Guidelines for Addressing Climate Change

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Mitsui Fudosan Retail Fund Management Inc.

1. Purpose and status of these guidelines

As one of our guidelines for implementing the individual items set out in our Sustainability Policy issued on February 10, 2015, our Guidelines for Addressing Climate Change (hereinafter the "Guidelines") set forth a policy for addressing climate change-related risks and opportunities as well as initiatives concerning business and strategic resilience (both in the sense of toughness and ability to recover) to climate-related issues. Climate change issues are a material challenge that will lead to dramatic changes in the natural environment and social structure and have a significant impact on our business. Appreciating this, we will aim to carry out initiatives related to climate change based on these Guidelines.

2. Our recognition of climate-related issues

We recognize the resilience of our business to climate change and climate-related issues as follows:

- As shown in the Paris Agreement (2015), the IPCC Report (2018), and other documents, the progression of climate change is a scientific fact. Climate change progression is expected to enlarge climate disasters such as intensified typhoons and heavy rains, frequent heat waves and droughts, and the progressive rise of global sea levels. In addition, as part of a concerted effort to mitigate climate change, a global transition to socioeconomic decarbonization, such as setting a framework for reducing greenhouse gas emissions and tightening emission regulations, is expected to continue. In this way, the progression of climate change is a material challenge that will lead to dramatic changes in the natural environment and social structure and have a significant impact on our business.
- Recognizing that climate change issues are a systemic risk in terms of finances, investors and other stakeholders demand information disclosure on climate-related risks and opportunities. In particular, improving transparency through disclosure of climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) is a significant issue for us.
- Identifying, assessing, and managing the risks and opportunities posed by climate change and improving business resilience are essential matters for Mitsui Fudosan Retail Fund Investment Corporation (hereinafter "the Investment Corporation") to secure stable profits over the medium to

long term, and to aim for stable distribution of dividends and maximization of unitholder value.

3. Basic policy and commitment concerning climate change

In light of the recognition described in the previous section, we establish the following matters as our basic policy and commitment concerning climate change.

(1) Basic policy

• We support the international goals set out in the Paris Agreement and will work continuously to reduce greenhouse gas emissions in order to contribute to the mitigation of climate change.

(2) Governance

• We establish a governance system as follows to address climate-related risks and opportunities associated with the Company and the Investment Corporation.

i. The chief executive officer for climate-related issues shall be the Company's Chief Executive Officer (CEO) and Representative Director, who has final decision-making authority on sustainability promotion.

ii. The operating officer for climate-related issues shall be the Chief Investment Officer.

iii. Based on the direction of the operating officer, the Sustainability Secretariat shall, in the Sustainability Committee, report periodically to the chief executive officer for matters related to climate change responses, such as identification and evaluation of the effects of climate change, management of risks and opportunities, progress in adaptation and mitigation initiatives, and setting of metrics and targets. After the participants in Sustainability Committee meetings discuss and consider each agenda item, the targets shall be decided by the CEO, who is the chief executive officer for climate-related issues, and specific measures, etc. shall be decided through appropriate procedures according to the content. (See Attachment 1 for details.)

(3) Strategy

• We shall establish and appropriately operate processes for identifying, assessing, and managing the impact of climate-related risks and opportunities on the Investment Corporation's management activities, strategies, and financial plans. In identifying and evaluating climate-related risks and opportunities, we will make use of scientific and academic insights and aim to proceed systematically and objectively. (See Attachment 1 for details.)

(4) Managing risks and opportunities

• By managing identified climate-related risks and opportunities and carrying out initiatives to increase

resilience, we will aim to reduce business risks and realize value-creation opportunities for the Investment Corporation, secure stable earnings over the medium to long term, and to aim for stable distribution of dividends and maximization of unitholder value. (See Attachment 1 for details.)

(5) Metrics and targets

- We set metrics and targets for managing climate-related risks and opportunities, and pay attention to the compatibility of our operational strategy with overall risk management in terms of metrics. We shall disclose the targets we have set and our achievements against those targets. (See Attachment 1 for details.)
- We support the TCFD's recommendations and disclose the Investment Corporation's climate-related information to investors and other stakeholders in accordance with the disclosure framework suggested in the recommendations. (See Attachment 2 for details.)

4. Review and revision

- Approximately once a year, the Sustainability Committee reviews the content of these Guidelines, and considers whether they are appropriate as an approach to our climate-related issues.
- These guidelines are established by the CEO's approval, and the CEO's approval is needed to revise them. However, minor changes to the contents and changes to the attachments shall be made by approval of the Chief Finance Officer.

Attachment 1: Internal processes for identifying, assessing, and managing climate-related risks and opportunities

We establish the following processes for identifying, assessing, and managing the impact of climate-related risks and opportunities on the Investment Corporation's management activities, strategies, and financial planning:

1. Strategies: Process for identifying and assessing climate-related risks and opportunities

(1) Approximately once a year, the operating officer for climate change responses shall, in the Sustainability Committee, instruct the Sustainability Secretariat to identify and assess climate-related risks pertaining to the Company and the Investment Corporation.

