

Sustainability Report 2021

Issued on December 15, 2021





About this Sustainability Report

In recent years, interest in ESG (environment, social and governance) has been growing since then among companies and investors.

Daiwa Office Investment Corporation (the “Investment Corporation”) has, together with Daiwa Real Estate Asset Management Co. Ltd. (the “Asset Manager”) to which the Investment Corporation entrusts asset management, taken ESG into consideration through its business activities.

Through this Sustainability Report, we hope that you will deepen your understanding of the ideas and efforts of the Investment Corporation and the Asset Manager toward sustainability.

Contents

■ Policy Regarding Sustainability and Sustainability Promotion System

Policy Regarding Sustainability and Sustainability Promotion System 1

■ Environmental Initiatives

Environmental Targets and Performance..... 4

Implementing Eco-Friendly Initiatives via Real Estate Investment 6

Eco-Friendly Initiatives with Stakeholders..... 10

■ Social Initiatives

Efforts for Tenants..... 11

Efforts for Community..... 13

Disaster Prevention Efforts 16

Efforts for Employees..... 17

■ Governance Initiatives

Investment Corporation Institutions/ Management Structure 24

Compliance Structure 28

■ Acquisition of External Assessments/Certifications

Participation in External Assessments..... 32

Acquired External Certifications..... 33

■ Green Finance

Green Finance..... 38



Policy Regarding Sustainability and Sustainability Promotion System

Top Message



Daiwa Office Investment Corporation

Executive Director

Seiya Miyamoto



Daiwa Real Estate Asset Management Co. Ltd.

President and Representative Director

Toshio Fukushima

Recognizing that emphasizing ESG, which are environmental consideration, social contribution and stronger organizational governance, upon promoting asset management business contributes to the enhancement of investment corporations' corporate value over the medium to long term, the asset manager of the Investment Corporation (Daiwa Real Estate Asset Management Co. Ltd., the "Asset Manager") has established a system to promote ESG through company-wide efforts.

The Asset Manager established the "Sustainability Promotion Committee" in 2014 and the "Policy Regarding ESG" in March 2019. Furthermore, through establishment of the Sustainability Promotion Office at the Asset Manager in June 2021 for further strengthening of initiatives on sustainability, sustainability initiatives have been promoted on an organizational basis, including strengthening of the authority of the Sustainability Promotion Committee.

The Investment Corporation has continuously participated in GRESB Real Estate Assessment since 2011 and acquired several environmental certifications and ratings by external evaluation organizations. It has been working to lower the environmental burden at its portfolio properties through effective utilization of limited resources, including energy saving, reduction of greenhouse gas emissions, water saving and such. Furthermore, the Investment Corporation is determined to further enhance its corporate value while aiming to realize sustainable society by coordinating and working together with all stakeholders involved in the portfolio properties (investors, tenants, local communities, employee, etc.) by forming favorable relationships with them.

Policy Regarding ESG

The Investment Corporation will focus on the following items in the asset management for the Investment Corporation judging that emphasizing ESG (Environment, Social and Governance) contributes to the enhancement of the Investment Corporation's medium- to long-term corporate value.

- SFDR Principal Adverse Impact Statement [PDF](#)
- Summary of SFDR Pre-Contractual Disclosure (Articles 8, 6 and 5) [PDF](#)

1. Initiatives on Environmental Protection (Environment)

We will proactively promote initiatives on environmental protection including resource and energy-saving measures such as the introduction of facilities and equipment contributing to environmental protection at the properties owned.

2. Connection to Society (Social)

We will proactively disclose information and fulfill our accountability to all stakeholders through IR activities, etc. We will accomplish the social mission of an asset manager by providing high-quality and comfortable residential spaces for tenants. Moreover, in order to contribute to society through superior asset management, we strive to create a comfortable work environment that respects the work-life balance of executives and employees and at the same time endeavor to develop human resources through internal and external training.

3. Corporate Governance (Governance)

We will make highly transparent and reasonable decisions under laws and regulations and various rules while being aware of the importance of corporate ethics and compliance. In addition, the Asset Manager will work to strengthen internal control systems including avoidance of conflicts of interest and risk management and to train officers and employees in order to fulfill the duty of care and fiduciary duty.

Sustainability Promotion System

The Asset Manager has established the following organizational structure in order to implement the Policy Regarding ESG and continuously promote initiatives on sustainability.

Sustainability Promotion Committee

(Members)

- President and Representative Director (Chief Executive Officer for Sustainability Promotion)
- Executive Managing Director
- General Managers of DOI Investment Management Dept., DLI Investment Management Dept., Private REIT Investment Management Dept., and Private Fund Management Dept. (Chief Sustainability Officers)
- Head of Sustainable Promotion Office
- Compliance Officer
- Others who are appointed by the Chief Executive Officer

(Contents of deliberation/reports, frequency, consideration process)

The Sustainability Promotion Committee is held regularly (once a month, in principle) in order to realize the policy and targets for sustainability. The committee deliberates matters such as management policies on sustainability, target setting, and their revision and abolition, and reports on the progress of the targets, etc.

Establishment of Sustainable Promotion Office

The Sustainable Promotion Office was newly established at the Asset Manager on June 1, 2021, to further strengthen initiatives on sustainability. Matters concerning ESG and SDGs of all investment corporations whose assets are managed by the Asset Manager and of the Asset Manager will be planned, drafted and executed organizationally by the office.

Environmental Targets and Performance

The Investment Corporation is striving to improve environmental performance by establishing environmental targets for the reduction of energy consumption, CO2 emissions, and water consumption across the entire portfolio and monitoring its performance with respect to achieving them.

Environmental Targets

Energy Consumption

Reduction of 5% in energy consumption across the entire portfolio on an intensity basis by FY2024 compared to the baseline year

CO Emissions

Reduction of 5% in CO2 emissions across the entire portfolio on an intensity basis by FY2024 compared to the baseline year

Water Consumption

Maintaining the same level of water usage across the entire portfolio by FY2024 compared with the baseline year

* The baseline year for setting the above targets is FY2019. The coverage rate within the portfolio when calculating the above data is 100%.

Performance

In conjunction with the medium- to long-term targets formulated for its ESG initiatives, the Investment Corporation is working to keep track of energy consumption, CO2 emissions, water consumption, and so forth at real estate that it owns.

