value, which is CRR's priority issue, we are striving for sustainable growth through initiatives targeting the environment and the realization of a recycling-oriented society.

Item	Reduction targets (Intensity basis)
Energy consumption per year	Medium-to long-term target of 1% average annual reduction
CO ₂ emissions per year	40% reduction by 2030 (vs.2020)
Water consumption per year	avoid increase in intensity
Waste generation per year	avoid increase in intensity

Actual Figures (Note1)

		2018	2019	2020	2021
Energy consumption <small>(Note3)</small>	Actual (Mwh)	9,024	9,693	8,420	8,917
	Intensity (Mwh/m ²)	0.102	0.113	0.091	0.092
CO ₂ emissions <small>(Note4)</small>	Scope 1 (t-CO ₂)	297	304	260	270
	Scope 2 (t-CO ₂)	3,505	3,720	3,121	3,233
	Total (t-CO ₂)	3,802	4,024	3,381	3,503
	Intensity (t-CO ₂ /m ²)	0.043	0.047	0.036	0.036
Water consumption <small>(Note 5)</small>	Actual (m ³)	38,232	39,089	40,122	29,160
	Intensity (m ³ /m ²)	0.413	0.426	0.406	0.283

(Note1)As a rule, the actual figures for common areas of rental residences in the portfolio are indicated. Intensity is calculated with the following formula: total consumption for a given year ÷ floor area of common areas (in the case of water usage, some private areas are included in the results).

(Note2) The actual figures from FY2020 were assured by a third-party organization. (Page 92)

(Note3)The actual figures for fuel (gas, kerosene) and electricity consumption in common areas are indicated, but the electricity consumption for 2018 and 2019 includes the amounts used by some retail tenants.

(Note4)CO₂ emissions were calculated using the Ministry of the Environment's "Calculation Method and Emission Coefficient List for the Calculation, Reporting, and Disclosure System" and "Emission Coefficient List by Electricity Provider."

(Note5) Since the water consumption amounts indicated in the assurance report (Page 92) include the consumption amounts for parts of operational rental residences, the values differ from the actual results above.

Besides, the actual figures of COMFORIA SHINOSAKA's exclusive area are included until March 30th, 2021. 22

Approach to Climate Change

How We Look at and Approach Climate Change

① Our Perception of and Basic Approach to Climate Change

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

The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), published in 2021, firmly concludes that humans have warmed the atmosphere, ocean, and land. The report attributes increases in greenhouse gas (GHG) concentrations including carbon dioxide since around 1750 to human activities such as heavy consumption of fossil fuels. At the 26th United Nations Climate Change conference (COP26) also held in 2021, participating countries formally agreed that they will pursue efforts to limit temperature increase to 1.5°C. This agreement came amid growing awareness that limiting the increase in the global temperature to 2°C above levels in the Industrial Revolution--the maximum allowable level under the Paris Agreement of 2015--will not preclude tremendous negative impacts. Given the global temperature has already risen by more than 1°C, however, we believe that achieving this target requires bold actions, including social and structural changes.

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

TRM, the asset management company to which CRR entrusts the management of its assets, is mindful of the need for environmental and social considerations and strong governance. And, as a member of the Tokyu Fudosan Holdings Group, the asset management company shares the Group's Sustainability Vision.

The asset management company believes that addressing these needs constitutes part of its social responsibilities and is also an avenue to practice its management philosophy. It also believes that doing so will contribute to development of a sustainable society. To put this belief into practice, the asset management company has identified materiality under its Sustainability Policy and shares them with CRR. For more information on the Sustainability Policy and the materiality, please refer to the asset management company's Sustainability Initiatives.

The escalation of climate change has a huge impact on our efforts toward "reducing environmental impact," one of our materiality. For this reason, we demonstrate to our suppliers our commitment to environmentally preferable purchasing with our Green Procurement Standards, established in September 2020. We join hands with our suppliers in taking action based on mutual understanding.

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

② Support for the TCFD Recommendation

Asset Management Company has announced support for the recommendations of TCFD in January 2021, and joined the TCFD Consortium, established by domestic companies supporting TCFD.



Organizational Governance for Addressing Climate Change

① Promotion System

For information on the implementation setup at The asset management company (including responses to climate change; hereinafter the same), please refer to “Promotion System” (Page 9).

② Sustainability Promotion Council

As part of its efforts to address sustainability issues, the asset management company convenes the Sustainability Promotion Council regularly to share sustainability-related information (including responses to climate change) and discuss measures to take on these challenges and implement them. The Council also monitors progress in our sustainability efforts regularly and continuously. For more information about the Council, please refer to “Sustainability Promotion Council” (Page 10).

③ Environment Management System

The Asset Management Company established a unique environment management system (EMS) which applies PDCA cycle to continuously approach to environmental challenges. We are working to continuously reduce environmental impacts in the management operation for CRR, through the cycle of four steps; set targets (Plan), assess performance (Do), analyze budget vs. actual (Check), and implement countermeasures for a better performance (Act).

The Asset Management Department of Comforia Management Division reviews actual performances regularly, reports review findings to the management at least once a year and receives both feedbacks for the fiscal year under review and directions for further improvement for the next fiscal year from the management.

④ Climate Action Standards

For matters related to addressing climate change, the Asset Management Company has in place a set of climate action standards, under which it has built its structure to promote sustainability and established an action policy that builds on the TCFD framework. For information on the management of risks and opportunities related to climate change, see “Managing Risks and Opportunities Related to Climate Change”(Page 29).

⑤ Reporting on Performance

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

Strategy That Factors in Risks and Opportunities Related to Climate Change

① Scenario Analysis Assumptions

Climate change risks can be largely divided into transition risks and physical risks. CRR has analyzed three scenarios--1.5°C, 2°C, and 4°C scenarios--using future climate predictions announced by two international organizations*. These scenario analyses have used two timeframes during which we will continue to be affected: mid-term (2030) and long-term (2050).

*International Energy Agency (IEA), World Energy Outlook 2021
UN Intergovernmental Panel on Climate Change (IPCC), The Fifth Assessment Report (AR5)

Global outlook under 4°C scenario

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

Climate, Natural Environment

- A 4.5°C rise in annual mean temperature in Japan from the 20th to 21st centuries
- More frequent violent typhoons toward the end of the 21st century
- About a fourfold increase in flooding frequency in Japan by the end of the 21st century compared with the 20th century
- More frequent storm surges due to a sea level rise of 0.45–0.82 m on global average caused by global warming

Policies, Laws & Regulations

- No progress in decarbonization policy from the present
- No strengthening of such systems as carbon taxes and emissions trading as well as of energy efficiency standards for buildings
- Tighter laws and regulations on disaster prevention and reduction
- Mild improvement in energy efficiency of existing properties

Investors, Financial Institutions

- The established practice of factoring in physical risks in making investment decisions despite a measure of increase in ESG investment
- Integrated or standards criteria not available despite more diversity in green finance mechanisms

CRR

- Rising costs of addressing floods and localized torrential rains
- Operating losses due to cessation of operations resulting from damage to properties caused by natural disasters
- No notable increase in construction and refurbishment costs as demand for constructing ZEBs and converting to ZEBs remains low
- More burden on PM, BM, and AM companies due to the need to procure emergency supplies, implement BCP, and conduct disaster response drills

Tenants, Customers, Local Communities

- More considerations paid to the health, comfort, and safety of tenants and customers (measures to prevent heat stroke, BCP, etc.)
- 3.2-fold increase in the per capita cost of air conditioning (to 61 dollars) from the current level due to rising mean temperatures
- Closer cooperation with local communities in times of disaster

Global outlook under 2°C and 1.5°C scenarios

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

Climate, Natural Environment

- A 1.4°C rise in annual mean temperature in Japan from the 20th to 21st centuries
- The frequency and intensity of typhoons largely unchanged from the current level
- About a twofold increase in flooding frequency in Japan by the end of 21st century compared with the 20th century
- A sea level rise of 0.26–0.55 m on global average caused by global warming

Policies, Laws & Regulations

- ZEBs being the standard for new constructions
- A rise in the average carbon price in developed countries up to 250 dollars per tone by 2050 with the introduction of a carbon tax and emissions trading
- Scale-up of environmental standards and disclosure policies associated with improved environmental literacy

Investors, Financial Institutions

- More emphasis on regulatory compliance and environmental certification
- Higher procurement costs for properties with low environmental or fire-resistant performance as investors consider ESG in making decisions and environmentally certified properties constitute a larger percentage of the investment portfolio
- Performance in addressing environmental impacts required as an essential appraisal criterion with green finance mechanisms in place

CRR

- ZEBs accounting for 100% of new constructions and more than 85% of existing properties from 2030 onward; an increase in capital investment for achieving these targets being reflected in acquisition costs
- A reduction of 40% in energy use from compared with 2020 due to more ZEBs, resulting in lower utilities expenses
- Additional operating expenses for complying with stricter laws and regulations, demonstrating environmental actions to stakeholders, and improving disclosures
- Lower income from rentals of properties with low environmental or fire-resistant performance
- More work to comply with stricter laws and regulations at PM, BM, and AM companies

Tenants, Customers, Local Communities

- Tenants' preference for properties with high environmental or fire-resistant performance; lower demand for those with low environmental or fire-resistant performance
- Only 1.8-fold increase in the per capita cost of air conditioning (to 35 dollars) from the current level despite rising mean temperatures
- Communication with local communities about disaster response playing a key role

② Analytical Procedure

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

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

Risk Category	Type	Item	Description of risks and opportunities	Category	Financial Impact				
					4°C	2°C		1.5°C	
					2050	2030	2050	2030	2050
Transition Risks	Policies, Laws & Regulations	Increased pricing of GHG emissions	Cost arising from carbon tax levy	Risk		Minor	Minor	Minor	Minor
			Higher efficiency due to shift to properties with higher eco performance	Opportunity		Minor	Minor	Minor	Minor
		Mandates on and regulation of existing products and services	Increased construction costs arising from compliance with ZEB-related and other environmental regulations	Risk		Minor	Major	Minor	Major
			Increased verification costs arising from compliance with ZEB-related and other environmental regulations	Risk		Minor	Minor	Minor	Minor
			Higher efficiency due to shift to properties with higher eco performance	Opportunity		Minor	Minor	Minor	Minor
	Technology	Substitution of existing products and services with lower emissions options	Increased costs arising from introduction of new technologies	Risk		Moderate	Major	Major	Major
			Higher efficiency due to shift to properties with higher eco performance	Opportunity		Minor	Minor	Minor	Minor
	Market	Changing customer behavior	Higher vacancy of properties with lower environmental performance	Risk		Minor	Minor	Minor	Minor
			Lower demand due to little shift to properties with higher fire-resistance	Risk		Minor	Minor	Minor	Minor
		Shift to high-efficiency properties	Securing competitive edge by shifting to properties with higher environmental performance	Opportunity		Major	Major	Major	Major
	Reputation	Increased stakeholder concern or negative stakeholder feedback	Divestment or poor access to capital markets	Risk		Minor	Minor	Minor	Minor
			Changing customer behavior	Lower demand due to little shift to properties with higher fire-resistance	Risk		Minor	Minor	Minor

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

Risk Category	Type	Item	Description of risks and opportunities	Category	Financial Impact				
					4°C	2°C		1.5°C	
					2050	2030	2050	2030	2050
Physical Risks	Acute	Increased severity of extreme weather events	Costs incurred from the need to address torrential rain disasters, etc.	Risk	Major				
			Loss of sales opportunities due to torrential rain disasters, etc.	Risk	Minor				
	Chronic	Rising mean temperatures and sea levels	Increased costs of air conditioning due to rising temperatures	Risk	Minor				
			Inundation due to sea level rise	Risk	Minor				

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

③ Analysis Findings

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

Tighter regulations will have a tremendous impact on tenants' choice of properties. It is expected that in comparing properties of different real estate agencies, demand for properties with lower energy efficiency will decline.

With an eye on a transition to a decarbonized society under the scenarios of under 2°C, CRR is committed to addressing these risks and maintaining its competitive edge. To these ends, CRR will take a number of actions. These include implementing energy efficiency retrofits, a typical example of which is a systematic switch-over to LED lighting in the communal areas; increasing the proportion of environmentally certified properties; and incorporating green-lease provisions in contracts with new tenants.

Under the 4°C scenario in which little progress will be made in decarbonization, CRR expects damage to its proprietary properties due to increased severity of extreme weather events and resultant increases in repair expenses. With regard to chronic changes such as rising mean temperatures, CRR is committed to reducing CO2 emissions by, for example, considering and replacing existing key equipment such as electric and air conditioning equipment with more energy-efficient equipment wherever possible when it reaches its end of life.

Managing Risks and Opportunities Related to Climate Change

Matters related to materialities regarding climate-related risks and opportunities and adaptation and resilience to climate change are regarded by the Asset Management Company as matters related to climate action in accordance with its climate action standards. They also constitute specific sustainability initiatives and are therefore part of the matters related to promoting sustainability.

In January 2022, we announced our support for the TCFD Recommendations, which prompted us to conduct scenario analyses described above. The analyses were aimed at identifying risks and opportunities arising from the impact climate change may have on CRR, assessing the impacts of these risks and opportunities on our business, and making changes to our future strategies as needed. Risks of particular importance were singled out in light of how likely they emerge, when they emerge if ever, and how they may impact our finances.

Based on the analysis findings, we will improve on our initiatives. To this end, we will execute function management with the help the EMS and monitor CRR's actions and their progress through the Sustainability Promotion Council.

Setting Metrics and Targets Related to Climate Change

① Metrics and Targets

CRR has identified its metrics and targets related to climate change under the category of "reducing environmental impact," one of the materialities it shares with the Asset Management Company. For the purposes of identification, CRR assessed risks and opportunities presented by the impacts of climate change as well as the importance of specific actions aimed at addressing these impacts. CRR has also set out a policy for reducing environmental impact. The policy covers four key areas: energy use, energy-related CO2 emissions, water conservation, and waste generation. Additionally, CRR has been stepping up efforts to improve energy efficiency under the following targets it has set for climate action. Specific actions to this end include implementing energy efficiency retrofits and incorporating green-lease provisions in tenant contracts.

- **Energy use: Medium- to long-term target of 1% average annual reduction in energy use intensity**
- **Energy-related CO2 emissions: by 2030, 40% reduction in greenhouse gas emissions intensity (vs.2020).**

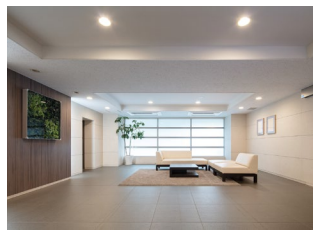
② Progress toward Targets as Well as Practices

CRR regularly discloses information on environmental performance with regard to energy consumption, CO2 emissions, and water consumption, as well as Environmental Certification and environmental impact reducing works. It also provides relevant information on the annual Sustainability Report and financial statements as part of ESG-related information.

Environmental Considerations

Switching to LED lights in common areas

For environmental conservation, CRR has been switching to LED lights in the common areas of properties. This will help reduce power consumption and environmental impact.



