

PROMOTION OF ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS (SUMMARY OF SFDR ARTICLE 8 PRE-CONTRACTUAL DISCLOSURE)

What environmental and/or social characteristics are promoted by MIRAI Corporation?

Mitsui Bussan & IDERA Partners Co., Ltd. (the “Asset Manager”) aims to manage the portfolio of MIRAI Corporation (“MIRAI”) to increase unitholder value while tackling environment, society and governance (the “ESG”) issues in pursuit of sustainable society. In 2021, the Asset Manager formulated a Sustainability Policy and will continue to strengthen ESG initiatives based on the policy.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by MIRAI?

We use the following indicators to measure the attainment of the environmental or social characteristics we promote:

- *Environmental certification.* To track the environmental performance of our properties, we rely on certifications issued by third-party organizations such as the Development Bank of Japan’s (“DBJ”) Green Building certification, the Comprehensive Assessment System for Built Environment Efficiency (“CASBEE”) certification, Leadership in Energy and Environmental Design (“LEED”) certification, Building Energy-efficiency Labeling System (“BELS”) certification and other equivalent certifications. As of October 31, 2021, 62.0 % of our properties had such certification based on total floor area.
- *Sustainability evaluation.* GRESB is an annual benchmarking assessment to measure ESG integration of real estate companies and funds. It was founded by a group of major European pension funds that played leading roles in launching Principles for Responsible Investment (“PRI”). It is utilized by major institutional investors in Japan and overseas when selecting targets for investment. In 2021, MIRAI received 2 out of 5 Stars in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants, and “Green Star” by achieving high performance both in the management component, which evaluate policies and organizational structure for ESG promotion, and the performance component, which assesses environmental performance and tenant engagement. In 2021, MIRAI also received the “B Level” for GRESB Public Disclosure, which assesses the breadth of ESG disclosure.
- *Tracking environmental performance.* The Asset Manager tracks and monitors energy consumption including gas/fuel consumption and electricity consumption, greenhouse gas (GHG) emission, water consumption, and waste. In FY 2020, energy consumption intensity was 0.16 mwh, GHG emission intensity was 0.08 t-CO₂/m², water consumption intensity was 0.88 m³/m², and waste consumption amount was 2,666 (t). We have set the following sustainability targets in order to appropriately identify and manage the environmental impact of real estate management and to conduct management that contributes to environmental conservation: reduce GHG emission intensity of our portfolio by 5% (compared to FY 2018) over five years from April 2021 to March 2026; and reduce energy consumption intensity of our portfolio by 5% (compared to FY 2018) over five years from April 2021 to March 2026.
- *Social initiatives - employees.* Employee satisfaction surveys covering all employees are conducted once a year, and we work to create a pleasant working environment by making improvements based on the results. This survey evaluates matters related to work (workload, overtime hours, paid leave taken), management (quality of superiors’ instructions and guidance, ability to consult with superiors), labor environment (job relations, institutional support for childcare and nursing care), our mission and vision (views on corporate philosophy), compensation and benefits (salary, personnel evaluation system), and compliance. Evaluations, given once a year, include feedback on how the employees have performed against their goals and how they can achieve them. We also evaluate the employees’ ability to promote society and governance matters, and board members are also evaluated with respect to ESG criteria.

What investment strategy does MIRAI follow?

We aim to maximize investment opportunities by investing in a variety of asset categories, and to build a superior portfolio by carefully selecting investment targets mainly from properties in Japan's three major metropolitan areas, which are greater Tokyo (Tokyo, Kanagawa, Chiba and Saitama Prefectures), greater Osaka (Osaka, Kyoto, Hyogo, Nara, Wakayama and Shiga Prefectures) and greater Nagoya (Aichi, Mie and Gifu Prefectures). The Asset Manager has established a Sustainability Policy, and has incorporated ESG factors into its assets investment and management decision-making processes so we can achieve healthy asset growth and stable distributions over the medium to long term. In order to conduct ESG-friendly management while maximizing the value of our properties, we have taken into consideration ESG factors in our investment and asset management processes. In particular, in 2021 we established a green finance framework ("Green Finance Framework"). Funds raised through green financing will be used for acquisition of green buildings or expenditures that meet the following eligibility criteria or the refinancing of green financing bonds. The Japan Credit Rating Agency (JCR) has evaluated the appropriateness of the framework and assigned it JCR's highest rating, "Overall Evaluation: Green 1(F)".

What is the policy to assess good governance practices of the investee companies and MIRAI?

We invest directly or indirectly through trust beneficiary interests in real estate. Therefore, due diligence (including the assessment of good governance practices) in relation to investee companies is not applicable. MIRAI has established a governance structure that ensures conflicts of interest are handled fairly through the adoption of a system that requires significant transactions such as the acquisition of assets from interested parties to be reported to the Asset Manager's Board of Directors and MIRAI's Board of Directors via prior deliberation by the Asset Manager's Compliance Officer and deliberation and resolution by the Compliance Committee and Investment Management Committee (provided, however, that the prior approval of MIRAI's Board of Directors is required in the case of certain transactions with related parties defined in the Act on Investment Trusts and Investment Corporations of Japan).

What is the asset allocation planned for MIRAI?

As of October 31, 2021, the number of certified properties (including properties in which we hold co-ownership interests) as a percentage of our portfolio was 62.0%, and 38.0% were not certified based on total floor area.

REMUNERATION AND SUSTAINABILITY RISKS (SFDR ARTICLE 5 DISCLOSURE)

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

- Employees of the Asset Manager receive remuneration according to their ability evaluations, which may include consideration of ESG factors.
- Remuneration, methods of calculation and payment, timing of payment, and increases or decreases in remuneration are determined according to compensation rules.
 - (a) Monthly remuneration is composed of one twelfth of annual salary and allowances. Such remuneration is determined every June based on evaluations for the previous fiscal year (each ending as of March 31) and effective as of July 1 in the following fiscal year.
 - (b) Monthly remuneration is composed of fixed position-based pay and allowances. Based on personnel evaluations for each fiscal year, employees may receive increases or decreases effective as of July 1 in the following fiscal year. Such increases or decreases will be set based on a pay table determined for each job category.
 - (c) Bonuses are determined based on the employee's contribution and company performance, which may include ESG considerations.