Item	Reduction target (Medium- to long-term target)	Unit	Actual reduction		
			FY2019 (base year)	FY2020	Rate of change
Energy	Reduction of 5% on an intensity basis compared with base year	Consumption (MWh)	114,466	107,902	-5.73%
		Consumption intensity (MWh/m ²)	0.196	0.181	-7.65%
CO2	Reduction of 5% on an intensity basis compared with base year	Emission (t-CO2)	50,040	44,675	-10.72%
		Emission intensity (t-CO2/m ²)	0.085	0.075	-11.77%
Water	Maintain the current level	Consumption (m ³)	431,914	313,046	-27.52%
		Consumption intensity (m ³ /m ²)	0.739	0.525	-28.96%
Waste	—	Consumption (t)	4,878	3,991	—
		Amount of recycled waste (t)	2,868	2,401	—
		Recycling (%)	58.80	60.16	—

*1 Reduction target (Medium- to long-term target): The following targets are established for all properties
 [Energy and CO2] 5% reduction compared to base year over 5 years (from FY2019 (base year) to FY2024) on an intensity basis
 [Water] Maintain current level over 5 years (from FY2019 (base year) to FY2024)

*2 Aggregation method: Intensity is calculated by dividing each consumption/emission for each fiscal year by intensity denominator (sum of the total floor areas (m²) in accordance with the period of ownership of each building).

The recycling rate is calculated by dividing consumption for each fiscal year by the amount of recycled waste.

*3 CO2 emissions from Scope 1 (city gas) and Scope 2 (indirect emissions from the use of electricity, heat and steam provided by other companies). The figure includes CO2 emissions derived from energy consumption by tenant activities for the tenant space.

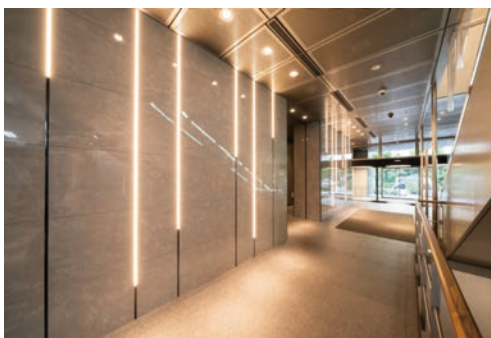
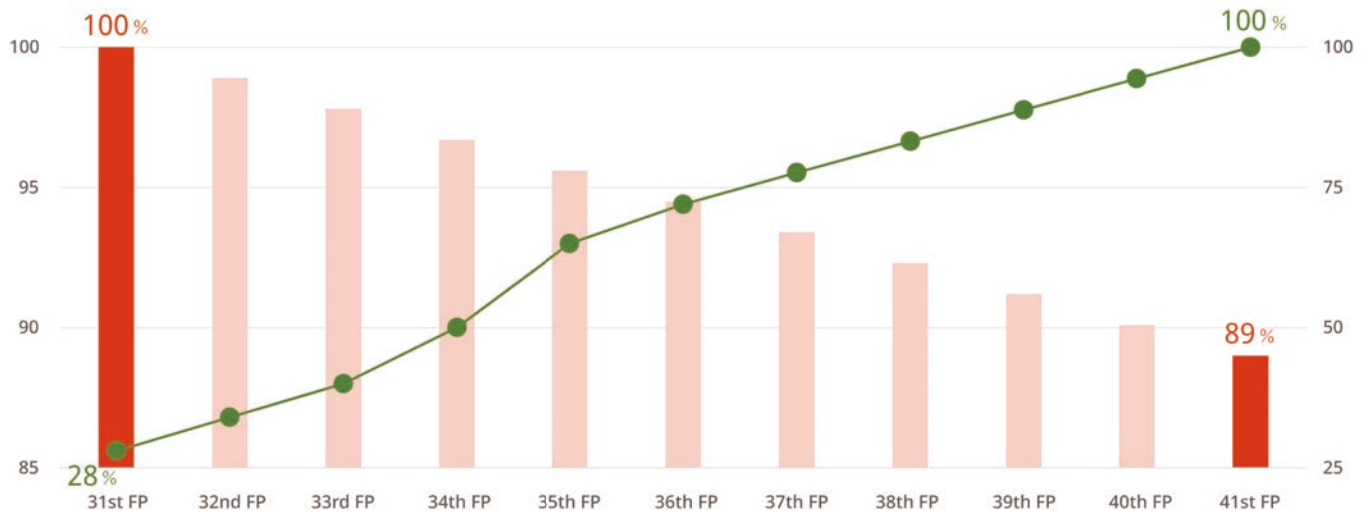
Environmental Management System

In order to pursue energy-saving, CO2 emissions reduction, and efficient use of water resources, the Investment Corporation has established an environmental management system. Focusing on energy consumption, CO2 emissions, and water usage, it sets targets, tracks performance, manages budgets, and executes countermeasures (PDCA cycle), contributing to the realization of a sustainable society through the reduction of its environmental footprint.

Implementing Eco-Friendly Initiatives via Real Estate Investment

Introduction and Upgrading of LED Lighting, Etc.

The Investment Corporation is steadily moving forward with conversion to LED (installation of LED lighting and lighting equipment with human-detecting sensors) in the common and private areas of all office properties it owns, with a target of 100% LED conversion by the close of the fiscal year ending in May 2026. (Assuming this target is achieved, the estimated effect between the fiscal period ended May 2021 and the fiscal period ending May 2026 is forecast to be equivalent to an approximately 11% reduction in power and an approximately 5,000 t reduction in CO2 emissions.)



Introduction of LED in line with renovation of common areas on each floor
(Daiwa Sasazuka Tower)



(CONCURRED Yokohama)

Introduction of High-Efficiency Heat Source Equipment/Upgrading of Air-Conditioning Equipment

In conjunction with updating of heat source and air-conditioning equipment at properties it owns, the Investment Corporation is introducing high-efficiency heat source equipment with superior energy efficiency and upgrading to air-conditioning equipment with excellent energy-saving performance.



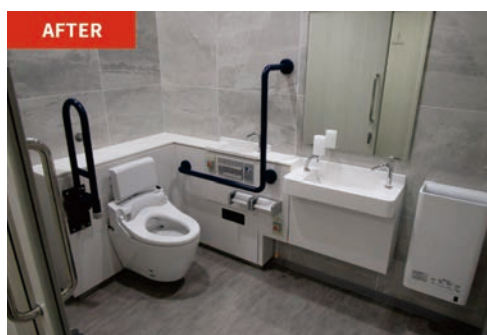
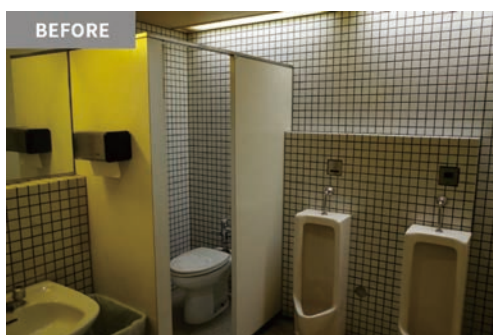
Upgrading of air-conditioning equipment
(Daiwa Akasaka)



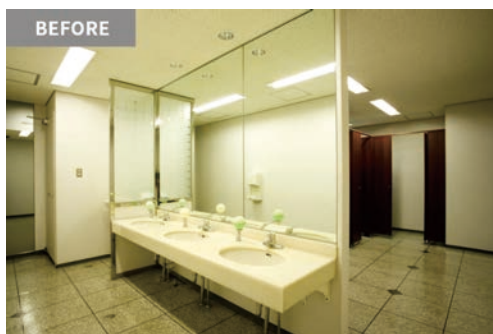
Implementation of upgrading to zoned air-conditioning
(Daiwa Ginza)

Introduction and Upgrading of Water-Efficient Equipment

At properties that it owns, the Investment Corporation is improving water conservation through measures such as upgrading to sanitary equipment with excellent water-saving performance and using rainwater and reclaimed water for general service water in buildings.