(2) The Sustainability Secretariat shall identify the existence of related risks and opportunities based on the following framework:
   i. Transition risks: Impact on business of transitioning society and the economy to low carbon and carbon-free
      a) Policy and regulatory risks: Risks such as regulatory tightening by promoting decarbonization through policy
      b) Technology risks: Risks from new low-carbon and decarbonization technologies and their mainstreaming
      c) Market risks: Risks related to the market, such as fluctuations in energy prices and changes in service demand
      d) Reputational risks: Risks from negative changes in reputation from stakeholders such as customers, the public, employees, and investors
   ii. Physical risks: Impact on business caused by changes to traditional climate patterns and phenomena as climate change progresses
      a) Acute physical risks: Risks caused by events, such as typhoons or floods
      b) Chronic physical risks: Risks stemming from long-term shifts in climate patterns, such as prolonged high and low temperatures

(3) In identifying these risks, we will consider what risks arise in each scenario, using the following two scenarios.
   i. Transition to a decarbonized society scenario (2°C or lower than 2°C scenario / 1.5°C scenario): Scenario in which social policies and emission regulations for decarbonization, technology investment, and other initiatives advance more than now toward the

achievement of the Paris Agreement's goals. To more specifically consider this scenario, we will refer to the following existing external scenarios:

• CRREM 2°C and CRREM 1.5°C

• International Energy Agency (IEA) Sustainable Development Scenario (SDS) and Beyond 2 Degrees Scenario (B2DS)

ii. Physical climate change progression scenario (4°C scenario): Scenario in which the physical risks from climate disasters increase significantly as GHG emissions continue to increase because sufficient climate change mitigation measures are not taken. To more specifically consider this scenario, we will refer to the following existing external scenarios:

• RCP8.5 scenario by the IPCC (average increase of 3.7°C)

(4) In identifying risks, we will attempt to assess the time axis (timing and duration of manifestation), degree of confidence (possibility of risk manifestation), and impact (financial impact on the business of the Company and the Investment Corporation) for each risk and scenario to the extent possible.

(5) In the process of identifying risks, if themes or elements that may be business opportunities for the Company and the Investment Corporation are identified, they shall be recorded as climate-related opportunities separately from risks, and the realization of such themes or elements will be examined. If possible, we will also assess the financial impact, achievability, return on investment, etc. of any opportunities in each of the above scenarios.

(6) The Sustainability Secretariat shall regularly report the progress and results of risk identification to the Sustainability Committee.

(7) The Sustainability Committee shall take the climate-related risks identified by the Sustainability Secretariate, discuss the climate-related risks to prioritize based on the results of the examinations into their level of confidence and impact, and prioritize risk management responses.

(8) If the Sustainability Secretariat also reports on climate-related opportunities, they shall also be discussed and prioritized in business strategies.

2. Managing risks and opportunities: Process for managing climate-related risks and opportunities

We will establish a management process as follows for the primary factors of important climate-related risks and opportunities that we have decided to prioritize based on the process set forth in the preceding section, and will work to reduce risks and realize opportunities.

(1) The chief executive officer for climate-related issues shall designate the department(s) or person(s) to handle the climate-related risks and opportunities that are of high priority in business and financial planning, as discussed by the Sustainability Committee, and shall direct the formulation of measure proposals.

(2) The proposed measures formulated by the designated department(s) or person(s) shall be deliberated and implemented through appropriate procedures according to their content.

(3) The chief executive officer for climate-related issues shall instruct regarding consideration of climate-related risks that are important for business and financial planning within existing company-wide risk management programs, and shall integrate the risk identification, assessment, and management processes.

3. Metrics and targets: Metrics and targets used in the process of managing risks and opportunities

(1) In our efforts to reduce risks and realize opportunities, we shall define key performance indicators (KPIs) where possible and conduct monitoring and set targets for their management.

(2) Since GHG emissions from the portfolio and emissions intensity are important metrics for the real estate sector, Scope 1, 2, and 3 emissions shall be monitored in accordance with guidelines for reducing CO_2 emissions, etc., and efforts shall be made for their continuous reduction.

(3) The Sustainability Secretariat shall compile a report on the progress of each initiative and KPI at least once a year and submit it to the Sustainability Committee.

Attachment 2: Matters related to disclosure of climate-related information

In order to fulfill our accountability to unitholders and other stakeholders as an organization supporting the TCFD recommendations and as the trust asset management company of a listed investment corporation, the Company will disclose climate-related information pertaining to the Investment Corporation through the following media, methods, etc.

- Voluntary sustainability-related disclosure materials, such as the website of the Company and the Investment Corporation and ESG reports
- Disclosure materials related to the financial results of the investment fund, such as financial results briefing materials and voluntary disclosure pages for asset management reports
- Statutory disclosure materials such as securities reports and prospectuses
- Reports on climate-related questions in GRESB assessments

In putting the above into practice, it is assumed that the content of disclosures will be tailored to the characteristics of each medium, but in principle, we will strive to report the information through content consistent with the disclosure framework suggested in the TCFD recommendations.

The disclosure framework in the TCFD recommendations is as follows.

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	a) Describe the organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	b) Describe the organization's processes for managing climate-related risks.	b) Discourse Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

(Source: Final Report of the Task Force on Climate-related Financial Disclosures)