Replacing air conditioners in private areas

For environmental conservation, CRR has been replacing air conditioners that have reached a certain number of years since installation in the private areas of properties. This will help reduce power consumption and environmental impact.



Installation of electric power measuring system

In order to increase the actual electric power consumption coverage rate at owned properties, electric power measuring systems have been installed at 2 properties as of the end of July 2022. The installation makes it possible to measure power consumption at exclusive areas. Furthermore, activities to raise awareness for energy saving among tenants are being carried out.



Green-lease provisions

From the perspective of environmental friendliness, to reduce environmental load in collaboration with residents, we insert green-lease provisions in lease agreements, which are related to energy use and appropriate disposal of waste.

Green Procurement Standards

CRR will promote the reduction of the environmental load in cooperation with suppliers, etc. by establishing the Green Procurement Standards which are related to the procurement of environment-friendly materials, etc. (Cf. page 55)

Considerations for recycling-oriented society

Separate management of waste



CRR reduces environmental impact at properties through separate disposal of waste in cooperation with the management company. It is also making effort to improve resident satisfaction by taking measures to reduce odor at garbage collection points.

Use of Renewable Energy

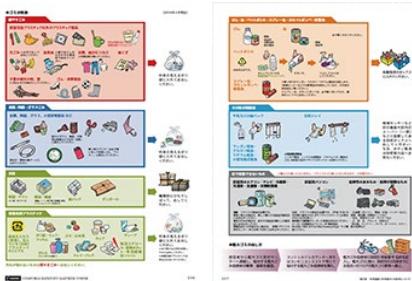


CRR utilizes renewable energy from solar power

Annual power generation of the solar power facilities in COMFORIA NAKAOCHIAI

4,199.7kwh
(Feb.2021~Jan.2022)

Providing garbage disposal guides



For environmental conservation, COMFORIA SHINJUKU EASTSIDE TOWER offers guidance on separate disposal of garbage in the user guides for residents to raise environmental awareness.

Sponsor's Renewable Energy Business

Our Sponsor Tokyu Land Corporation started environment-friendly renewable energy business in 2014 by utilizing long-amassed expertise in community planning and partner co-creation as a comprehensive developer. Participating in RE100^(note) as the first real estate company in 2019, TLC have reset 2022 as the target year for achieving RE100, or use of electricity from 100% renewable energy for corporate activities, accelerating the speed from expected FY2025.

Note: RE100 is the global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100% renewable electricity.

Electricity Saving Actions in Common Space & Facilities



In order to save common area's electricity power, we have cooperated with property management company to conduct air-conditioner temperature change and turned down the common area's lights in some of the properties. We have been making efforts to advocate energy efficiency to the tenants.



Considerations for recycling-oriented society

Recyclable Materials Widely used



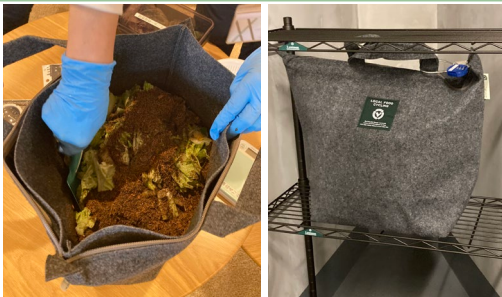
Environment-friendly/Energy-efficiency construction materials/facilities Lists have been made and used in bid specifications for Large-scale repair work. For example, recyclable tile carpet has been adopted in common area to reduce industrial waste and increase resource usage efficiency.

Reuse Event



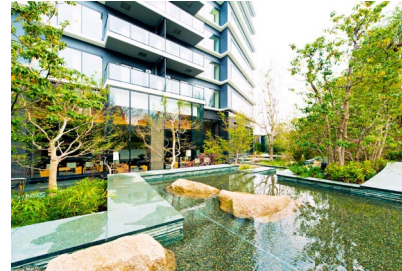
Asset management Company puts the 3R(Reduce, Reuse, Recycle) principles based on Green Procurement Standards into practice such as the reuse event, in which the employee voluntarily share the unused or low usage frequency goods with each other. A chance to advocate environmental-friendly actions and internal communications between employees.

Compost Trial



In Campus Village Urayasu, the kitchen waste and food scraps in the cafeteria are collected and put into the soil bag as compost. Interior gardening trial has started

Increasing Greenery and Biodiversity



With a site area of more than 1,000 square meters, Comforia Shinjuku Eastside Tower has developed a greening plan in accordance with the Ordinance for the Conservation and Restoration of Nature in Tokyo, based on which it offers a lush space filled with natural features.



At COMFORIA KINSHICHO DEUX, we have alleviated the heat island effect and implemented energy-saving measures by planting vegetation on the rooftop.

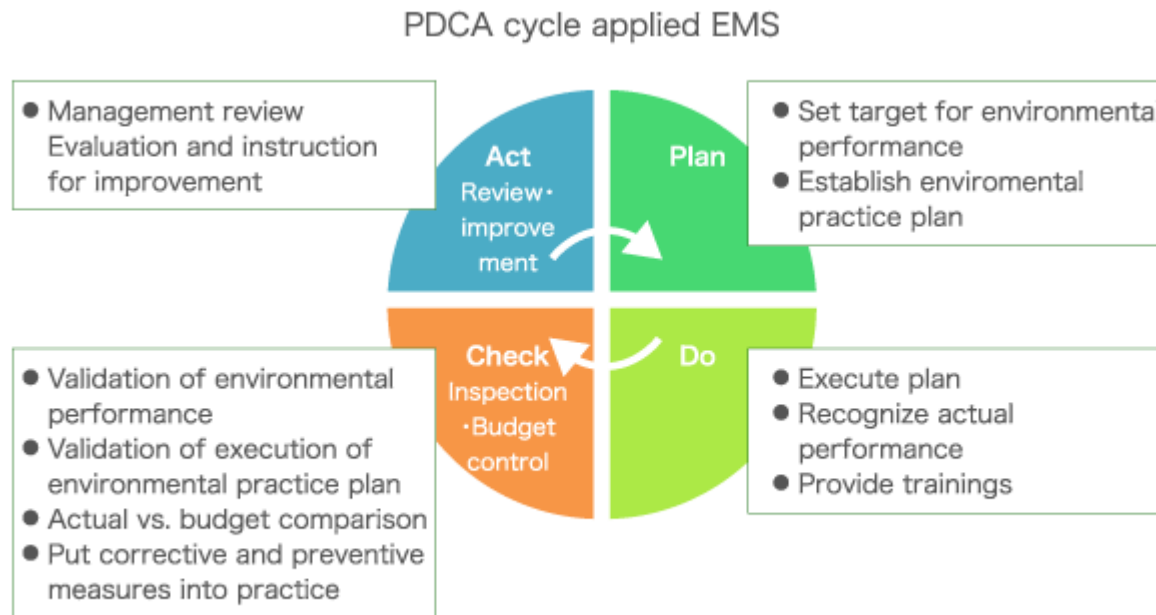
Efficient use of water



We comprehend owned properties' equipment using water and their function and consider introducing water-saving equipment at properties that have yet to employ said equipment where possible. We promote efficient use of water resources by changing to products that save hot/cold water.

Establishment the Environment Management System(EMS)

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



Urban Site Investment Criteria

Undeveloped Sites Commitment

CRR aims to secure stable income and achieve steady growth of our assets under management from a medium-to long-term perspective. When acquiring assets developed on undeveloped sites, we give ample, rigorous consideration to the impact that development activities have on the natural environment and ecosystems, as well as considering compliance with environmental laws, the acquisition of environmental certifications, etc. before investing in them.

Investments in Flexible / Mixed Use Properties

CRR owns a number of mixed-use properties. By investing in mixed-use properties that house facilities such as convenience stores and clinics, we contribute to improving the convenience of daily living for tenants and nearby residents, reducing the environmental footprint by reducing the travel distance between various facilities, and the revitalization of communities.



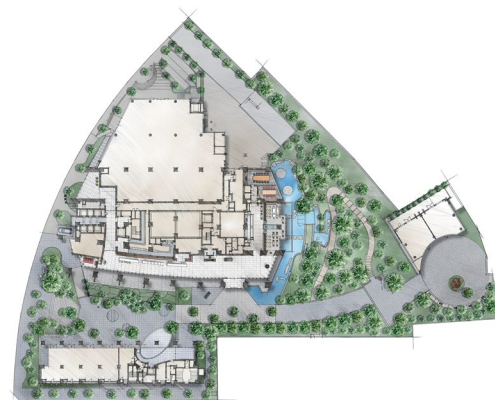
Environment Risk Assessment for New Acquisition

CRR makes investment decisions based on its investment strategies and the results of due diligence, including onsite investigation, property materials scrutinization, valuation appraisal report, engineering report, land contamination investigation report, etc.

Investments Towards Urban Revitalization and Redevelopment Properties

As a rule, CRR does not invest in unoccupied properties that have not been completed yet, such as new development projects, but we actively invest in properties developed based on redevelopment projects. Through the acquisition of such properties, we contribute to the revitalization of communities by improving convenience for local residents.

COMFORIA SHINJUKU EASTSIDE TOWER



Investments Towards Existing Urban Brownfield Redevelopment

Through investing in existing development areas, especially in Tokyo's 23 wards, CRR invests in properties that utilize existing infrastructure, such as roads, water and sewer lines, schools, and hospitals.

By making use of existing infrastructure, we are engaged in investment that prevents urban sprawl and leads to a decrease in energy consumption associated with shipping/traffic and the loss of green areas, which causes the heat island effect.

Green Building Certification

Believing that establishing a portfolio with a small environmental footprint will result in improved unitholder value in the medium-to long-term , CRR has targeted the acquisition 40% of environmental certifications by FY2030.

<p>Aim to obtain environmental certification</p>	<p>Performance (as of the end of Jul. 2022)</p>
<p>40% by FY2030</p>	<p>6 properties · 20.1% (based on gross floor area)</p>

DBJ Green Building Certification

DBJ Green Building Certification Program was launched by Development Bank of Japan Inc. (DBJ) for the purpose of supporting the properties which give proper care to environment and society (Green Building).The program evaluates, certifies and supports properties which are required by society and economy. It makes comprehensive assessment of properties, while evaluating various factors which range from properties' environmental features to their communication with stakeholders, such as disaster prevention and proper care for surrounding communities. Furthermore, there are 5 levels, "five stars", "four stars", "three stars", "two stars", "one star" as the certification ranks. CRR has acquired the DBJ Green Building Certification for the following property.

Five Stars		Four Stars			
 <p>COMFORIA SHINJUKU EASTSIDE TOWER</p>	 <p>DBJ Green Building 2021</p>  	 <p>DBJ Green Building 2020</p>  <p>COMFORIA TOYOCHO</p>	 <p>DBJ Green Building 2019</p>  <p>COMFORIA SHIBUYA WEST</p>	 <p>COMFORIA KAMATA</p>	 <p>COMFORIA HIGASHISHINJUKU STATION FRONT</p>

Green Building Certification

CRR has been making progress in the green building certifications. Comforia Shinjuku Eastside Tower was the first residential REIT property to obtain the “S rank” of CASBEE Certification for Real Estate in December 2021. Consecutively, Comforia Omiya also obtained the “S rank” in July 2022.

CASBEE Certification for Real Estate

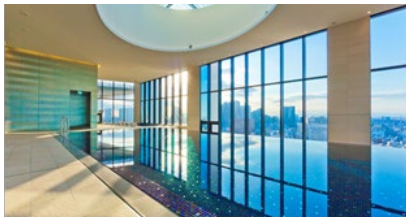
CASBEE is an evaluation system for rating the environmental performance of buildings, developed under the auspices of the Ministry of Land, Infrastructure, Transport and Tourism. The system rates the overall environmental performance of buildings from the following perspectives: the evaluation of the environmental quality and performance of buildings themselves and the external environmental load of buildings.

Certification for CASBEE for Real Estate is rated in four scales: rank S, rank A, rank B+ and rank B for buildings with over 1 year after completion.

[S Rank]



COMFORIA SHINJUKU EASTSIDE TOWER



COMFORIA OMIYA



Green Bonds

As part of its efforts to contribute to the development of sustainable society, CRR has issued the Green Bonds. CRR aims to further promote its sustainability initiatives through issuance of the green bonds, and invite new investors to its investment corporation bonds by stimulating their demand who have interest in ESG investment.

Green bond Framework

1. Use of Proceeds

The proceeds of the green bond will be allocated to acquire the existing or new buildings that meet the following Eligibility Criteria A ('Eligible Green Projects'), or refurbishments that meet the following Eligibility Criteria B or to refinance the existing loan/investment corporation bonds which have been allocated to Eligible Green Projects or refurbishments.

2. Eligibility Criteria

CRR shall apply one or more of the following criteria to allocate the proceeds into Eligible Projects:

A. Eligible Green Projects

Buildings that have achieved the following top three levels of third-party green building certification/recertification within 36 months prior to the payment date of green bonds or will achieve:

- ① B+, A or S Rank under CASBEE
- ② 3, 4 or 5 Stars under DBJ Green Building Certification Program
- ③ 3, 4 or 5 Stars under BELS

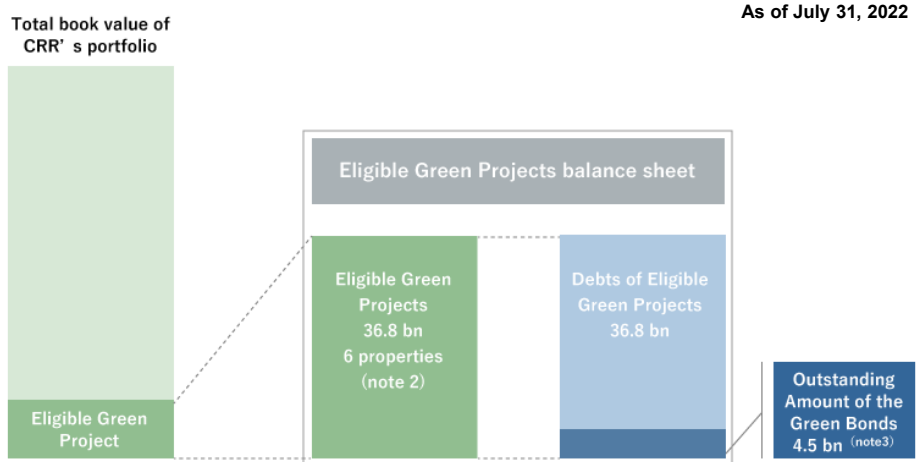
B. Refurbishments

Refurbishments with a primary purpose of achieving one of the following criteria and are completed within 36 months prior to the payment date of green bond or will be completed:

- ① Refurbishments with more than 20% reduction in energy consumption and water consumption
- ② Newly achieve the top three levels of green building certifications listed above Eligibility Criteria A or more than one level of star/rank improvement in the green building certification

3. Management of Proceeds

CRR extracts the Eligible Green Projects out of CRR's portfolio and uses the calculable total book value of the Eligible Green Projects as of the end of the latest fiscal period prior to the date of each bond issuance (note 1) as the Debts of Eligible Green Projects. As long as the Green Bond is outstanding, we will monitor once a year, to ensure that the total amount of outstanding green bonds does not exceed the sum of Debts of Eligible Green Projects and green bond proceeds allocated to refurbishments.