Upgrading of water-efficient equipment
(Daiwa Akasaka)



Construction work for toilets
(Daiwa Tsukishima)

Installation of Solar-Wind Streetlights

The Investment Corporation has installed solar-wind streetlights at one of the properties it owns, Daiwa River Gate. This property facing the Sumida River is leveraging its location characteristics (i.e., strong winds, ample sunlight) to use natural renewable energy in order to improve illumination of nearby buildings while also addressing crime prevention.



Installation of solar-wind streetlights
(Daiwa River Gate)

Environmental Pollution Countermeasures

When acquiring new properties, the Investment Corporation strives to avoid risks by checking in advance for environmental and social risks to ensure there are no problems, including hazardous substances (PCB, asbestos, etc.) and soil contamination, in addition to conducting site inspections and surveys. If hazardous substances or the like are present at a property that it owns, it will implement appropriate countermeasures, management, and disposal in compliance with the laws and regulations.

Promoting Greening of Walls and Rooftops/Conserving Biodiversity

One of the properties owned by the Investment Corporation, Daiwa Azabu Terrace, is notable for its stylish design with greenery on multiple levels. The rooftop level and the roof areas of the third to sixth floors, which have a terraced structure due to height restrictions based on shadow control regulations, form a rooftop garden (approx. 1,523 m²) with a different concept on each level. With a planting plan that takes the ecosystem network into account by using many plants native to the region, it is a green office building that leverages the appeal of the rooftop garden while also addressing the conservation of biodiversity.



A green office building that leverages the appeal of its rooftop garden
(Daiwa Azabu Terrace)

(Reference)

Awards received by this property:

Selected among the 100 Corporate Green Initiatives Preserving Biodiversity in 2010, winner of the 10th Environmental and Equipment Design Award and 2011 Good Design Award, etc.

[Click here for details.](#) 

Eco-Friendly Initiatives with Stakeholders

Introduction of Green Leases

At Shinjuku Maynds Tower, a property owned by the Investment Corporation, the promotion of LED lighting fixtures has been ongoing since 2012. It has been possible for both the tenants and the owner to enjoy the benefits since 2014 due to the use of a green lease system for tenants' private areas. With the conversion to LED, tenants have been able to reduce their electricity fees to about half of the level prior to the implementation of LED upgrading work, while the building's owner has been able to reduce its investment burden and improve the property's value by receiving green lease fees.

Supply Chain Management

In order to promote environmental and social initiatives in its supply chain, the Investment Corporation has established a Sustainable Procurement Policy. When selecting new property management companies, suppliers, etc. or evaluating existing counterparties, the status of their sustainability-related initiatives is included in the criteria, along with their facilities management services, lease operation and management services, leasing services, etc., and they are required to understand and cooperate with the Investment Corporation's environmental and social initiatives.

Urban Development/Revitalization

While the Investment Corporation is a J-REIT, there is a real estate development team with specialized expertise within the Asset Manager, and it pursues urban development projects by developing new office properties on sites it has acquired. The first such initiative by the Investment Corporation is the Nihonbashi Bakurocho 1-Chome Development Project (scheduled for completion in November 2022), for which it has hired The Sankei Building Co., Ltd. to provide project management services and contracted JDC Corporation to handle construction work and design management. The companies will work together to pursue environmentally friendly urban development/revitalization.



The Investment Corporation's first urban development project (Nihonbashi Bakurocho 1-Chome Development Project)

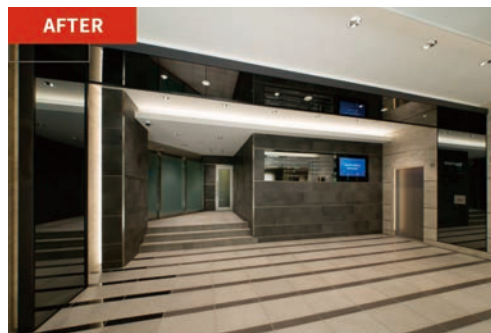
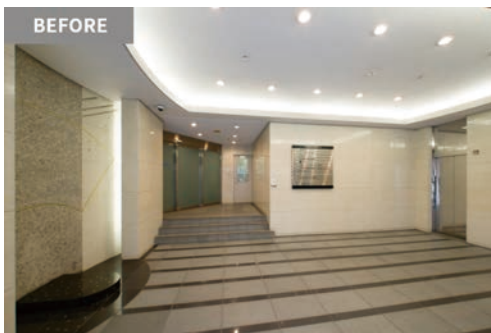
Efforts for Tenants

Tenant Satisfaction Surveys

We implement questionnaire surveys for office and shop tenants of our properties regularly (generally at least once every three years) and share the results (requests, issues, etc.) with property management companies for application to operational improvement in an effort to improve tenant satisfaction.

Tenant Comfort Improvement

We are renovating the common areas to improve comfort for our property tenants and facility users.



Renovated Entrance Hall
(Daiwa Shibuya Miyamasuzaka)



Renovated Entrance Hall
(Daiwa Tsukishima)

Digital Signage Installation

We installed digital signage in elevator halls and other common areas of portfolio properties. We are displaying energy consumption with an aim to increase tenants' awareness of energy reduction.



Digital signage installation
(Daiwa Ginza)

Tenant Safety & Security

In its facility operation, the Investment Corporation works to ensure the safety and security of its property tenants, facility users and visitors.

Countermeasures Against COVID-19

- Displaying notices on safety measures
- Installing disinfectants, air cleaners, etc.
- Making sure that employees of building management and building cleaning companies thoroughly follow hygienic measures (face masks, hand-washing, disinfection, etc.).
- Disinfecting common areas on a daily basis and establishing system for implementing disinfection in cooperation with administrative bodies when a COVID-19 case arises, etc.
- Introducing VR previews of properties
- Providing a vaccination site for tenants (Daiwa River Gate)



Installed air cleaners
(Daiwa River Gate)



Implemented antibacterial treatment



Introduced VR viewing service
(you can view Daiwa Ginza from the code above)

Efforts for Community

Installation of Cycle Port/Introduction of Car Sharing

We installed a cycle port for cycle sharing on the building's site and introduced car sharing, contributing to convenience for tenant employees, local residents and others.