(Note1) "Eligible Green Projects as of the end of the latest fiscal period to the date of each bond issuance" refers to the buildings that have achieved the top three levels of one or more of the third-party green building certifications/recertifications within 36 months prior to the end of the financial period immediately preceding each date of bond issuance.

(Note2)The amount of Eligible Green Projects is calculated based on the book value at the end of July 2022.

(Note3)Outstanding amount of the green bonds is calculated as of July 31, 2022.

4. Reporting

CRR will disclose on its website the amount of Eligible Green Projects and/or refurbishments financed/refinanced, allocation status, including the amount of unallocated proceeds, schedule of allocation and managing method, of the net proceeds of green bonds as of end of every January until the proceeds are fully allocated. In the event of major change in situation, such as the accrual of unallocated funds as a result of the sale of relevant assets, such facts will be disclosed in a timely manner. CRR will also disclose that the total amount of outstanding green bonds does not exceed the sum of Debts of Eligible Green Projects and green bond proceeds allocated to refurbishments. Furthermore, after issuance, for as long as the green bonds are outstanding, it will annually report on the book value of all the Eligible Green Projects and the total amount of outstanding amount of the green bonds as of the last day of January in each year.

5. Impact Reporting

As long as there is an unredeemed balance of the relevant green bonds, CRR will annually disclose on its website summary and the progress and levels of certifications of Eligible Green Projects. Additionally, CRR will annually disclose the following indicators of Eligible Green Projects where CRR has energy control authority:

- ① Energy consumption
- ② Water consumption

As for the refurbishments that have been funded by the green bonds, the environmental benefits brought by each project will be disclosed. CRR will indicate an estimated rate of reduction (%) of energy consumption and water usage before and after the refurbishment.

Green Bond Summary

	Total issue amount (¥ million)	Interest rate	Offering date	Redemption date	Description
The 8th unsecured investment corporation bonds (green bonds)	1,500	0.550%	July 30, 2020	July 30, 2030	Unsecured non-guaranteed
The 10th unsecured investment corporation bonds (green bonds)	3,000	0.460%	July 8, 2021	July 8, 2031	Unsecured non-guaranteed
Total	4,500	-	-	-	-

Impact Reporting

	Energy consumption per year (kWh/m ²)	Water consumption per year (m ³ /m ²)
2019	41.68	0.2503
2020	38.48	0.2083
2021	39.77	0.2175

(Note) Results in the above table are actual figures for the common areas in the Eligible Green Projects of CRR.

List of CRR's Green Eligible Projects

Property no.	Property name	Received ranks			Book value at the end of the period (¥ million)
		DBJ Green Building Certification	Certification for CASBEE for Real Estate	BELS Certification	
98	COMFORIA SHINJUKU EASTSIDE TOWER	★★★★★	S Rank	-	11,790
107	COMFORIA KAMATA	★★★★	-	-	5,676
125	COMFORIA SHIBUYA WEST	★★★★	-	-	5,435
135	COMFORIA HIGASHISHINJUKU STATION FRONT	★★★★	-	-	5,635
145	COMFORIA TOYOCHO	★★★★	-	-	3,756
150	COMFORIA OMIYA	-	S Rank	-	4,581
Total Eligible Green Projects					36,875

(Note1) Listed are the buildings that have achieved the top three levels of one or more of the third-party green building certifications/recertifications within 36 months prior to July 31, 2022.

(Note2) "Book value at the end of the period" is calculated based on the book value at the end of July 2022. The book value of COMFORIA SHINJUKU EASTSIDE TOWER is calculated based on the Green-qualified portion of the total assets.

Society

Our View on Society

We are continuously maximizing unitholder value and fulfilling our social responsibilities through efforts to build favorable relationships between CRR and its stakeholders.





11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

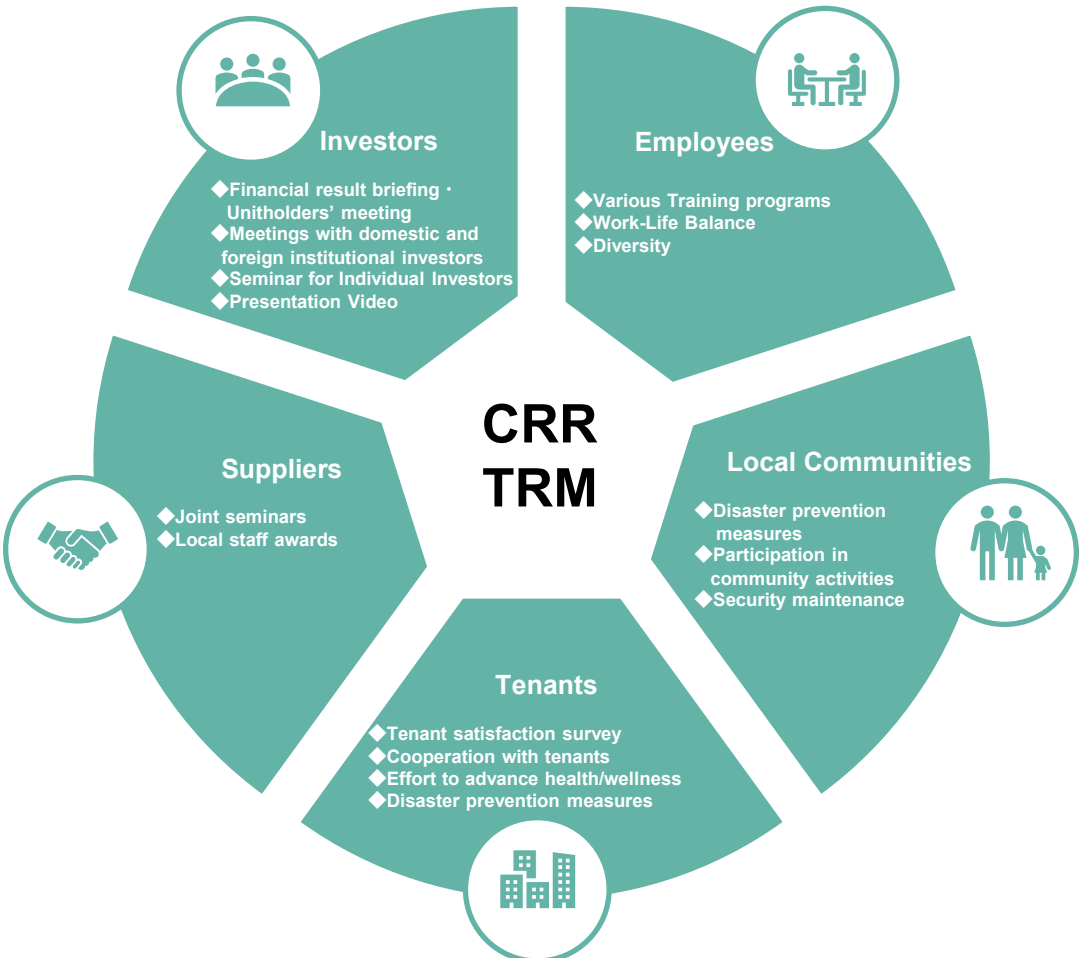


12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

Relevant SDG Targets

Stakeholder Engagement

In the pursuit of CRR's and TRM's business, our relationships with investors and various other stakeholders, including employees, local communities, tenants, and suppliers, are absolutely vital. We also recognize that building favorable relations with these stakeholders in the medium-to long-term is an essential factor in our aim of maximizing unitholder value, which is CRR's priority. We will continue to pursue our business as a member of society and work to further strengthen our relationships of trust with all stakeholders involved with CRR's and TRM's activities.



Employee Engagement

As a group of experts in real estate management, TRM provides high-quality asset management services with objective to maximize the value of its shareholders, and to that ends, we promote our own human-capital strategy in view of the importance of human capital development. TRM is making continuous effort to have various systems to form a working environment and organization enabling to realize and promote the health and comfort of employees.

Strategy of Human capital development & retention

■ Employee skill development (Utilization of external training institutions)

As a professional group involved in real estate management, TRM aims to maintain the quality of its services and further develop its operations. We promote and support the acquisition of specialized qualifications by our employees, and throughout the year, on a voluntary and planned basis, We hold training and seminars to share practical knowledge and industry trends or adapt to laws and regulations and implements a range of position-based training programs and personal development activities.

» Training program examples (Representative efforts)

Position-based trainings	Examples include orientation training for mid-career hires on wide range of knowledge on asset management business and understanding of regulatory compliance; management training for senior management and medium level employees; business skills training and anti-harassment seminar for all employees with utilizing of external training institutions.
ESG training	As part of awareness program on ESG investment, we invite external experts to provide employees with periodic training for their deeper understanding of ESG and introduction to new trends.

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

» Training attendance record

Item	FY2020	FY2021
Training hours per employee	27.3hours	26.5hours
Training expenses per employee	¥44,906	¥89,736

» Support for acquiring business related qualifications

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

Status of employee qualification (As of June 30, 2022)

Qualification	Number of employees	Use of Qualification Support System (FY202)
Real Estate Broker	90	9
ARES Certified Master	67	23
Certified Building Administrator	18	-
Certified Property Manager	14	4
Chartered Member of the Securities Analysts Association of Japan	2	-
Real Estate Consulting Master	3	-
Real Estate Appraiser	7	-
First-Class Architect	7	1

■ Training programs of Sponsor

The Sponsor offers HR training programs that enable each employee to exercise and develop their skills.

Desired human resources image		Position-based trainings	
Employee class (New employee ~ Ninth year employee)	<ul style="list-style-type: none"> • Self-management • Enhancement of organizational strength • Expansion of self-capacity 	New employee	<ul style="list-style-type: none"> • Training of New employee introduction • Joint training of TFHD Group New employees • Training of Accounting • Training of Critical Thinking
		Second year employee	<ul style="list-style-type: none"> • Training of Hypothesis Thinking • Training of Communication • Training of Finance
		Third year employee	<ul style="list-style-type: none"> • Training of Negotiation • Training of Facilitation • Training of Strategy/Marketing
		Fourth year employee	<ul style="list-style-type: none"> • Training of Legal/Compliance
Chief class	<ul style="list-style-type: none"> • Leader-ship skill • Management skill • Expansion of self-capacity 	<ul style="list-style-type: none"> • Strategy · Marketing (Advanced) · Assessment 	
Management class		<ul style="list-style-type: none"> • Training of New Group-leader 	
		<ul style="list-style-type: none"> • Training of New Group-leader Coaching 	
		<ul style="list-style-type: none"> • Training of Executive Manager 	
		<ul style="list-style-type: none"> • Digital Transformation 	

(Note) Employees temporarily assigned to TRM from the Sponsor are included in the above training.

■ Personnel system

TRM has regular communication opportunities with employees including one-on-one session with the direct supervisor and review staff's performance based on the objective of career development set by each. We encourage each staff to have their own career plan and to acquire skills that are competent inside and outside of the company. ESG-related efforts and relevant items are included in the annual target to set. Based upon the fact that the number of employees of TRM had increased to a certain size, partly because of the merger happened in 2017, we decided to conduct shuffling of employees among different divisions in order to raise career development of our employees. Meanwhile when conducting such occupational relocation, we pay close attention to the information firewall between the different business divisions.

■ Personnel System

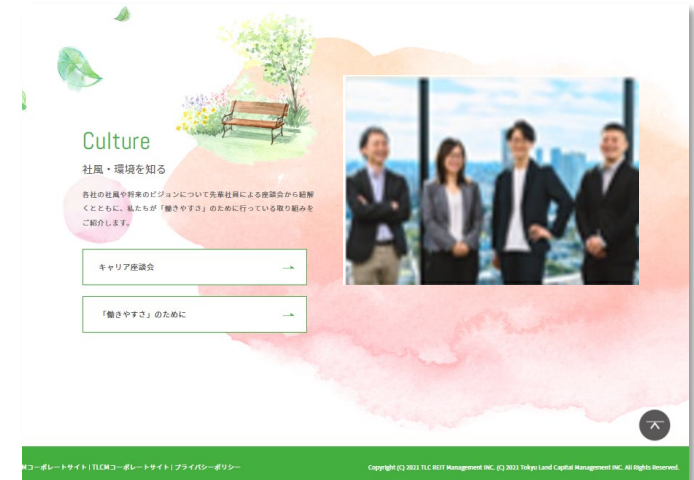
The asset management company conduct regular communication with employees by one-on-one meeting between employees and their direct supervisors and performance review based on individual career development objective setting and realization conditions. Each personnel is encouraged to have their own career plan and to acquire skills that are competitive both inside and outside of the company. ESG-related target are also required to be set in the annual targets.

■ Human Resource Exchange

The asset company takes staff seconded from the sponsor group companies and dispatcher its employees to the sponsor group to provide the employees with various professional experiences. As the number of employees increased to a certain size, partly due to the merger in 2017, employees shuffling among different divisions are also allowed for the purpose of career development. And when such position relocation happened, we pay close attention to the information firewall between different business divisions.

■ Recruitment website

In December 2021, asset management company launched a career page to attract potential candidates by comprehensively presenting the company's business, characteristics, and cultures, etc. The website contents include interviews with current employees, round-table talk, career path possibly realized in the company. (Recruitment page: <https://www.tokyu-trm.co.jp/recruitinformation/>)



For work-life balance & health of employees

■ Working-style reform

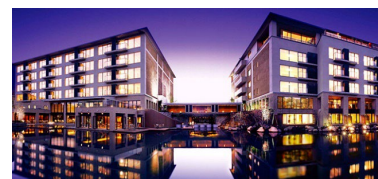
Recently, under the working-style reform trend including rectifying the practice of working long hours, TRM actively takes approaches to introduce more flexible working style of employees with objective to improve their work-life balance.

Paid-leave usage encouragement	Every year, employees are required to set up so-called “commitment holidays”, a seven-day paid leave (five days in a row + two days immediately before or after that week) and to share such committed calendar within the teams they belong to. TRM is also creating business environment for the employees to digest their allocated paid leaves, by proactively setting up recommended days to use paid leaves.
Flex-time work system	We have introduced a flex time working system for all employees. Core time is set between 11:00 and 15:00, and employees are free to set start and finish of their work hours around the core time to support more flexible working style considering the wide variety of living environment of each individual.
Work-from-home system	The Covid-19 outbreak pulled the need for introduction of work-from-home, and we are working to improve productivity with reducing commuting time to workplace. Use of serviced office space is also allowed under preset rules.
Effort to reduce overtime	In order to prevent excessive long working hours, TRM is taking necessary measures. The employees are required to set an upper limit of overtime working hours at the beginning of the fiscal year, and such objectives are regularly monitored and reminded. In certain cases, we intentionally raise them as a meeting agenda if the working hours are excessively long.

■ Welfare programs

TRM values its employees, their well-beings, and healthy performance in work, and provides all staff with various welfare programs to improve their satisfaction as below.
(Excludes contract/dispatched employees for some Welfare programs)

Cafeteria plan	To support self-support and independence of permanent employees, we provide them with financial aid for medical fees, subsidies for use of sports facilities, studying, volunteer activities, employee shareholding program, and use of the facilities Tokyu group companies operate.
Welfare programs	Various systems are in place to provide support for employees at each stage of life, such as maternity leaves, childcare leaves, child medical leave, nursing-care leave.
	We support asset formation by permanent employees, by inviting external financial planners to offer introductory sessions on topics including defined contribution pension matching program which TRM offers and the insurance system by the Tokyu group.
	Through our employee stock ownership plan and cumulative REIT investment program, we provide financial incentives for purchasing fixed amounts of TFHDs stock, Comforia Residential REIT investment units, and Activia Properties investment units.
	We increased the number of available facilities to enable more employees to use the popular exclusive resort membership “Tokyu Harvest Club.”





Internal communication

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

Employee study groups	Younger employees have led voluntary organization of cross-divisional study groups to share information on businesses unique to each division, and on necessary knowledge/skills.
Support for company circle activities	Financial support is provided to employees for company club activities.
Luncheon	To enhance communication among employees, regular luncheons by groups of a small number of staff have been organized.

Employee health & comfort

TRM is making effort to maintain the workplace healthy and comfortable, encouraging employees to show the best performance.

Working environment	<p>Workplace of TRM is in Shibuya, an exciting and innovative city where the areas people live and play are closely connected. Employees can take beverages for free and use individual spaces, and a space for refreshment is created with green on the terrace of the building where TRM is located, Shibuya SOLASTA. The building earned the CASBEE Wellness Office, a recognition of the building's ability to promote health and comfort of people work in the building.</p> 
	<p>Also, as a preventive measure against COVID-19, the workspace of TRM is equipped with protective panels on the desks in office space and meeting rooms, as well as air purifiers at the elevators.</p> 
Healthcare	Employees are obliged to take annual medical checkups. There is also a mental health consultation desk.
Health Committee	Health Committee is established to improve employees' occupational health. The Committee examines labor-related problems occurred in the company, reports the results of investigation on comfort and safety in the workspace, and takes measures to increase awareness for mental and physical health by poster, etc. Lectures by industrial physicians on related themes are held.
One-on-one session with HR	Once a year, employees have one-on-one session with HR department, where they can discuss and share their career development plan and explain their troubles and expectations related to the relationship with supervisors and colleagues. The confidentiality of employee information is guaranteed.
Whistleblower system	TRM established the Compliance Helpline Counter as a contact point to report and consult on compliance matters including when harassment and bullying is experienced or observed, enabling all officers and employees to directly report to the Compliance Officer of TRM, General Manager of Legal Affairs Department of TLC, General Manager of Group Legal Affairs Department of TFHD, or external attorneys. Moreover, we pledge to maintain the confidentiality of personal information or investigation-related information about the individual who reported or consulted on the matter and the subject of the report or consultation, which shall not be disclosed internally or externally without good reason.

■ Employee satisfaction survey (Survey with a third-party)

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

Item	FY2019	FY2020	FY2021
Employee engagement level	62.6	60.8(Note)	62.8
Nb. of responses / Nb. of eligible employees	95 / 95	96 / 98	100/100
Participation rate	100%	98%	100%

(Note) The figures are in high level among Japanese companies, and the engagement status is overall good.

■ New Work Style Project

A voluntary team set up by asset management company employees launched a new project in October 2021, aiming to design and propose new work styles. Mainly concentrated on 3 Topics as “office and digital environment” “internal Communication” and “Company System”, the team targeted on individual performance improvement and challenging spiritual company building and made renovative suggestions to the management. One of the suggestions that has been adopted is the online proposal box for all employees.



目安箱

会社へのご要望について、希望される内容やご意見があれば記載をお願いします
 こちらは通年いつでもご記入いただけます
 ※ 月1回程度、アンケート記入状況の確認をし、適宜Teamsにて展開いたします

こんにちは、郵帳。このフォームを送信すると、所有者に名前とメールアドレスが表示されます。

* 必須

1.会社へのご要望について希望されていること、他ご意見について記入してください*

回答を入力してください

2.ご回答ありがとうございました

送信

Diversity

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

■ Human Right Policy

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

TFHD Group Human Rights Policy

<p style="text-align: center;">Tokyu Fudosan Holdings Group Human Rights Policy</p> <p>Tokyu Fudosan Holdings Group (hereinafter, "the Group") solves social issues through our business activities and works with stakeholders to realize a sustainable society and growth. The Group recognizes that respecting the human rights of employees and all stakeholders involved in its businesses is an essential requirement of a company with global operations.</p> <p>1. Adherence to International Human Rights Standards</p> <p>The Group upholds and respects human rights as outlined in the International Bill of Human Rights (Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights) and the ILO Declaration on Fundamental Principles and Rights at Work. It promotes responsible management according to the UN Guiding Principles on Business and Human Rights, as well as the principles of the UN Global Compact. Whenever there is a conflict between internationally recognized human rights standards and the laws of a country in which it operates, the Group seeks ways to uphold global human rights principles.</p> <p>2. Importance of this Policy</p> <p>The Group states "Respect human rights" in its Code of Conduct and encourages individual employees to give due consideration to human rights in their activities. In addition to respecting basic human rights in compliance with the local laws and regulations implemented in the regions where it has bases, it takes steps to prevent discriminatory behavior and speech, sexual harassment and power abuse while making efforts to respect the diverse values, individuality, and privacy of individuals. The Tokyu Fudosan Holdings Group Human Rights Policy (hereinafter, "this Policy") serves as a detailed explanation concerning the requirement to respect human rights in the Group Code of Conduct.</p> <p>3. Scope</p> <p>This Policy applies to all Group officers and employees, and the necessary education and training is provided. The operating officer in charge of human resources is responsible for the application of this Policy. Business partners of the Group are expected to support this Policy and to work with the Group to protect human rights.</p>	<p>4. Human Rights Due Diligence and Remedies</p> <p>The Group carries out human rights due diligence to identify any actual or potential impacts that business activities may have on human rights, and the Group then prevents or mitigates them. Whenever it is discovered that the Group's activities have caused or contributed to adverse impacts on human rights, the Group will work to remedy the situation. The Group will make efforts to rectify any business or service that may be linked to adverse impacts on human rights through the actions of business partners or other relevant parties. A mechanism will also be established that allows internal and external stakeholders to report and consult on Group activities that may affect human rights.</p> <p>5. Stakeholder Dialogue</p> <p>As the Group's wide-ranging business areas, including real estate, largely affect communities and society, it is essential to work closely with a variety of stakeholders. With this in mind, the Group engages in dialogue with its stakeholders, including employees, local communities, business partners, and customers. It also shares the progress of its efforts on its website and in its integrated reports.</p> <p>6. Priority Human Rights Issues</p> <p>In order to avoid any infringement of human rights as a result of business activities, the Group will maintain a close dialogue with stakeholders and external experts concerning social and environmental changes and its business direction, and it will identify priority human rights issues as they arise.</p> <p>December 25, 2019</p> <p>Yuji Okuma President & Chief Executive Officer (CEO)</p> <p style="text-align: center;">大隈 郁 仁</p>
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Respecting basic labor rights and aiming at coexistence and co-prosperity with employees, TFHD Group supports and respects the OECD Guidelines for Multinational Enterprises, international labor standards and Guiding Principles on Business and Human Rights. In December 2016, the Group stated its support for the UN Global Compact. In accordance with the ten principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption, we promote responsible management and contribute to a sustainable society. TFHD Group's support for UN Global Compact shall apply to all group companies including TRM

Fundamental rights in hiring and employment of TFHD Group

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

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

The 10 Principles of the UN Global Compact

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

Key Employee Data

Item	The end of April 2019	The end of April 2020	The end of April 2021	The end of April 2022	KPI target for FY2030	TFHD Group FY2030 KPI (Note8)
Number of Employees (Note1)	93	97	106	103	—	—
Male	55	55	59	60	—	—
Female	38	42	47	43	—	—
Of which full-time	41	47	53	56	—	—
Male	21	25	30	32	—	—
Female	20	22	23	24	—	—
Of which contract employees	12	12	14	13	—	—
Male	2	1	1	1	—	—
Female	10	11	13	12	—	—
Of which contract employees from convert temporary employees	6 (Note2)	2	1	1	—	—
Of which seconded (Note3)	40	38	39	34	—	—
Male	32	29	28	27	—	—
Female	8	9	11	7	—	—
Ratio of female employees	40.9%	43.3%	44.3%	42.0%	50.0%	over50%
(Reference)Temporary employees	3	7	8	9	—	—
Male	0	1	2	3	—	—
Female	3	6	6	6	—	—
New Hire (Note4)	10	8	6	6	—	—
Male	3	5	5	5	—	—
Female	7	3	1	1	—	—
Of which full-time employees from contract employees (Note5)	2	1	0	1	—	—
Number of Directors (Note6)	4	4	4	4	—	—
Of which female directors	1	1	0	2	—	—
Ratio of female directors	25.0%	25.0%	16.6% (Note9)	50.0%	50.0%	—
Number of senior management (Senior Manager or above)	27	29	31	32	—	—
Of which female senior management	4	3	5	5	—	—
Ratio of female senior management	14.8%	10.3%	16.1%	15.6%	40.0%	over20%
Turnover ratio (Note7)	0.0%	1.0%	0.0%	4.7%	1.0%	—

(Note1) Full-time, contract and seconded employees (Note2) Number of Persons as of end of April 2019 is the total number from FY2017 (Note3) Tokyu Land Corp. and Tokyu Community Corp.
 (Note4) Full-time employee (Note5) Implemented from FY2018 (Note6) Including part-time staff (Note7) Full-time
 (Note8) Shared Group-wide criteria for TFHD Group FY2030 KPI (Note9) Only this item shows the figures as of June 2021.

Status of Work-Style Reform and Diversity Promotion

Item	FY2017	FY2018	FY2019	FY2020	FY2021	KPI target for 2030	TFHD Group FY2030 KPI (Note3)
Health check participation	97.7%	100%	96%	94.7%	100%	100.0%	100%
Stress check participation	94.3%	97.8%	100.0%	98.9%	100%	100.0%	—
Annual paid leave per person	11.5days	10.8days	11.5days	9.9days	11.1	—	—
Ratio of disabled employees	0.0%	0.0%	1.2%	1.0%	1.0%	2.3%	—
Number of employees aged 60 or above	1	1	1	3	2	—	—
Foreign employees	0	0	0	1 (Note4)	1	—	—
Monthly average overtime	22.5hours	29.4hours	21.2hours	19.4hours	24.0hours	—	—
Number of workers' injuries/death incident	0	0	0	0	0	—	—
Absentee rate	0.5%	0.3%	0.5%	0.4%	0.3%	—	—
Ratio of employees on leave	0.0%	0.0%	0.0%	0.0%	1.0%	—	—
Childcare leave users	0	0	0	3	6	—	Ratio of male childcare leave 100%
Childcare short working hour/childcare off-peak commuting users (Note1)	1	2	1	0	5	—	—
Nursing-care leave users	0	0	0	0	0	—	—
Home Office utilization rate	—	—	100% (Note2)	100%	100%	—	—

(Note1) A system that allows flexible work hours corresponding to lifestyle (example: 8:00-16:30 work) (Note2) Utilization rate of work-from-home between March and April 2020

(Note3) Shared Group-wide criteria for TFHD Group FY2030 KPI (Note4) Only this item shows the figures as of June 2021.

Initiatives to Local Communities

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

Security of the local community



There is a police box on the premises of COMFORIA SHINJUKU EASTSIDE TOWER, contributing to the security of the local community.

Installation of donation-type vending machines



To improve the safety and sense of security of residents and the local community, we have installed disaster response vending machines at some of the properties owned by CRR. These machines can provide drinks as relief supplies to victims of strong earthquakes, typhoons, and other natural disasters.

Contribution to the region



TRM periodically participate in "town cleaning" sponsored by green bird (specified non-profit corporation).

Corporate version Hometown Tax Payment



Through the regional revitalization support tax system, TRM made a donation to a fundraising program in order to support medical staff in Hokkaido pref. where CRR owns a property. This donation is a part of efforts to "contribution to local communities", one of the Materiality that CRR shares with TRM.

Bicycle/Scooter Sharing services



Until August 1, 2022, we have introduced bicycle sharing space at 14 properties to provide convenient and healthy transportation vehicles to residents living in and nearby, making the connection to local station or neighborhood faster and closer, and contribute to the smart city planning of Tokyo.

Disaster provision warehouse and manhole toilets



At COMFORIA SHINJUKU EASTSIDE TOWER, we have established a disaster provision warehouse designated by the Shinjuku ward and manhole toilets for neighboring residents and workers in preparation for a disaster. We have also entered into an emergency mutual assistance agreement with three neighboring town councils to strengthen partnerships.

Initiatives to Tenants

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

Conduct Tenant satisfaction survey

Every year we carry out a questionnaire survey of the residents of the Comforia series, which are operated by CRR, on the Comforia brand as well as residents' satisfaction and requests regarding management and operation. Based on the opinions and requests of residents, we take actions with the aim of providing better services. An example of how we have improved tenant satisfaction is the increase in the number of delivery lockers in response to the opinion that there were not enough lockers due to the recent rise of e-commerce.

Survey		2017	2018	2019	2020	2021
Building Cleaning (Common Areas)	Satisfied	73%	68%	72%	73%	74%
	Neutral	14%	18%	15%	13%	12%
	Unsatisfied	13%	14%	13%	14%	14%
Building Management & Service	Satisfied	68%	67%	69%	68%	69%
	Neutral	26%	22%	24%	24%	21%
	Unsatisfied	6%	11%	7%	8%	10%



COMFORIA WELBOX



COMFORIA WELBOX provides a wide range of services to the residents of the Comforia series, which are operated by CRR. In addition to various discounts using the Group's resources, we offer preferential rates for moving to another property in the Comforia series and we carry out resident satisfaction surveys using the COMFORIA WELBOX platform in an effort to improve resident satisfaction with the aim of encouraging longer periods of residence.

Exclusive Area Value UP (COMFORIA MINAMISUNAMACHI)

The unused common room has been renovated to a 3bedroom units targeted family tenants, with working space and multifunctional LED ceiling light, which meet the family needs and create new income instantly.



Supply of emergency kits and evacuation map

After the Great East Japan Earthquake, to enhance the safety and the sense of security of our residents, we provide emergency kits (emergency food and goods) in the elevators of every property, we also post evacuation maps in common space of all properties to inform residents of area for evacuation in preparation for an earthquake or other disaster.



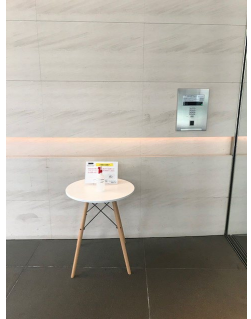
Preventive measures against COVID-19(CRR)

Implemented measures of putting posters of infections disease measures to raise tenants' attention, and setting alcohol-based hand sanitizers in common spaces, etc.