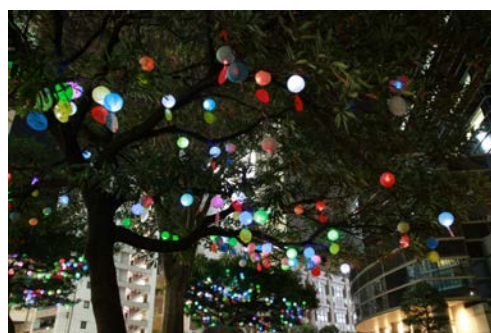
Installed cycle sharing port
(Shinjuku Maynds Tower)

Participation/Collaboration in Local Events

To coexist with and stimulate the areas around our properties, we contribute to the sustainable development of local communities by participating in and collaborating with the following community events organized by urban development councils and private sector groups.



Participated in Shinjuku Minami Lumi (Shinjuku Maynds Tower)



Yokohama Portside District
Collaborated in an urban development
council's event "Hikari no Machizukuri"
(CONCURRED Yokohama)

Food Truck Attraction

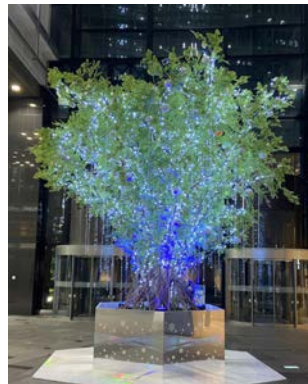
We attract food trucks to our property sites to improve office worker and local resident satisfaction and produce the area's weekday lunchtime outdoor lively scene.



Attracted food trucks
(Daiwa Nakano-Sakaue)

Expression of Respect for Health Care Workers

We implemented blue illumination to prevent people from crowding and the healthcare system from collapsing. This was an expression of gratitude and respect for healthcare workers and shared the thought with users of the office.



Blue illumination of the symbol tree, building, etc.
(Daiwa Shibuya Miyamasuzaka) (Shinjuku Maynds Tower)

Charity & Volunteer Activities

The Asset Manager does “Jeans Day,” an initiative of the sponsor Daiwa Securities Group Inc. Since June 2021, employees can come to the office in casual wear such as polo shirts and jeans on Fridays, and a charity drive is held to aid those impacted by COVID-19 (on third Fridays).



Implement Jeans Day

Engagement with investors

The Investment Corporation strives to proactively disclose information and be accountable to all stakeholders through IR activities. In order to promote understanding of the Investment Corporation, we hold individual meetings with domestic and foreign institutional investors, and hold seminars for individual investors.

The IR activities results from FY2019 to FY2020 are as follows.

Number of meetings and seminars

For institutional investors	Domestic investors	Foreign investors
Number of IR meetings in FY2019	76	47
Number of IR meetings in FY2020	88	59

For individual investors	Seminars
Number of seminars held in FY2019	2
Number of seminars held in FY2020	1

Disaster Prevention Efforts

Disaster Prevention Efforts

We formulated BCP measures in order to secure the safety of tenants, facility users and employees as well as continue with important business operations at our properties in times of emergency such as disasters. We periodically hold emergency drills in collaboration with PMs and BMs and promote disaster prevention measures with AEDs, elevator emergency goods boxes, emergency stockpiles, etc. at portfolio properties where these can be installed. Some of our properties have excellent seismic capacity with seismically isolated or vibration-damping structures.



Install emergency stockpile



Elevator emergency goods box
(Daiwa Azabu Terrace)

Efforts for Employees

Efforts for Employees

The Act on Investment Trusts and Investment Corporations prevents investment corporations from hiring employees, so the asset manager's employees are responsible for operation in practice. The Asset Manager to which the Investment Corporation entrusts asset management cultivates its human resources through initiatives like the following to achieve high-level asset management.

Promotion of Active Participation of Diverse Personnel

Believing that promotion of active participation of diverse personnel improves the organization, the Asset Manager monitors employee diversity. Daiwa Securities Group proactively promotes talented employees regardless of gender and endorsed the declaration of the Cabinet Office Gender Equality Bureau's Male Leaders Coalition for Empowerment of Women in 2015.

	End of FY2019	End of FY2020
Employees	113	127
Female employees	37	39
Ratio of female employees	32.7%	30.7%
Directors (including part-time)	6	7
Female directors (including part-time)	0	0
Managerial positions	84	91
Female managers	18	18
Ratio of female managers	21.4%	19.8%
Employees over 60	1	3

Personnel Hiring/Training Strategy

The Asset Manager has signed a sponsor support agreement for cooperation in personnel hiring with Daiwa Securities Group Inc. It receives seconded employees from Daiwa Securities Group and promotes sharing and succession of real estate asset management expertise to increase the entire organization's sustainability.

	End of FY201	End of FY2020
Secondments from sponsor	26	28

Qualification Acquisition Support

The Asset Manager supports employees in obtaining qualifications to improve their abilities by offering training, testing and renewal fee payment for real estate and various other qualifications with which they can demonstrate a high level of expertise.

Qualification Holders

	End of March 2021
Real Estate Transaction Specialist	75
ARES Certified Master	43
Certified Building Administrator	11
First-Class Architect	9
Real Estate Consulting Master	7
Real Estate Appraiser	2
Chartered Member of The Security Analysts Association of Japan	8
Certified Public Tax Accountant	2

Employee Health & Comfort

Working Environment Improvement

The Asset Manager developed the office environment for employee health, work style flexibility and productivity, for example establishing a cafeteria space where employees can work comfortably, installing free vending machines, developing the communication environment including Wi-Fi at office area and meeting rooms and utilizing free space for remote work.



Benefits

The Asset Manager offers the following benefit programs to build a diverse, flexible working environment and ensure that life events like birth, childrearing and elderly care do not force employees to give up working.

All Employees

Consecutive holiday, flextime, medical checkups, Life Support paid holiday, The telecommuting system

Childrearing

Childcare leave, Childcare Support Leave, Pre-childcare leave for male employees, Short working hours system, Exemption/restriction on overtime work, Nursing care leave, Daycare subsidy, Babysitter system, Support desk for employees looking for nursery schools

Female Employees

Daiwa ELLE Plan

Nursing Care

Nursing care leave, Nursing care-support leave

Benefits Data

	FY2019	FY2020
Childcare leave takers	3	4 (including 1 male)
Return rate from child care leave	100%	100%
Childcare Support Leave takers	2	2
Childcare Support leave usage rate	50%	100%
Nursing care leave takers	0	0

Health Management

The Asset Manager manages employee health by subsidizing costs such as medical checkups and flu vaccination and ensuring thorough health examinations.

Employee Health Data

	FY2019	FY2020
Percentage of employees who took the stress check	97%	94%
Paid holiday usage rate	78%	72%
Yearly paid holidays taken per person	17.9	16.6

Countermeasures Against COVID-19

- Developing remote work system (lending laptops and mobile phones to all employees, including temporary workers, subsidizing monitors costs, etc. for working at home)
- Installing disinfectant in offices, etc.
- Promoting IT use such as online meetings
- Ensuring physical distance in offices
- Staggering working hours
- Offering workplace vaccination (Daiwa Securities Group offered workplace vaccination to all employees, including affiliate companies, and their families)
- Subsidizing home PCR tests

ABW Trial

We granted subsidies for remote work plans at hotels owned by Daiwa Hotel Private Investment Corporation whose management is entrusted to the Asset Manager. Furthermore, we attempted to address various workplace and work-style matters such as using conference rooms and free space as temporary offices to secure space at offices.