Infections disease measures posters

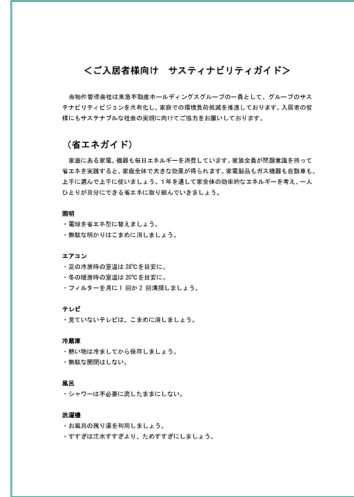


Alcohol-based hand sanitizer



Cooperation with tenants

As part of our initiatives in collaboration with tenants, we created and distributed a Sustainability Guide. This guide promotes reduction of households' environmental footprint, primarily through energy saving and the 3 Rs, and tenants are pursuing various efforts aimed at the realization of a sustainable society.



Effort to advance health / wellness



Comforia ITABASHI NAKAJUKU provided running lessons for tenants which were organized by Tokyu Sports Oasis, Inc.

Initiatives to Suppliers

TRM recognizes the importance of cooperation with its suppliers, as stated in the Sustainability Policy, that it provides initiatives and procurement with consideration to the environment and society, through engagement to suppliers such as PM, BM, Appraisal companies and Engineering Report companies etc. As part of the initiatives, TRM established the Green Procurement Standard and monitors ESG consideration in the operation of its important suppliers including PM and other companies.

Joint seminars



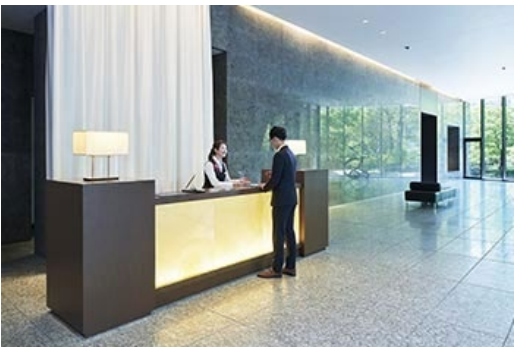
We work to foster a culture that ESG initiatives are to be taken by our entire supply chain, not limited to the officer and employees of TRM. To that end, ESG training sessions are co-organized by TRM and PMs. In FY2020, TRM organized also virtual seminars themed ESG trend, Materiality and application of the Green Procurement Standard.

Label Free Drink



Since April 2022, TRM has introduced label-free pet bottle drinks to reduce usage of plastic and simplify waste sorting. The label free drinks are provided to visitors and employees, procured from suppliers who are committed to work for sustainable society and environment, for the purpose of enhancing the environment protection consciousness.

Local staff awards



At COMFORIA SHINJUKU EASTSIDE TOWER, we provide awards for concierge staff. In addition to increasing the motivation of these staff members, we believe this helps to establish an operating structure with a feeling of togetherness between asset management and building management personnel.

Green Procurement Standard

As a member of TFHD Group, TRM shares the Group’s “Sustainable Procurement Policy” published on January 31, 2020 and works on challenges to environmental crisis such as climate change. Our objective is to work on this goal, together with all the stakeholders including our suppliers. In line with the Group’s procurement policy, TRM established the “Green Procurement Standard” to translate the policy into practical measures. This standard broadly states to suppliers that environment-friendly procurement is to be carried out, and together with them, TRM works to promote more sophisticated efforts based on the Policy. The scope of application of this standard includes direct or indirect transactions related to products, services, raw materials, and design/construction procured by TRM and CRR.

TFHD Group Sustainable Procurement Policy Articles

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

Initiatives Complying with Green Procurement Standards

Environment-friendly/Energy-efficiency construction materials/facilities Lists have been made and used as attachments in bid specifications for Large-scale repair work.

サステナビリティへの取り組みについて

1. サステナビリティ方針について

2. グリーン調達基準について

3. 人権とコミュニティについて

【参考】環境配慮型製品

(1) グリーン購入法

グリーン購入法	国策による環境配慮品の調達に関する取組（グリーン購入法）の推進を図るための取組事項に関する取組
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(2) 環境配慮型製品の取組

取組内容	取組の目的	取組の状況
建築資材の削減	<ol style="list-style-type: none"> カーボン・フットプリントを削減するための取組である 資源消費の削減と廃棄物の削減に効果がある カーボン・フットプリント削減の取組が可能な取組である 	
建築・設計ソフトウェア	<ol style="list-style-type: none"> 環境負荷を削減している（低炭素の取組） エネルギー、温室効果ガスの削減に効果がある取組である エネルギー消費削減によるCO2削減に効果がある 温室効果ガス削減によるCO2削減に効果がある 温室効果ガス削減によるCO2削減に効果がある 	
安全資材の使用	<ol style="list-style-type: none"> 健康被害や事故に起因する環境汚染の発生を抑制する取組である 安全な資材を使用している 安全に資材を使用するための取組である取組である 安全に資材を使用するための取組である取組である 安全に資材を使用するための取組である取組である 	
グリーン調達	<ol style="list-style-type: none"> カーボン・フットプリント削減に効果がある 資源消費の削減と廃棄物の削減に効果がある カーボン・フットプリント削減の取組が可能な取組である 	
建築費の削減	<ol style="list-style-type: none"> 資材の削減によるコスト削減に効果がある 資材の削減によるコスト削減に効果がある 資材の削減によるコスト削減に効果がある 	
環境配慮型製品の取組	<ol style="list-style-type: none"> 環境負荷を削減している 資源消費の削減と廃棄物の削減に効果がある カーボン・フットプリント削減の取組が可能な取組である 	

Recyclable
Tile Carpet adopted to
enhance resource efficiency





COMFORIA SASAZUKA



Initiatives to Investors

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

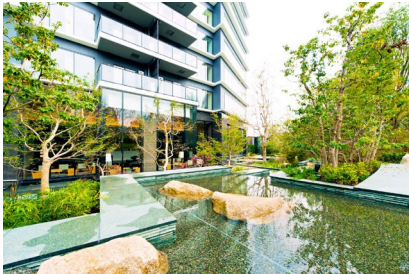
IR activities for domestic and foreign institutional investors

◆ Sep. 17	Sep. 2021~Dec. 2021	◆ Mar. 17	Mar. 2022~Jul. 2022
 Presentation Video コンフォリア・レジデンシャル投資法人 第23期 (2021年7月期) 決算説明会	◆ One-on-one Meetings 99 companies ◆ Online conference once	 Presentation Video コンフォリア・レジデンシャル投資法人 第23期 (2022年1月期) 決算説明会	◆ One-on-one Meetings 84 companies
FP 23rd Aug. 2021	Sep.	FP 24th Feb.	Jul.

IR activities for individual investors

◆ Oct. 9	◆ Oct. 30	◆ May. 14	◆ Jun. 29
 SMBC Nikko Securities WEB J-REIT Fair 2021	 Online IR Seminar	 Online IR Seminar	 Nikkei J-REIT/Infrastructure Fund WEB Seminar

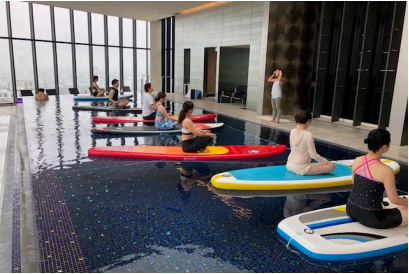
Initiatives at COMFORIA SHINJUKU EASTSIDE TOWER



With a site area of more than 1,000 square meters, COMFORIA SHINJUKU EASTSIDE TOWER has developed a greening plan in accordance with the Ordinance for the Conservation and Restoration of Nature in Tokyo, based on which it offers a lush space filled with natural features.



An open space is used as a walkway for neighboring residents and commuters.



Monthly pool events (SUP YOGA, swimming clinic, water aerobics, etc.) are held exclusively for residents.



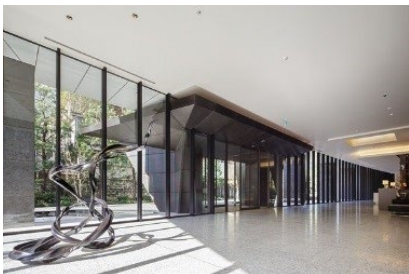
Energy-efficient glass is used in the windows to reduce the amount of sunlight and heat that enters, in this way alleviating the burden on the air-conditioning systems.



Artworks of our Shinjuku 6-chome Plan Art Project are exhibited on the premises and inside the building.

Pamphlets in Foreign Languages

To further improve user satisfaction, user guides for residents from overseas are provided at Comforia Shinjuku Eastside Tower. The guides are prepared in English, Chinese, and Korean.



A large windowed entrance allows the use of natural daylight.



AEDs (automated external defibrillators) are installed in the disaster control center and at the pool on the 32nd floor.

Resident Satisfaction Surveys

A questionnaire survey of residents is carried out once a year and the issues identified are then improved.

- Improvements :
- Room temperature adjustments in each facility
 - Cleaning of gym equipment
 - Enhancement of lounge menus, etc.

Governance



Our View on Governance

We have established a comprehensive corporate governance and compliance management structure and conduct ourselves in a highly ethical manner in order to meet the expectations and earn the trust of society.

Relevant SDG targets



- 12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature
- 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels

CRR's Corporate Governance

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

■ CRR's governance structure

CRR's organization comprises a unitholders' meeting, a board of directors currently comprised of executive director and supervisory director, and an independent auditor. It is stipulated that CRR shall have at least one executive director and at least two supervisory directors (however, the number of supervisory directors must be at least one more than the number of executive directors). As of the end of July 2022, there were one executive director and two supervisory directors.



■ Unitholders' meeting

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

■ Executive Director and Supervisory Directors

The term of office for directors and supervisory directors based on regulations are two years.

Position	Name	Number of Units Held
Executive Director	Takehiro Izawa	—
Supervisory Directors	Koji Yamamoto	—
	Masamichi Ohshima	—



■ Eligibility requirements

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

■ Compensation

The maximum compensation amounts for the executive director and supervisory directors are stipulated in the articles of incorporation, and compensation is determined by the board of directors.

Position	Name	Concurrent positions	Compensation received (¥ thousand / fiscal period)
Executive Director	Takehiro Izawa	Executive Director, Chief Division Officer of Comforia Management Division, TLC REIT Management Inc.	—
Supervisory Directors	Koji Yamamoto	Partner, WAKABA PARTNERS Law And Accounting Office	1,800
	Masamichi Ohshima	Kataoka & Kobayashi	1,800

■ Board of Directors

At the meeting of the board of directors, the executive director reports on the performance of its duties and the supervisory directors supervise to ensure that CRR operates the asset management in compliance with legal and regulatory requirements. The meeting frequency of the board should be at least once in three months as stipulated under internal regulations of CRR. However, it is held every month with a 100% attendance of directors in FY2021.

■ Independent auditors

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

Excerpt from the semi-annual report for the fiscal period ended July 2022

Position	Name	Compensation (¥ thousand / period)
Independent auditor	Ernst & Young ShinNihon LLC	15,138 ^(Note)

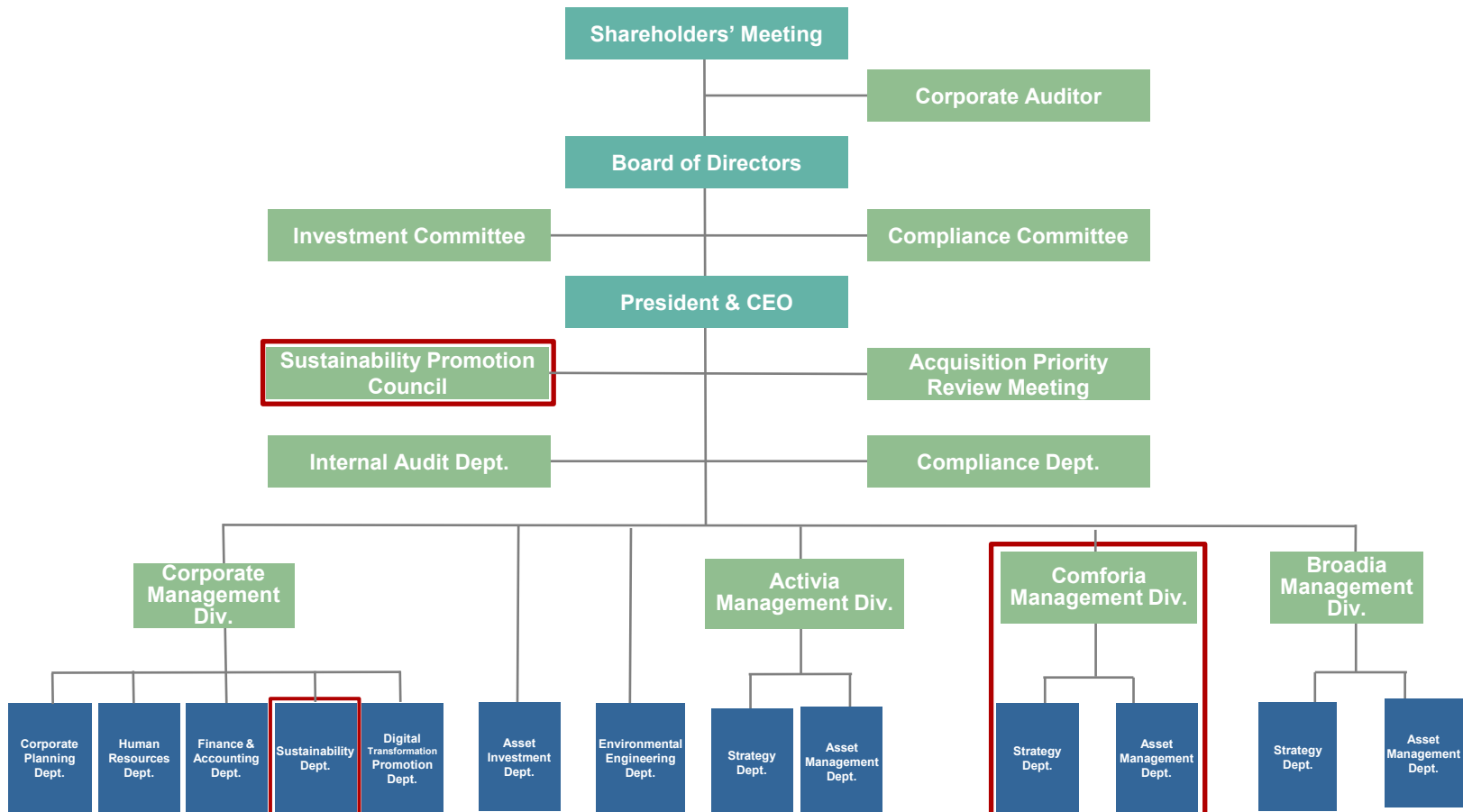
(Note) The amount includes the fees pertaining to the production of an "Auditor's Comfort Letter to Lead Underwriting Firm" related to the issuance of CRR bonds conducted in July 2022.

TRM's Corporate Governance

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

■ TRM management organization

Under the management organization shown below, TRM exercises its asset management operation, and the Comforia Management Division undertakes the management of assets of CRR. TRM has established the Investment Committee and the Compliance Committee to deliberate matters related to asset management and compliance, and the Acquisition Priority Review Meeting to determine the order of priority for consideration. In April 2021, TRM established the rules on the Sustainability Promotion System to strengthen the system and expand the functionality of measures. Following this, the Sustainability Promotion Council obtained a more accurate position in the organization. The Sustainability Department succeeds the ESG-related missions from the Environmental Engineering Department, and we will further promote our sustainability program.



■ Compliance

Compliance Policy

TRM has established a Compliance Department and Compliance Committee, which ensure that compliance checks are implemented. The Compliance Committee is a body that discusses and makes resolutions regarding conflicts of interest, transactions with related parties, internal compliance, and compliance readiness. Compliance management is implemented in adherence to the TFHD Group Code of Conduct.

- Key points of "TFHD Group Code of Conduct"
1. Ensure compliance with laws and regulations applicable to our business activities
 2. As TFHD Group employee, treat our customers sincerely to maintain their trust
 3. Generate a corporate culture that enables frank communication on difficult issues involving work
 4. Enhance solidarity of TFHD Group and promote mutual understanding with stakeholders
 5. Enforce proper management of information
 6. All employees will understand and focus on ethical conducts and be a reasonable professional
 7. Make efforts to create safe workplace and be considerate of the environmental conservation

Compliance Committee

(Members)
General Manager of Compliance Department (Chair), representative directors, directors (if consecutively serving as General Manager of the Investment Management Division, cannot attend Council meetings concerning REITs that the director is not in charge of), and external expert (attorney) on compliance appointed by the board of directors.

(Agenda)
The Council shall resolve the following matters.
With respect to 1 to 5 , agenda shall be restricted to transactions with related parties and matters deemed necessary by the General Manager of Compliance Department.

1. Establishment and amendment of basic investment policy concerning asset management by each REIT
2. Determination and change in acquisition or disposal of assets by each REIT and the terms and conditions thereof
3. Establishment and amendment of asset management plan by each REIT
4. Establishment and amendment of basic policy concerning asset management by each REIT
5. Establishment and amendment of basic policy concerning funding, capital policy and dividend policy for each REIT
6. Matters related to transactions with related parties (provided, however, excluding transactions defined as not requiring prior approval by the Compliance Council)
7. Preparation and amendment of the Compliance Manual and Compliance Program
8. Deliberation and resolution on improvement measures concerning inappropriate acts in terms of regulatory compliance and preventative measures, etc.
9. Matters for which the General Manager of Compliance Department deems deliberation by the Compliance Council is necessary

(Date and place)
As a general rule , the committee meets at the head office at least once every three months.

■ Measure taken to enhance compliance awareness

Divisional Compliance Staff	Each year, divisional compliance staff are appointed from each division to perform periodic monitoring on compliance matters. The officers report compliance status in his/her division and share related information.
Compliance training	In order to ensure compliance and increase awareness, we provide over twice compliance trainings each year to all officers and employees focusing on the enforcement of the compliance basic policy and standards, and learning applicable laws and regulations, etc., and provide orientation and follow-up (for employees new to the financial instruments business, after six months have passed since hiring).

■ Internal Auditing and Monitoring System

In its internal auditing regulations, TRM has formulated an internal auditing plan, which stipulates that internal auditing shall be conducted for all departments each fiscal year, with the exception of the Internal Audit Department. As an asset management company, with a view to investor protection and fair market formation, it audits whether tasks related to readiness in the areas of legal compliance, internal control, risk management, crisis management, etc. are being carried out appropriately and efficiently. Furthermore, with the support of external professionals, it audits a wide range of items for all departments, such as the appropriateness of information management, compliance with internal rules, and adherence to the Act on Prevention of Transfer of Criminal Proceeds and reports the audit results to TRM's representative directors and board of directors. Matters detected by an audit are communicated to the audited department via a "Directive for Improvement," and the head of the audited department that was notified implements improvement actions and reports on the status of the improvements to the representative directors and the head of the Internal Audit Department without delay. The department in charge of auditing also periodically verifies the status of improvements.

■ Prevention of Corruption

Corruption creates significant obstacles against sustainable development and corrodes the social structure. TRM recognizes that commitment to prevention of corruption is an important issue for the society and has established rules on identity confirmation for transaction with customers, etc. in accordance with the Act on Prevention of Transfer of Criminal Proceeds.

TFHD is a signatory to the United Nations Global Compact (UNGC), and as a Group member, TRM supports the ten principles of UNGC. (Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.)

Supporting International Initiatives

The TFHD Group supports and respects the OECD Guidelines for Multinational Enterprises, international labor standards, and the UN's Guiding Principles on Business and Human Rights. Moreover, it declared its support for the UN Global Compact in December 2016. It is pursuing responsible management based on the 10 principles of the UN Global Compact, which is composed of "human rights," "labor," "environment," and "anti-corruption," and contributing to the realization of a sustainable society.

The 10 Principles of the UN Global Compact

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

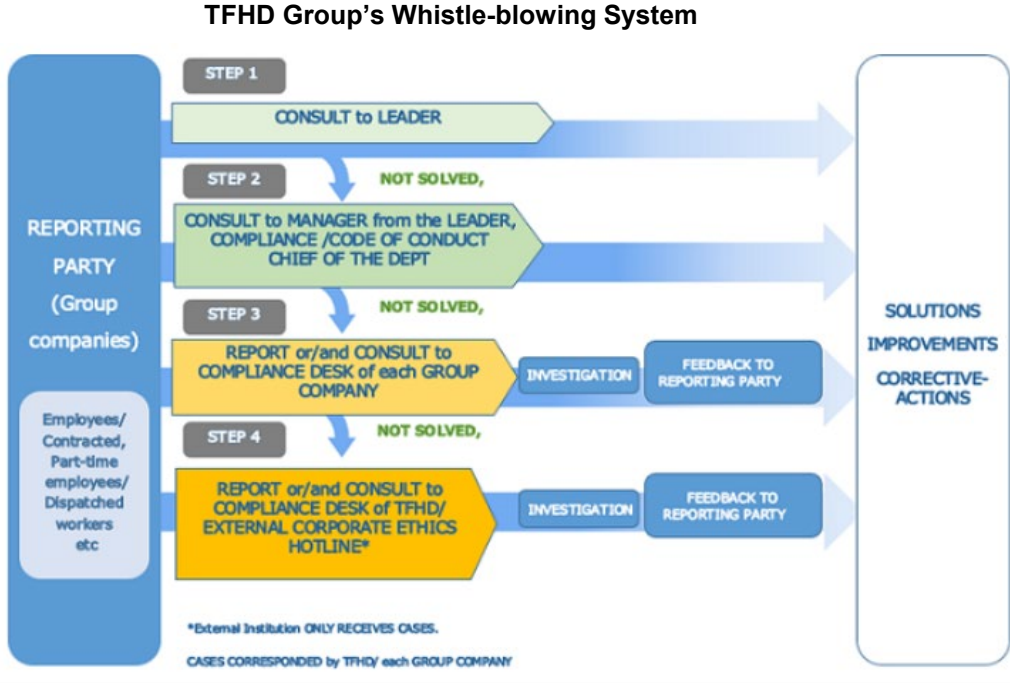
Official Policy Against Antisocial Forces

In order to safeguard the propriety of its business activities and ensure that we are able to meet our social responsibilities and fulfill our public mission, TRM abjures dealings of any kind with antisocial forces.

Working with legal and law enforcement bodies and other third parties, TRM is in a position to respond firmly to all improper demands. TRM’s Compliance Manual and Rules for Responding to Antisocial Forces has established specific safeguards and procedures for responding to the actions of antisocial forces. TRM also promotes a thorough awareness of these issues among management, employees, and other pertinent parties and provides the training needed to ensure a specific and appropriate response.

Establishment of whistle-blowing system

TRM established the Compliance Helpline Counter as a contact point to report and consult on compliance matters including when harassment and bullying is experienced or observed, enabling all officers and employees to directly report to the Compliance Officer of TRM, General Manager of Legal Affairs Department of TLC, General Manager of Group Legal Affairs Department of TFHD, or external attorneys. Moreover, we pledge to maintain the confidentiality of personal information or investigation-related information about the individual who reported or consulted on the matter and the subject of the report or consultation, which shall not be disclosed internally or externally without good reason.



Item	FY2017	FY2018	FY2019	FY2020	FY2021	TFHD Group FY2030 KPI
Adherence with Compliance Code of Conduct	100%	100%	100%	100%	100%	100%
Awareness of Compliance Helpline Counter	89%	90%	87%	90%	88%	—

(Note) Shared Group-wide criteria for TFHD Group FY2030 KPI

■ Risk Management

<p>Basic Policy on Risk Management</p>	<p>TRM established a basic policy on the strategic targets, as well as risk management rules to implement appropriate management of risks.</p> <div style="border: 1px solid black; padding: 10px;"> <p>(Basic Policy on Risk Management)</p> <ol style="list-style-type: none"> 1. In accordance with our management principles, we aim to secure long-term stable revenue and maximize unitholder value by establishing a management system in accordance with these Rules and implementing appropriate risk management against various risks involved with engaging in investment management business. 2. Officers and employees, etc., shall recognize the importance of risk management, each be aware that they are the agent of risk management, understand these Rules and internal rules, etc., and strictly comply with the same . 3. Risk management shall be executed with necessary and appropriate rules, detailed rules and standards, etc., being established; organizational and resource measures implemented; and responsibilities clarified. 4. Necessary and appropriate management and supervision shall be implemented for business outsourcing partners as well as to officers and employees, etc. 5. Risk management training, etc., shall be conducted to promote thorough awareness by officers and employees, etc., and to maintain/improve effectiveness of the Basic Policy. 6. Basic Policy stated in this Article shall be reviewed periodically or as necessary such as when changes occur to strategic targets. </div>
<p>Risk management framework</p>	<p>TRM conducts sophistication of its risk management framework with a certain support from external experts. Risk management function falls under the responsibility of the Compliance Department supervised by the Compliance Officer. The Compliance Department is a stand-alone department, independent from business operating divisions. It performs a series of risk assessment including operational risk, etc.</p>
<p>Risk management training</p>	<p>TRM provides periodical risk management educational session with all officers and employees by external lecturers and works to improve risk management ability of each department's members.</p>
<p>Information security</p>	<p>In order to enhance security of information assets and appropriate use of them, TRM has set forth basic rules on information security management which stipulates principal matters related to information protection with clarifying the responsibility for information management. TRM has also established the rules on IT management to stipulate appropriate management of information asset by each officer and employee according to the level of their roles and responsibilities.</p>
<p>Business continuity planning</p>	<p>To strengthen its resilience, TRM sets a business continuity plan, related rules and manuals, and makes updates when necessary, in preparation for unexpected crisis such as disaster and social disruption. In accordance with these rules, we work to prevent and mitigate impact from crisis including recent natural disasters and COVID-19. We also pay close attention to the materials and equipment used in the properties of CRR and make every effort to prevent incident by staying well informed of defect products and carrying out research.</p>

Initiatives for Governance Emphasizing Unitholders' Value

While leveraging the TFHD Group's value chain, CRR and TRM have developed a comprehensive governance structure aimed at maximizing CRR unitholders' value by ensuring objectivity in the asset management-related decision-making flow, aligning our interests with unitholders and sponsor, and implementing a management fee structure that includes management fees linked to the dividend per unit.

Securing objectivity in decision-making process

With a view to protecting the interests of unitholders, TRM has established a structure that ensures objectivity in the decision-making process for acquiring assets under management by including third-party real estate appraisers as members of the Investment Committee.



(Note1) Deliberation and resolution by the Compliance Committee as well as prior approval by CRR's board of directors will be required for acquiring assets, etc. In case of related-party transactions and other necessary cases.

(Note2) If the candidate acquisition asset is a healthcare facility, advisory from external experts related to healthcare facilities shall be sought. Furthermore, discussions shall be held upon receiving a report on the content of reports, etc. created by external experts related to healthcare facilities and, if necessary, the Investment Committee shall be attended by the concerned external experts as observers and their opinions shall be heard.

Aligning Interests Between Unitholders and the Sponsor

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

In the public offering held in Feb.2022, the sponsor acquired 2,410 units, which is 10% of the number of issuing units. Even in terms of capital relationship, CRR aims to make a strong relationship with the sponsor and to achieve mutual interests improvement by aligning the interests of unitholders to that of the sponsor.

Sponsor's investment ratio

9.0%

(as of July 31, 2022)

Change in Asset Management Fee System

Under the asset management fee structure that has been applied since August 1 , 2020, Incentives have been introduced for further improvement of and growth of unitholder value and enhanced linkage with the interests of unitholders.