* ABW: Activity-Based Working

Fulfilling Workplace Creation

Employee Satisfaction Surveys

Believing in the importance of reflecting employee feedback in various measures to build a better working environment, the Asset Manager regularly conducts employee satisfaction surveys and uses the results to improve the in-house environment.

Evaluation System

The Asset manager conducts performance reviews of all employees every six months and pays bonuses commensurate with their achievement of half-year targets. The regular evaluation and feedback help employees in their career development and forms a transparent HR evaluation system.

Ongoing Anti-Harassment Training

The Asset Manager increases employee sensitivity to and awareness of harassment by instructing employees on their first day (or secondment) about harassment, the whistleblowing system and other internal controls, conducting regular anti-harassment training thereafter and ensuring thorough awareness of the compliance consultation process. It also asks about harassment when employees submit their career plans twice a year.

HR Data

	FY2019	FY2020
Employees	113	127
Men	76	88
Women	37	39
Permanent employees	113	127
Men	76	88
Women	37	39
Contract employees	0	0
Men	0	0
Women	0	0
(Ref.) Temporary employees	5	5
Men	0	0
Women	5	5
New hires	10	15
Men	6	13
Women	4	2
Directors (including part-time)	6	7
Departures	4	3
Rate of departure	3.8%	2.7%

Productivity Improvement & Overtime Monitoring

The Asset Manager has signed a labor-management agreement (Article 36 of the Labor Standards Act) on overtime with an employee representative. It also calculates each employee's health management time and monitors properly their working time to improve productivity and maintain employee health.


Labor Data

	FY2019	FY2020
Annual regular working hours	1807.5	1837.5
Average monthly overtime hours per person	20.3	24.6
Rate of labor-related death	0	0

Labor Standard Infractions

The Asset Manager had no serious labor standard infractions between April 1, 2020, and March 31, 2021.

Human Rights Efforts

Daiwa Securities Group states in its corporate principles that “the Group will strive to maintain a high sense of morality and duty, endeavoring to continue contributing to the sustainable growth of the societies in which we operate.” To improve a corporate culture rooted in the basic principles of respect for human rights, we are further strengthening our efforts to educate and enlighten our employees about human rights. See below for details about Daiwa Securities Group's human rights efforts. https://www.daiwa-grp.jp/english/about/work/human_rights.html 

Complaint Collection

As a member of Daiwa Securities Group, the Asset Manager has an anonymous whistleblowing system to quickly detect and correct any infraction of the law or regulations. The report recipient is the Daiwa Securities Group Inc.'s corporate ethics officer or designated advisory legal firm attorney. When necessary, the internal control supervisor implements corrective and preventive measures based on the instructions of the president.

Investment Corporation Institutions/Management Structure

Investment Corporation Institutions

In addition to the General Meeting of Unitholders composed of investment unitholders, the Investment Corporation's institutions include a Board of Directors, composed of one executive director and two supervisory directors, and an Accounting Auditor.

Institutions

(a) General Meeting of Unitholders

Certain resolutions, which are stipulated in the Act on Investment Trusts and Investment Corporations or the articles of incorporation, are adopted at the General Meeting of Unitholders.

Unless otherwise stipulated in the law or articles of incorporation, resolutions of the General Meeting of Unitholders shall be adopted by a majority of the voting rights of the unitholders present. However, for certain important matters such as amendments to the articles of incorporation, resolutions (special resolutions) must be adopted by two-thirds or more of the voting rights of the unitholders present at a meeting where unitholders holding a majority of the investment units issued and outstanding are present.

(b) Executive Director, Supervisory Directors & Board of Directors

The executive director has the authority to execute the business of the Investment Corporation and to represent the Investment Corporation in all judicial or extrajudicial acts related to its business. The supervisory directors have the authority to supervise the executive director's execution of duties. The Board of Directors, which is composed of all executive directors and supervisory directors, has the authority to approve the execution of certain duties, the authority stipulated in the Investment Trust Act and the articles of incorporation and the authority to supervise the executive director's execution of duties.

(c) Accounting Auditor

The Investment Corporation has appointed KPMG AZSA LLC as its accounting auditor. The Accounting Auditor shall audit the Investment Corporation's financial statements, report to the supervisory directors any wrongful act or material fact in violation of the law or articles of incorporation it discovers in connection with the executive director's execution of duties, and perform other legally stipulated duties.