Before change		Current		
Management fee I (fee linked to total assets)	Total assets at the end of previous fiscal period × 0.3% (annual rate)	Total assets at the end of previous fiscal period × <u>0.2%</u> (annual rate)		Enhancing the linkage between the interests of unitholders and asset management fees
Management fee II (fee linked to profit)	Ordinary CF × 3.0%	Ordinary CF × <u>5.4%</u>		
Management fee III (acquisition and disposition fee)	Property acquisition / disposition price × 1.0% (0.5% in the case of transactions with related parties)	Property acquisition / disposition price × 1.0% (0.5% in the case of transactions with related parties <u>(excluding warehousing)</u>)		Strengthening incentives for growth of AUM and distributions
Management fee V (incentive) Newly established	—	<u>Ordinary CF × growth rate of ordinary CF per unit × 10%</u> <u>However, no fee will occur when the value is negative</u>		

GRI Content Index

		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
GRI 100: Universal Standards 102: General Disclosures 2016 1. Organizational Profile					
102-1	Name of the organization a Name of the organization	https://www.comforia-reit.co.jp/en/about/profile.html	Profile	https://www.tokyu-trm.co.jp/en/profile/	Profile
102-2	Activities, brands, products, and services a A description of the organization's activities. Primary brands, products, and services, b including an explanation of any products or services that are banned in certain markets.	https://www.comforia-reit.co.jp/en/features/index.html https://www.comforia-reit.co.jp/en/features/index.html	Basic Policies Basic Policies	https://www.tokyu-trm.co.jp/en/profile/ https://www.tokyu-trm.co.jp/en/index.html	Profile Home
102-3	Location of headquarters a Location of the organization's headquarters.	https://www.comforia-reit.co.jp/en/ir/library.html https://www.comforia-reit.co.jp/en/about/profile.html	Portfolio List Semi-Annual Report	https://www.tokyu-trm.co.jp/en/profile/ https://www.tokyu-trm.co.jp/en/profile/	Profile Profile
102-4	Location of operations Number of countries where the organization operates, and the names of a countries where it has significant operations and/or that are relevant to the topics covered in the report.	https://www.comforia-reit.co.jp/en/about/profile.html	Profile	https://www.tokyu-trm.co.jp/en/profile/	Profile
102-5	Ownership and legal form a Nature of ownership and legal form.	https://www.comforia-reit.co.jp/en/about/structure.html	Structure	https://www.tokyu-trm.co.jp/en/profile/	Profile
102-6	Markets served a Markets served, including:	https://www.comforia-reit.co.jp/en/about/profile.html i. geographic locations where products and services are offered; https://www.comforia-reit.co.jp/en/about/profile.html ii. sectors served; https://www.comforia-reit.co.jp/en/about/structure.html iii. types of customers and beneficiaries. https://www.comforia-reit.co.jp/en/finance/investment.html	Profile Profile Structure Capital & Unitholders	https://www.tokyu-trm.co.jp/en/profile/ https://www.tokyu-trm.co.jp/en/profile/ https://www.tokyu-trm.co.jp/en/profile/ https://www.tokyu-trm.co.jp/client/	Profile Profile Profile Customer-first Business Operation Policy (in Japanese)

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		REIT		Asset Manager	
	Disclosure	Location or reason for omission		Location or reason for omission	
102-7	<p>Scale of the organization</p> <p>a Scale of the organization, including:</p> <p>i. total number of employees;</p> <p>ii. total number of operations;</p> <p>iii. net sales (for private sector organizations) or net revenues (for public sector organizations);</p> <p>iv. total capitalization (for private sector organizations) broken down in terms of debt and equity;</p> <p>v. quantity of products or services provided.</p>	<p>https://www.comforia-reit.co.jp/en/about/structure.html Due to legal restrictions, there are no employees in the investment corporation, and management is entrusted to the asset management company, TLC REIT Management Inc. 1(Head Office only)</p> <p>https://www.comforia-reit.co.jp/en/ir/highlight.html</p> <p>https://www.comforia-reit.co.jp/en/finance/index.html</p> <p>https://www.comforia-reit.co.jp/en/portfolio/index.html Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.</p>	<p>Structure</p> <p>Financial Highlights</p> <p>Interest-Bearing Debt</p> <p>Portfolio List</p>	<p>https://www.tokyu-trm.co.jp/en/profile/</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3 1(Head Office only)</p> <p>https://www.tokyu-trm.co.jp/en/profile/</p> <p>https://www.tokyu-trm.co.jp/en/attention/</p>	<p>Profile</p> <p>Key Employee Data</p> <p>Profile</p> <p>About Financial Transactions</p>
102-8	<p>Information on employees and other workers</p> <p>a Total number of employees by employment contract (permanent and temporary), by gender.</p> <p>b Total number of employees by employment contract (permanent and temporary), by region.</p> <p>c Total number of employees by employment type (full-time and part-time), by gender.</p> <p>d Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.</p> <p>e Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).</p>	<p>Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.</p>	<p>Key Employee Data</p> <p>The asset management company solely operates at the Head Office, there is no regional difference by region.</p> <p>Key Employee Data</p> <p>Not applicable (major part of activities are performed by employees)</p> <p>No significant variations in the numbers reported.</p>	<p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3</p>	<p>Key Employee Data</p> <p>Key Employee Data</p>

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		REIT		Asset Manager	
	Disclosure	Location or reason for omission		Location or reason for omission	
102-9	<p>Supply chain A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.</p>	<p>https://www.comforia-reit.co.jp/en/features/basic-policy_tokyu-fudosan-hd.html</p> <p>https://www.comforia-reit.co.jp/en/about/structure.html</p>	<p>Value chain of the TOKYU FUDOSAN HOLDINGS Group</p> <p>Structure</p>	<p>https://www.tokyu-trm.co.jp/en/sustainability/materiality.html</p>	<p>SDGs strongly related to materiality</p>
102-10	<p>Significant changes to the organization and its supply chain Significant changes to the organization's size, structure, ownership, or supply chain, including:</p> <p>i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions;</p> <p>ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations);</p> <p>iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.</p>	<p>https://www.comforia-reit.co.jp/file/en-news-b4100311cc3374acb5d18e397325e1465f59dc18.pdf</p> <p>https://www.comforia-reit.co.jp/file/en-news-353adc225c46e298cd1441057a37ce29a52faeb7.pdf</p> <p>https://www.comforia-reit.co.jp/file/en-news-49a1a7fe2557dd25f2321c12428e951e4ac6289c.pdf</p> <p>https://www.comforia-reit.co.jp/file/en-news-20b095279e98bdb68798cd070eaf05e5c09d1775.pdf</p> <p>No significant changes</p> <p>No significant changes</p>	<p>Notice Concerning Change of President & CEO and Appointment of Chairman and Directors of the Asset Management Company</p> <p>Notice Concerning the Resignation of Director at the Asset Management Company</p> <p>Notice of Amendments of Articles of Incorporation and Appointment of Directors</p> <p>Notice Concerning Changes in Organizational Structure and Directors of the Asset Management Company</p> <p>No significant changes</p> <p>No significant changes</p>	<p>https://www.tokyu-trm.co.jp/en/common/pdf/info_2106_en.pdf</p> <p>No significant changes</p> <p>No significant changes</p>	<p>Notice Concerning Change of President & CEO and Appointment of Chairman</p>

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		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
102-11	<p>Precautionary Principle or approach Whether and how the organization applies the Precautionary Principle or approach.</p>	https://www.comforia-reit.co.jp/en/sustainability/index.html	Sustainability Policy	https://www.tokyu-trm.co.jp/en/sustainability/index.html	Sustainability Policies
102-12	<p>External initiatives A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.</p>	https://www.comforia-reit.co.jp/en/sustainability/initiative.html	International Initiatives, etc.	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c4	Risk Management
102-13	<p>Membership of associations A list of the main memberships of industry or other associations, and national or international advocacy organizations.</p>	https://www.comforia-reit.co.jp/en/sustainability/initiative.html	International Initiatives, etc.	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c5	International Initiatives
102-14	<p>Statement from senior decision-maker A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.</p>	https://www.comforia-reit.co.jp/en/about/index.html	Greetings	https://www.tokyu-trm.co.jp/en/message/	PAI Statement P.7 5. References to international standards Message
102-15	<p>Key impacts, risks, and opportunities A description of key impacts, risks, and opportunities.</p>	https://www.comforia-reit.co.jp/en/sustainability/materiality.html https://dev.comforia-reit.co.jp/en/sustainability/climate.html	Materiality Addressing Climate Change	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	International Initiatives Materiality

		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
3. Ethics and Integrity					
102-16	<p>Values, principles, standards, and norms of behavior</p> <p>A description of the organization’s values, a principles, standards, and norms of behavior.</p>	<p>https://www.comforia-reit.co.jp/en/features/index.html</p>	Basic Policies	<p>https://www.tokyu-trm.co.jp/en/philosophy/</p> <p>https://tokyu-fudosan-hd-csr.disclosure.site/en/themes/47</p> <p>※As a member of the Tokyu Land Holdings Group, we share the above policy.</p>	<p>Philosophy</p> <p>Tokyu Fudosan Holdings Group Code of Conduct (Tokyu Fudosan Holdings)</p>
102-17	<p>Mechanisms for advice and concerns about ethics</p>	<p>Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company’s employees are applicable to this topic.</p>		<p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c4</p> <p>https://www.tokyu-fudosan-hd.co.jp/english/about/compliance/</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/gri.html</p>	<p>Establishment of whistle-blowing system</p> <p>Establishment of Compliance Helpline</p> <p>PAI Statement P.5 Table 3(6. Insufficient whistleblower protection)</p>
4. Governance					
102-18	<p>Governance structure</p> <p>Governance structure of the organization, a including committees of the highest governance body.</p> <p>Committees responsible for decision-making on economic, environmental, and social topics.</p>	<p>https://www.comforia-reit.co.jp/en/about/profile.html</p> <p>https://www.comforia-reit.co.jp/en/about/structure.html</p> <p>https://www.comforia-reit.co.jp/en/sustainability/index.html</p>	<p>Officers</p> <p>Structure</p> <p>Promotion System</p>	<p>https://www.tokyu-trm.co.jp/en/profile/</p> <p>https://www.tokyu-trm.co.jp/en/organization/</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/gri.html</p>	<p>Profile</p> <p>Organization</p> <p>Promotion System</p> <p>PAI Statement P.6 3. Description of policies to identify and prioritize principal adverse sustainability impacts</p>

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		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
102-19	Delegating authority	https://www.comforia-reit.co.jp/en/about/governance.html	2.Operational system of the Investment Corporation	https://www.tokyu-trm.co.jp/en/sustainability/	Promotion System
102-20	<p>Executive-level responsibility for economic, environmental, and social topics</p> <p>Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics.</p>	<p>https://www.comforia-reit.co.jp/en/about/structure.html</p> <p>Due to the organizational characteristics, the responsible officer is appointed in the asset management company.</p> <p>https://www.comforia-reit.co.jp/en/sustainability/index.html</p>	Structure		
	^a		Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/	Promotion System
	^b Whether post holders report directly to the highest governance body.	https://www.comforia-reit.co.jp/en/sustainability/index.html	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/gri.html	PAI Statement P.6 3. Description of policies to identify and prioritize principal adverse sustainability impacts
				https://www.tokyu-trm.co.jp/en/sustainability/gri.html	PAI Statement P.6 3. Description of policies to identify and prioritize principal adverse sustainability impacts
102-21	<p>Consulting stakeholders on economic, environmental, and social topics</p> <p>Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics.</p>	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	SDGs with close relevance to the Materiality	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c2	Commitment to Environment
	^a			https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Commitment to Society

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		REIT		Asset Manager	
	Disclosure	Location or reason for omission		Location or reason for omission	
102-22	Composition of the highest governance body and its committees	https://www.comforia-reit.co.jp/en/about/structure.html	Structure	https://www.tokyu-trm.co.jp/en/organization/	Organization
102-23	Chair of the highest governance body	https://www.comforia-reit.co.jp/file/ir_library_other_file-81414b4dc9a22288429b883023a83ccf01293c74.pdf	Articles of Incorporation (in Japanese)	https://www.tokyu-trm.co.jp/en/profile/	Executive Board
102-24	Nominating and selecting the highest governance body Nomination and selection processes for the highest governance body and its committees. Criteria used for nominating and selecting highest governance body members, including whether and how: i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered; iv. expertise and experience relating to economic, environmental, and social topics are considered.	https://www.comforia-reit.co.jp/file/ir_library_other_file-81414b4dc9a22288429b883023a83ccf01293c74.pdf https://www.comforia-reit.co.jp/file/ir_library_other_file-81414b4dc9a22288429b883023a83ccf01293c74.pdf	Articles of Incorporation (in Japanese) Articles of Incorporation (in Japanese)	https://www.tokyu-trm.co.jp/en/profile/	Executive Board
102-25	Conflicts of interest Processes for the highest governance a body to ensure conflicts of interest are avoided and managed. Whether conflicts of interest are b disclosed to stakeholders, including, as a minimum: i. Cross-board membership; ii. Cross-shareholding with suppliers and other stakeholders; iii. Existence of controlling shareholder; iv. Related party disclosures.	https://www.comforia-reit.co.jp/en/about/governance.html https://www.comforia-reit.co.jp/file/ir_library_other_file-eede387438ddb7369330c6e05ad1b45c35d2231d.pdf	Governance System Report on Management Structure of the REIT Issuer (in Japanese)	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c4 https://www.tokyu-trm.co.jp/en/profile/	Compliance Profile

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		REIT		Asset Manager	
	Disclosure	Location or reason for omission		Location or reason for omission	
102-26	<p>Role of highest governance body in setting purpose, values, and strategy</p> <p>Highest governance body's and senior executives' roles in the development, approval, and updating of the a organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.</p>	<p>https://www.comforia-reit.co.jp/en/sustainability/index.html</p>	Promotion System	<p>https://www.tokyu-trm.co.jp/en/sustainability/</p>	Promotion System
102-27	<p>Collective knowledge of highest governance body</p> <p>Measures taken to develop and enhance the highest governance body's collective a knowledge of economic, environmental, and social topics.</p>			<p>https://www.tokyu-trm.co.jp/en/sustainability/gri.html</p>	<p>PAI Statement P.6 3. Description of policies to identify and prioritize principal adverse sustainability impacts</p>
				<p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html</p>	Promotion System
				<p>https://www.tokyu-trm.co.jp/en/sustainability/gri.html</p>	<p>PAI Statement P.6 3. Description of policies to identify and prioritize principal adverse sustainability impacts</p>

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		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
102-28	<p>Evaluating the highest governance body's performance</p> <p>Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics.</p>			<p>https://www.tokyu-trm.co.jp/en/sustainability/</p>	<p>Promotion System</p>
	<p>^a</p>			<p>https://www.tokyu-trm.co.jp/en/sustainability/gri.html</p>	<p>PAI Statement P.6 3. Description of policies to identify and prioritize principal adverse sustainability impacts</p>
102-29	<p>Identifying and managing economic, environmental, and social impacts</p> <p>Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes.</p>	<p>https://www.comforia-reit.co.jp/en/sustainability/materiality.html</p>	<p>Materiality</p>	<p>https://www.tokyu-trm.co.jp/en/sustainability/materiality.html</p>	<p>Materiality</p>
	<p>^a</p>	<p>https://www.comforia-reit.co.jp/en/sustainability/index.html</p>	<p>Promotion System</p>	<p>https://www.tokyu-trm.co.jp/en/sustainability/gri.html</p>	<p>PAI Statement P.6 3. Description of policies to identify and prioritize principal adverse sustainability impacts P.6 4. Due diligence and screening</p>
	<p>Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.</p>	<p>https://dev.comforia-reit.co.jp/en/sustainability/climate.html</p>	<p>Addressing Climate Change</p>		
	<p>^b</p>	<p>https://www.comforia-reit.co.jp/en/sustainability/materiality.html</p>	<p>Materiality</p>	<p>https://www.tokyu-trm.co.jp/en/sustainability/materiality.html</p>	<p>Materiality</p>

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		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
102-30	Effectiveness of risk management processes	https://dev.comforia-reit.co.jp/en/sustainability/climate.html https://www.comforia-reit.co.jp/en/about/governance.html https://dev.comforia-reit.co.jp/en/sustainability/climate.html	Addressing Climate Change Governance System Addressing Climate Change	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c4	Efforts on Governance
102-31	Review of economic, environmental, and social topics	https://www.comforia-reit.co.jp/en/sustainability/index.html	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/index.html	Promotion System
	Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.			https://www.tokyu-trm.co.jp/en/sustainability/gri.html	PAI Statement P.6 3. Description of policies to identify and prioritize principal adverse sustainability impacts
102-32	Highest governance body's role in sustainability reporting	https://www.comforia-reit.co.jp/en/sustainability/index.html	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/index.html https://www.tokyu-trm.co.jp/en/sustainability/gri.html	Promotion System PAI Statement P.6 3. Description of policies to identify and prioritize principal adverse sustainability impacts
102-34	Nature and total number of critical concerns	No critical concerns reported during the reporting period.		No critical concerns reported during the reporting period.	

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		REIT		Asset Manager	
	Disclosure	Location or reason for omission		Location or reason for omission	
102-35	<p>Remuneration policies</p> <p>Remuneration policies for the highest a governance body and senior executives for the following types of remuneration:</p> <ul style="list-style-type: none"> i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares; ii. Sign-on bonuses or recruitment incentive payments; iii. Termination payments; iv. Clawbacks; v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. <p>How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.</p>	<p>https://www.comforia-reit.co.jp/file/ir_library_other_file-81414b4dc9a22288429b883023a83ccf01293c74.pdf</p>	<p>Articles of Incorporation (in Japanese)</p>		
102-36	<p>Process for determining remuneration</p>	<p>https://www.comforia-reit.co.jp/file/ir_library_other_file-81414b4dc9a22288429b883023a83ccf01293c74.pdf</p>	<p>Articles of Incorporation (in Japanese)</p>	<p>https://www.tokyu-trm.co.jp/en/sustainability/gri.html</p>	<p>Website Summary for CRR P.3 REMUNERATION AND SUSTAINABILITY RISKS (SFDR ARTICLE 5 DISCLOSURE)</p>

		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
5. Stakeholder Engagement					
102-40	List of stakeholder groups A list of stakeholder groups engaged by the organization. ^a	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives	https://www.tokyu-trm.co.jp/en/sustainability/esg.html	Our commitment
102-41	Collective bargaining agreements Percentage of total employees covered by collective bargaining agreements. ^a	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		100%	
102-43	Approach to stakeholder engagement The organization's approach to stakeholder engagement, including frequency of engagement by type and by a stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Commitment to Society
102-44	Key topics and concerns raised	No key topics or concerns raised		No key topics or concerns raised	

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		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
6. Reporting Practice					
102-45	Entities included in the consolidated financial statements	None		TLC REIT Management Inc. is 100% subsidiary of Tokyu Fudosan Holdings Corporation and subjected to consolidated financial statements.	
102-46	Defining report content and topic Boundaries An explanation of the process for defining a the report content and the topic Boundaries.	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	Materiality
102-47	List of material topics A list of the material topics identified in the process for defining report content.	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	Materiality
102-48	Restatements of information	Nothing in particular		Nothing in particular	
102-49	Changes in reporting	Nothing in particular		Nothing in particular	
102-50	Reporting period	https://www.comforia-reit.co.jp/en/sustainability/disclosure.html	Sustainability information disclosure and GRI Index	https://www.tokyu-trm.co.jp/en/sustainability/gri.html	Sustainability information disclosure and GRI Index
102-51	Date of most recent report	Not applicable		Not applicable	
102-52	Reporting cycle	https://www.comforia-reit.co.jp/en/sustainability/disclosure.html	Sustainability information disclosure and GRI Index	https://www.tokyu-trm.co.jp/en/sustainability/gri.html	Sustainability information disclosure and GRI Index
102-53	Contact point for questions regarding the report	https://www.comforia-reit.co.jp/en/contact/index.html	Contact us	https://www.tokyu-trm.co.jp/en/contact/	Contact Us
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability reporting is prepared with reference to GRI standards		Sustainability reporting is prepared with reference to GRI standards	
102-55	GRI content index	GRI Content Index (this table)		GRI Content Index (this table)	
102-56	External assurance	Environmental Performance was assured by a third-party organization https://www.comforia-reit.co.jp/en/sustainability/disclosure.html	Sustainability Report 2022 P.92 (Independent Assurance Statement)	None	

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		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
GRI 200: Economic Management Approach					
103-1	Explanation of the material topic and its Boundary	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	Materiality
103-2	The management approach and its components	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives	https://www.tokyu-trm.co.jp/en/sustainability/esg.html	Our Commitment
103-3	Evaluation of the management approach	https://www.comforia-reit.co.jp/en/sustainability/index.html	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/	Promotion System
201: Economic Performance 2016					
201-2	Financial implications and other risks and opportunities due to climate change				
	Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	Materiality
	^a	https://dev.comforia-reit.co.jp/en/sustainability/climate.html	Addressing Climate Change		
205: Anti-corruption 2016					
205-1	Operations assessed for risks related to corruption	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.			
	Total number and percentage of operations assessed for risks related to corruption.			1 (The asset management company solely operates at the Head Office), 100%	
	^b Significant risks related to corruption identified through the risk assessment.			None	

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		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
205-2	<p>Communication and training about anti-corruption policies and procedures</p> <p>Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</p> <p>Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.</p>	<p>Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.</p>		<p>https://tokyu-fudosan-hd-csr.disclosure.site/en/themes/38</p> <p>※As a member of the Tokyu Land Holdings Group, we share the above policy</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c4</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c4</p>	<p>Anti-Corruption Policy (Tokyu Fudosan Holdings)</p> <p>Compliance Training</p> <p>Compliance Training</p>
205-3	<p>Confirmed incidents of corruption and actions taken</p>	No incidents		No incidents	
206: Anti-competitive Behavior 2016					
206-1	<p>Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</p>	No incidents		No incidents	
GRI 300: Environmental Management Approach					
103-1	<p>Explanation of the material topic and its Boundary</p>	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	Materiality
103-2	<p>The management approach and its components</p>	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives	https://www.tokyu-trm.co.jp/en/sustainability/esg.html	Our Commitment
103-3	<p>Evaluation of the management approach</p>	https://www.comforia-reit.co.jp/en/sustainability/index.html	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/index.html	Promotion System

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		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
302: Energy 2016					
302-2	Energy consumption outside of the organization	https://www.comforia-reit.co.jp/en/sustainability/disclosure.html	Sustainability Report 2022 P.22 (Environmental Performance)		
302-3	Energy intensity	https://www.comforia-reit.co.jp/en/sustainability/disclosure.html	Sustainability Report 2022 P.22 (Environmental Performance)		
303: Water 2018					
303-5	Water consumption	https://www.comforia-reit.co.jp/en/sustainability/disclosure.html	Sustainability Report 2022 P.22 (Environmental Performance)		
	^a Total water consumption from all areas in megaliters.				
305: Emissions 2016					
305-1	Direct (Scope 1) GHG emissions	https://www.comforia-reit.co.jp/en/sustainability/disclosure.html	Sustainability Report 2022 P.22 (Environmental Performance)		
305-2	Energy indirect (Scope 2) GHG emissions	https://www.comforia-reit.co.jp/en/sustainability/disclosure.html	Sustainability Report 2022 P.22 (Environmental Performance)		
305-4	GHG emissions intensity	https://www.comforia-reit.co.jp/en/sustainability/disclosure.html	Sustainability Report 2022 P.22 (Environmental Performance)		
307: Environmental Compliance 2016					
307-1	Non-compliance with environmental laws and regulations	No violations during the reporting period		No violations during the reporting period	

		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
GRI 400: Social Management Approach					
103-1	Explanation of the material topic and its Boundary	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	Materiality
103-2	The management approach and its components	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives	https://www.tokyu-trm.co.jp/en/sustainability/esg.html	Our Commitment
103-3	Evaluation of the management approach	https://www.comforia-reit.co.jp/en/sustainability/index.html	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/index.html	Promotion System
401: Employment 2016					
401-1	New employee hires and employee turnover	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Key Employee Data
	Total number and rate of new employee a hires during the reporting period, by age group, gender and region. Total number and rate of employee b turnover during the reporting period, by age group, gender and region.				
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Employee welfare programs (representative examples)
401-3	Parental leave	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Status of Work-Style Reform and Diversity Promotion

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		REIT		Asset Manager		
Disclosure		Location or reason for omission		Location or reason for omission		
403: Occupational Health and Safety 2018						
403-2	<p>Hazard identification, risk assessment, and incident investigation</p> <p>A description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks, including:</p> <p>^a A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals.</p> <p>^c</p>	<p>Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.</p>		<p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3</p> <p>Implementation of health committee, feedback through workplace inspections by industrial doctors, confirmation of working hours of all officers and employees, implementation of feedback and lectures based on periodic stress checks, etc.</p> <p>Lectures by industrial doctors, individual interviews with industrial doctors, and feedback to superiors</p>		Health Committee
403-4	<p>Worker participation, consultation, and communication on occupational health and safety</p>	<p>Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.</p>		<p>Employees also take part in the health committee disclosed below.</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3</p>		Health Committee
403-5	<p>Worker training on occupational health and safety</p>	<p>Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.</p>		<p>Carrying out lectures by industrial doctors and planned classes related to harassment.</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3</p>		Various employee training programs (examples of representative cases) Health Committee
403-6	<p>Promotion of worker health</p>	<p>Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.</p>		<p>Carrying out stress checks and regular health checks.</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3</p>		Our Commitment Status of Work-Style Reform and Diversity Promotion
403-9	<p>Work-related injuries</p>	<p>Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.</p>		<p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3</p>		Status of Work-Style Reform and Diversity Promotion

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		REIT		Asset Manager	
	Disclosure	Location or reason for omission		Location or reason for omission	
403-10	Work-related ill health	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Status of Work-Style Reform and Diversity Promotion
404: Training and Education 2016					
404-1	Average hours of training per year per employee	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Various employee training programs (examples of representative cases)
404-2	Programs for upgrading employee skills and transition assistance programs	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Employee Development
404-3	Percentage of employees receiving regular performance and career development reviews	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		Both contracted employees and regular employees receive performance and career development reviews in the same structure, and aim to set the goals and communicate with superiors. https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Performance Evaluation Process
	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.			100%	

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		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
405: Diversity and Equal Opportunity 2016	<p>405-1</p> <p>Diversity of governance bodies and employees</p> <p>Percentage of individuals within the a organization's governance bodies in each of the following diversity categories:</p> <p>i. Gender;</p> <p>ii. Age group: under 30 years old, 30-50 years old, over 50 years old;</p> <p>Percentage of employees per employee b category in each of the following diversity categories:</p> <p>i. Gender;</p> <p>ii. Age group: under 30 years old, 30-50 years old, over 50 years old;</p> <p>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).</p>	<p>https://www.comforia-reit.co.jp/en/about/profile.html</p> <p>https://www.comforia-reit.co.jp/en/about/profile.html</p> <p>https://www.comforia-reit.co.jp/ja/about/profile.html</p> <p>Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.</p>	<p>Officers</p> <p>Officers</p> <p>Officers (in Japanese)</p>	<p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3</p> <p>https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3</p>	<p>Key Employee Data Status of Work-Style Reform and Diversity Promotion Key Employee Data Status of Work-Style Reform and Diversity Promotion Key Employee Data Status of Work-Style Reform and Diversity Promotion</p> <p>Key Employee Data Status of Work-Style Reform and Diversity Promotion Key Employee Data Status of Work-Style Reform and Diversity Promotion Key Employee Data Status of Work-Style Reform and Diversity Promotion</p>
	405-2	<p>Ratio of basic salary and remuneration of women to men</p>	<p>There is no gender difference for each employee category.</p>	<p>There is no gender difference for each employee category.</p>	<p>There is no gender difference for each employee category.</p>

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		REIT		Asset Manager	
	Disclosure	Location or reason for omission		Location or reason for omission	
406: Non-Discrimination 2016					
406-1	Incidents of discrimination and corrective actions taken	No incidents during the reporting period		No incidents during the reporting period	
	^a Total number of incidents of discrimination during the reporting period.				
	^b Status of the incidents and actions taken with reference to the following:				
411: Rights of Indigenous Peoples 2016					
411-1	Incidents of violations involving rights of indigenous peoples	No incidents during the reporting period		No incidents during the reporting period	
412: Human Rights Assessment					
412-2	Employee training on human rights policies or procedures	Since the investment corporation does not have employees due to legal restrictions, implementations by the asset management company's employees are applicable to this topic.		https://tokyu-fudosan-hd-csr.disclosure.site/en/themes/36 ※As a member of the Tokyu Land Holdings Group, we share the above Standards	Labor Standards (Tokyu Fudosan Holdings)
	^a Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.			https://www.tokyu-trm.co.jp/en/sustainability/gri.html	PAI Statement P.5 Table 3 (9. Lack of a human rights policy)
	^b Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.				

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		REIT		Asset Manager	
Disclosure		Location or reason for omission		Location or reason for omission	
413 : Local Communities 2016					
413-1	Operations with local community engagement, impact assessments, and development programs Note: We report information on our properties in consideration of the purpose of this standard.	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives	https://www.tokyu-trm.co.jp/en/sustainability/esg.html	Our Commitment
		https://www.comforia-reit.co.jp/en/sustainability/examples.html	Initiatives in local communities	https://www.tokyu-trm.co.jp/en/sustainability/esg.html#c3	Contribution to the region
414 : Supplier Social Assessment 2016					
414-1	New suppliers that were screened using social criteria	No suppliers were screened during the reporting period			
414-2	Negative social impacts in the supply chain and actions taken	No suppliers were screened during the reporting period			
415: Public Policy 2016					
415-1	Political contributions	No political contributions provided		No political contributions provided	
416 : Customer Health and Safety 2016					
416-1	Assessment of the health and safety impacts of product and service categories	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Initiatives to improve tenant satisfaction	https://www.tokyu-trm.co.jp/en/sustainability/gri.html	PAI Statement P.6 4. Engagement policies
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No violations during the reporting period			
419: Socioeconomic Compliance 2016					
419-1	Non-compliance with laws and regulations in the social and economic area	No violations during the reporting period		No violations during the reporting period	
GRI G4: Construction and Real Estate Sector Disclosures Management Approach					
103-1	Explanation of the material topic and its Boundary	https://www.comforia-reit.co.jp/en/sustainability/materiality.html	Materiality	https://www.tokyu-trm.co.jp/en/sustainability/materiality.html	Materiality
103-2	The management approach and its components	https://www.comforia-reit.co.jp/en/sustainability/examples.html	Examples of initiatives	https://www.tokyu-trm.co.jp/en/sustainability/esg.html	Our Commitment
103-3	Evaluation of the management approach	https://www.comforia-reit.co.jp/en/sustainability/index.html	Promotion System	https://www.tokyu-trm.co.jp/en/sustainability/index.html	Promotion System
CRE					
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	https://www.comforia-reit.co.jp/en/sustainability/evaluation.html	Environmental Certification		



Independent Assurance Statement

June 24, 2022

Mr. Takehiro Izawa
Executive Director
Comforia Residential Reit, Inc.

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by Comforia Residential Reit, Inc. ("the Company") to provide limited assurance on the Investment Corporation's following data of all properties owned during February, 2021 to January, 2022, 8.92GWh of energy consumption, 0.27kt-CO₂ (Scope 1), 3.231kt-CO₂ (Scope 2, location-based), 3.25 kt-CO₂ (Scope 2, market-based), 92.5thousand m³ of water use (collectively, "the Environmental performance data"). The purpose of this process is to express our conclusion on whether the Environmental performance data were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the Environmental performance data. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

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

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

3. Conclusion

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

We have no conflict of interest relationships with the Company.

A handwritten signature in black ink, appearing to be "Takashi Fukushima", written over a horizontal line.

Takashi Fukushima
Representative Director