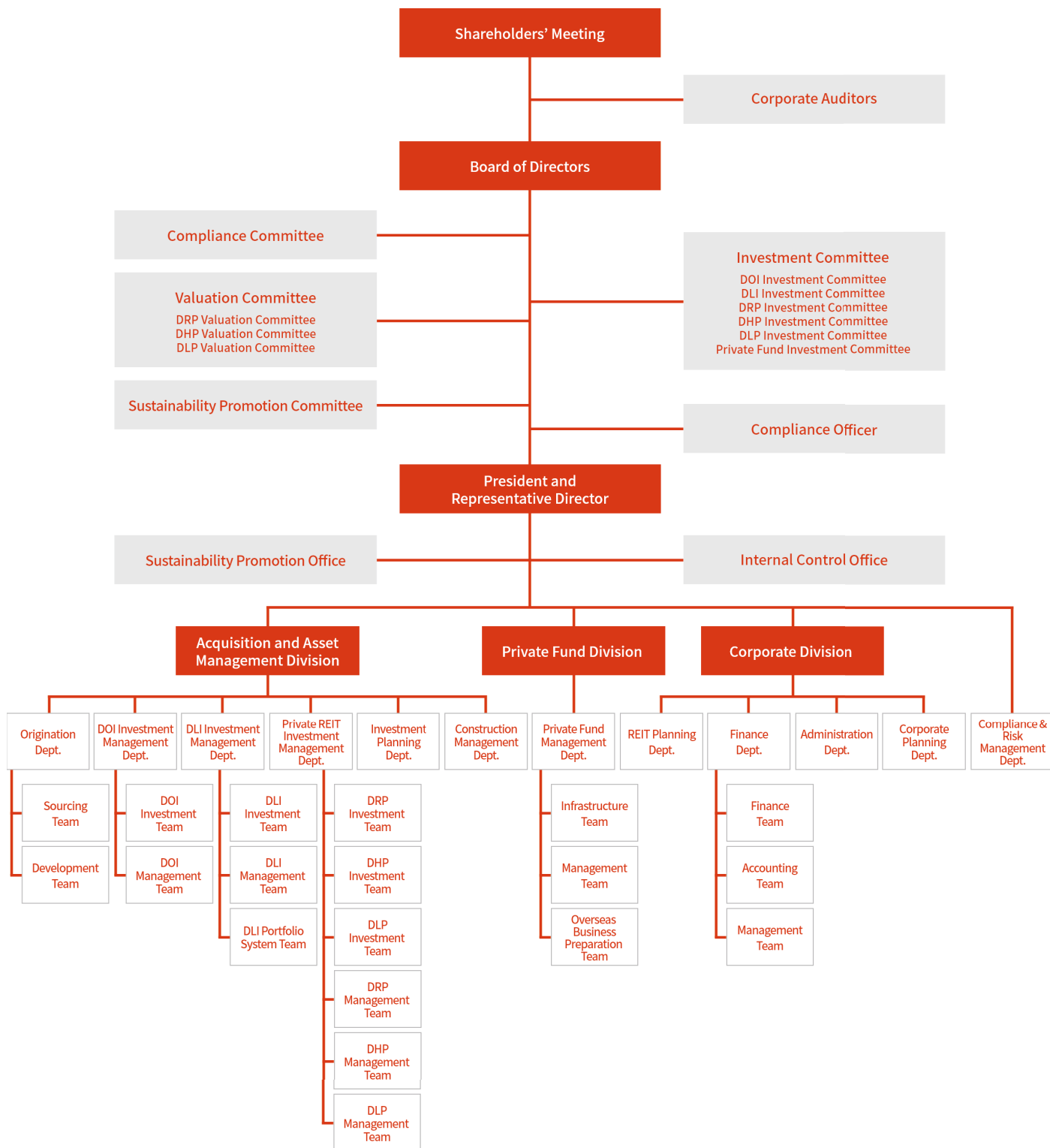
Structure



- ① Asset management contract / General administrative contract related
- ② General administrative affairs contract / Asset custodian contract
- ③ Unitholder register, etc. management contract / Special account management contract
- ④ Sponsor support agreement
- ⑤ Fiscal agency agreement

Investment Corporation Management Structure

The Investment Corporation entrusts its asset management to Daiwa Real Estate Asset Management Co., Ltd. The Asset Manager's organizational structure is as follows.



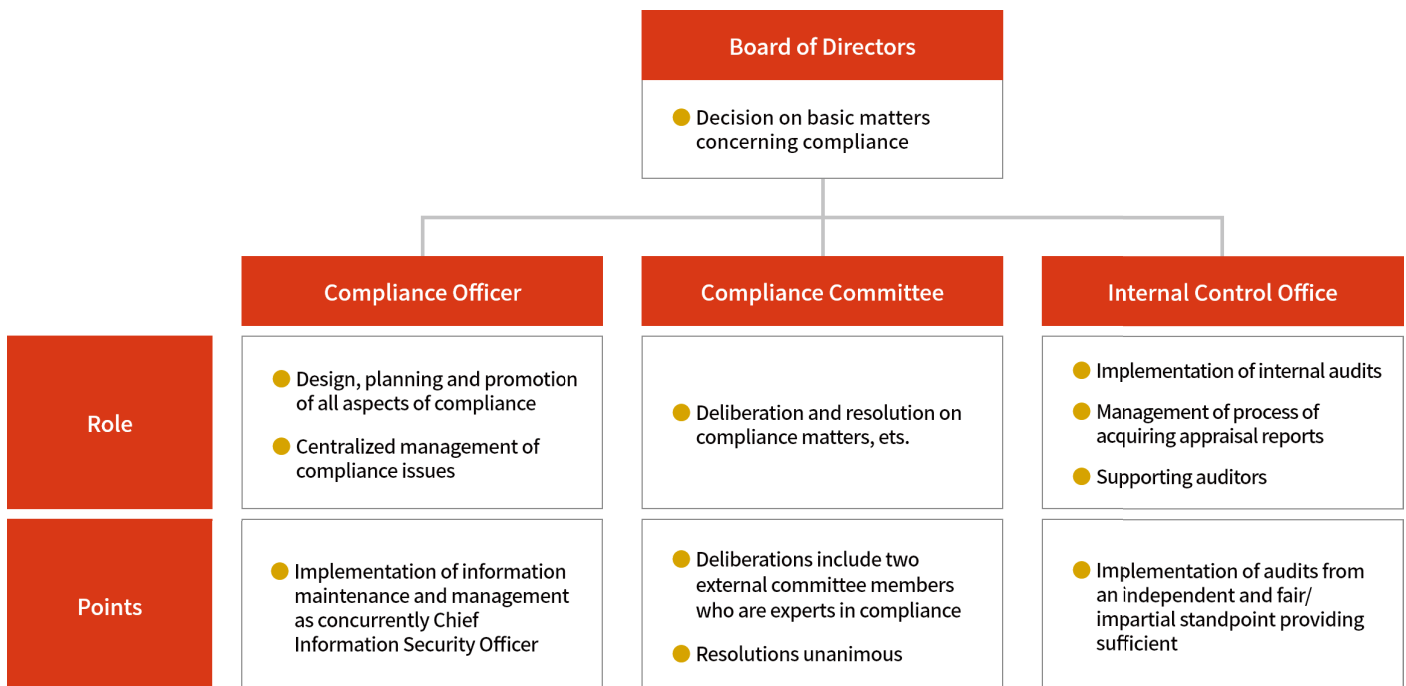
Performance-Based Management Compensation

	Basis of the calculation	Fee rate
Management Fee I (based on assets under management)	Total appraisal value of assets under management (based on market value)	0.05%
Management Fee II (rent revenue standard)	Rent revenue	5.5%
Management Fee III (based on distributable amount)	Distributable amount	3.5%
Management Fee IV (asset acquisition standard)	Acquisition price of target real estate	0.75%
Management Fee V (asset sale standard)	Transfer price of target real estate	0.5%

Compliance Structure

Compliance Structure

The Asset Manager is committed to honest and fair corporate activities, not only in strict compliance with all laws and regulations related to its operations, various regulations, bylaws and market rules but also in full awareness of social norms.



Appropriate Management of Conflicts of Interest

In cases where transactions may be at risk of conflicts of interest concerning the financial instruments business or other related operations, the Asset Manager shall comply with the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations and other related laws and regulations, and the separately provided rules on measures against conflicts of interest. The rules on prevention of conflicts of interest provide the following terms and conditions individually for each of the following transactions:

1) Asset Acquisition

In case of acquiring real estate or real estate trust beneficiary rights from interested parties, the acquisition price shall be at 100% or less of the appraisal value as appraised by a real estate appraiser. In the case of other assets, the acquisition shall be made at

fair value price. However, if the fair value measurement is not applicable, the acquisition shall be at the value reasonably estimated by an expert independent from the asset management company.

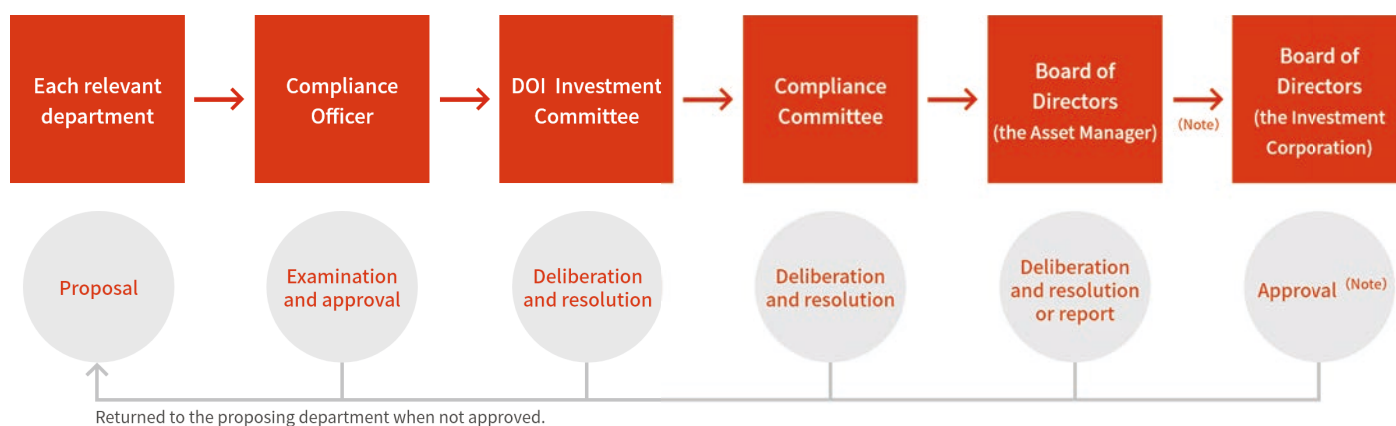
2) Other

In cases other than asset acquisition, such as asset sale, asset leasing, entrustment of property management operations, entrustment of intermediation operations for real estate acquisition, sale or leasing and placement of construction orders, where such involves interested persons, the transaction shall be implemented in line with the rules on measures against conflicts of interest.

Investment decision-making system

As an asset management company under the Act on Investment Trusts and Investment Corporations that is entrusted with asset management by the Investment Corporation, the Asset Manager prepares, in line with the Articles of Incorporation, asset management guidelines to stipulate basic approaches to investment management, such as the investment policy, rules on transactions with interested parties regarding acquisition and sale of assets, etc. and the disclosure policy.

Decision-making process



(Note) When transacting (acquiring or transferring real estate or securities, or leasing) with interested persons under the Act on Investment Trusts and Investment Corporations, approval by the Board of Directors of the Investment Corporation is required except for certain cases.

Note that a proposal shall be returned to the proposing department when examination by the Compliance Officer or deliberation by the DOI Investment Committee, Compliance Committee or Board of Directors results in approval not being obtained. In addition, for agenda resolved at a meeting of the DOI Investment Committee, Compliance Committee or Board of Directors, parties having special vested interest shall not be eligible to exercise voting rights on the concerned resolved agenda.

Prevention of Conflicts of Interest among Funds

In case of competition over a property acquisition opportunity among the Investment Corporation and other funds, etc. managed by the Asset Manager, conflicts of interest among the Investment Corporations and other funds, etc. shall be prevented by first granting the Investment Corporation the preferential right to consider the acquisition. The acquisition opportunity will be available to the other funds, etc. only when the Investment Corporation decides not to exercise the concerned preferential right.

Furthermore, in the case of rental residences, the Asset Manager shall prevent arbitrary distribution of property information and avoid conflicts of interest among Daiwa Residential Private Investment Corporation, Daiwa Securities Living Investment Corporation and other funds, etc. by establishing the "Rotation Rule."

Officers

Title	Name	Concurrent Positions	Total Compensation for Position in This Period (thousands of yen)
Executive Director	Seiya Miyamoto	—	3,000
Supervisory Director	Takayuki Hiraishi	Attorney at Spring Partners Audit & Supervisory Board Member, Delivery Consulting Inc. Audit & Supervisory Board Member, Peerto Inc.	4,200
	Hiroshi Sakuma	CPA/tax accountant at Sakuma CPA Firm Director at Just Planning Inc.	

[Click here for career summaries.](#)

Accounting Auditor

Title	Name	Concurrent Positions	Total Compensation for Position in This Period(thousands of yen)
Accounting Auditor	KPMG AZSA LLC	—	15,000

Whistleblowing System

The Asset Manager has established a whistleblowing system for all employees (part-time, contract, seconded from other companies and temporary).

This system enables anonymous reporting and, in compliance with the Whistleblower Protection Act, prohibits firing, disciplining, retaliating against or subjecting the whistleblower to any other disadvantageous treatment on account of their report.

Information Security

The Asset Manager has established information management regulations to ensure the proper use of corporate information and prevent unauthorized access, loss or leakage.

The regulations ensure thorough information management by stipulating the management of confidential information, access

restrictions for outsiders, prevention of information leaks, maintenance of information systems and education and audits related to information system management.

Regular Compliance Training

The Asset Manager regularly conducts training for all employees (part-time, contract, seconded from other companies and temporary) to raise compliance awareness.

Same-Boat Investment

Sponsor group	Number of units	Holding ratio
Daiwa Investment Management Inc.	128,905 units	26.41%
Daiwa Securities group Inc.	67,321 units	13.79%

Holding ratio of Daiwa Securities group **40.2%**

* As of end of period ended May 2021

Major Investors

[Click here for List of Top 10 Investors](#)

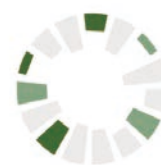
Participation in External Assessments

GRESB Real Estate Assessment

GRESB is an annual benchmarking assessment to measure ESG (Environmental, Social and Governance) integration of real estate companies and funds, as well as the name of organization which runs the assessment. It was founded in 2009 by a group of major European pension funds who played leading roles in launching Principles for Responsible Investment (PRI). The Investment Corporation has continuously participated in the GRESB Real Estate Assessment since 2011, and in the 2021 Assessment, it obtained a “Green Star” rating recognizing outstanding achievement for the tenth consecutive year in both the Management Component, which evaluates policies, organizational systems, etc. for promoting ESG, and the Performance Component, which evaluates environmental performance, initiatives with tenants, etc., at buildings in the portfolio. Moreover, in the GRESB Rating, which assigns a rating out of five stars based on where the participant’s overall score ranks globally, the Investment Corporation earned a rating of “4 Star.”

Furthermore, in the 2021 GRESB Public Disclosure assessment, which measures the comprehensiveness of ESG information disclosure, the Investment Corporation was assessed as providing outstanding information disclosure relating to environmental and sustainability initiatives, receiving the top rating of “A” on the five-tiered evaluation scale.

[Click here for more details about the GRESB Real Estate Assessment](#)



G R E S B
★★★★☆ 2021



G R E S B[®]
Public Disclosure 2021



MSCI ESG Rating

Using an ESG evaluation framework created by MSCI ESG Research LLC, the MSCI ESG rating assigns a rating on a seven-tiered scale, ranging from “AAA” to “CCC,” based on exposure to industry-specific ESG risks and management capabilities for handling those risks in comparison with other companies in the same industry. The MSCI ESG rating is one of the parameters for listing companies on the MSCI Japan ESG Select Leaders Index, which is used by the Government Pension Investment Fund as an ESG index for passive management, as well as being used by over 1,300 institutional investors around the world and in the creation of over 1,000 investment indexes.

The Investment Corporation has obtained an MSCI ESG rating of “BB” (as of June 2021).

Acquired External Certifications

As of the end of November 2021, the total number of properties that have acquired environmental certification meeting the requirements for green-qualified assets is 31. The acquisition ratio (based on the total floor area of owned properties) is 60.3%. The breakdown (number of properties, acquisition ratio) by rank for each certification is as follows.

CASBEE Certification		
	Rank S	3
	Acquisition ratio	11.9%
	Rank A	22
	Acquisition ratio	33.6%
	Rank B+	4
	Acquisition ratio	5.2%
	Total number of properties	29
	Total	50.7%
DBJ Green Building Certification		
	★★★★	1
	Acquisition ratio	8.2%
	★★★	1
	Acquisition ratio	7.8%
	Total number of properties	2
	Total	16.0%

BELS Evaluation



★★	1
Acquisition ratio	1.1%
★	1
Acquisition ratio	1.8%
Total number of properties	2
Total	2.9%

LEED Certification



GOLD	1
Acquisition ratio	2.9%
Total number of properties	1
Total	2.9%

Green-qualified assets

31 properties

The acquisition ratio

(based on the total floor area of owned properties)

60.3 %

(note1) Two properties (Shinjuku Maynds Tower and Daiwa Harumi) that have acquired multiple environmental certifications are treated as a property, in order not to overlap when calculating the total value and acquisition ratio of the properties that have acquired environmental certification.

(note2) As for the sectionally owned buildings, the total floor area is calculated based on the ownership ratio of the Investment Corporation.

CASBEE for Real Estate Certification

CASBEE for Real Estate certification is a system for evaluating the overall environmental performance of buildings which have been developed in Japan and whose use is becoming more widespread there. It rates buildings on a five-tiered scale from “S Rank” (superior) to “C Rank” (lacking) based on environmental measures such as the use of energy-efficient equipment and equipment with a small environmental footprint, as well as building quality, including consideration of interior comfort, the view, etc.

[Click here for more details about the CASBEE for Real Estate certification system](#)



Among the buildings owned by the Investment Corporation, the following have acquired certification.

Property Name	Location	Certification Level	Year
Daiwa Sarugakucho	2-6-10 Kanda Sarugakucho, Chiyoda-ku, Tokyo	Rank S	2021
Shinjuku Maynds Tower	2-1-1 Yoyogi, Shibuya-ku, Tokyo		
Daiwa Harumi	3-10-1 Harumi, Chuo-ku, Tokyo		
Daiwa Tsukiji	2-14-17 Tsukiji, Chuo-ku, Tokyo	Rank A	2020
Daiwa Tsukishima	4-16-13 Tsukishima, Chuo-ku, Tokyo		
Daiwa Kayabacho Building	1-1-11 Nihonbashi Kayabacho, Chuo-ku, Tokyo		
E SPACE TOWER	3-6 Maruyamacho, Shibuya-ku, Tokyo		
Daiwa Shibuya Square	16-28 Nanpeidai, Shibuya-ku, Tokyo		
Daiwa River Gate	36-2 Nihonbashi Hakozaicho, Chuo-ku, Tokyo		
Kirin Nihonbashi Building	2-5 Nihonbashi Koami-cho, Chuo-ku, Tokyo		
Daiwa Daikanyama	8-7 Daikanyamacho, Shibuya-ku, Tokyo		
Daiwa Ogikubo	5-26-13 Ogikubo, Suginami-ku, Tokyo		
Daiwa Shinagawa Gotenyama	3-3-5 Kita-Shinagawa, Shinagawa-ku, Tokyo		
Daiwa Misakicho	2-2-15 Kanda Misakicho, Chiyoda-ku, Tokyo		2021
Daiwa Nihonbashi Horidomecho	2-9-8 Nihombashi-Horidomecho, Chuo-ku, Tokyo		
Daiwa Nishi-Shimbashi	3-2-1 Nishi-Shimbashi, Minato-ku, Tokyo		
Daiwa Jinbocho 3-chome	3-2-3 other Kanda Jimbocho, Chiyoda-ku, Tokyo		
Daiwa Nihonbashi Hongokucho	4-2-16 Nihombashi Hongokucho, Chuo-ku, Tokyo		
Daiwa Kitahama	2-2-14 Awajicho, Chuo-ku, Osaka City, Osaka		
Shinsen Place	9-1 Shinsen-cho, Shibuya-ku, Tokyo		
Daiwa Hatchobori ekimae	3-25-7 Hatchobori, Chuo-ku, Tokyo		
Daiwa Hatchobori ekimae West	3-25-9 Hatchobori, Chuo-ku, Tokyo		
Daiwa Kanda Mikuracho Building	5-1 Kanda Mikura-cho, Chiyoda-ku, Tokyo		
Daiwa Mita 2-Chome	2-10-4 Mita, Minato-ku, Tokyo		

Property Name	Location	Certification Level	Year
Nihonbashi Central Square	2-16-11 Nihombashi, Chuo-ku, Tokyo	Rank A	2021
Daiwa Shibadaimon	2-9-16 Shibadaimon, Minato-ku, Tokyo	Rank B+	2021
Daiwa Tsukijiekimae	2-10-6 Tsukiji, Chuo-ku, Tokyo		
Daiwa Shinagawa North	1-8-11 Kita-Shinagawa, Shinagawa-ku, Tokyo		
Daiwa Nishi-Shinjuku	1-14-11 Nishishinjuku, Shinjuku-ku, Tokyo		

DBJ Green Building Certification

DBJ Green Building certification is a system created by Development Bank of Japan (DBJ) to support environmentally and socially responsible real estate. Based on an overall assessment including the environmental performance of the property as well as measures for various stakeholders (disaster prevention, community engagement, etc.), it evaluates and certifies socially and economically necessary real estate on a five-tiered scale, from five stars (the highest rating) to one star (the lowest rating).

[Click here for more details about the DBJ Green Building certification system](#)

Among the buildings owned by the Investment Corporation, the following have acquired certification.



Property Name	Location	Certification Level	Year
Shinjuku Maynds Tower	2-1-1 Yoyogi, Shibuya-ku, Tokyo	★★★★	2018
CONCURRED Yokohama	3-1 Kinko-cho Kanagawa-ku, Yokohama-shi, Kanagawa	★★★	2020

BELS Certification

BELS certification is a third-party certification system that rates housing and other buildings based on their commitment to disclosing energy-saving performance based on the Act on the Improvement of Energy Consumption Performance of Buildings by means of a BEI value calculated using primary energy consumption, in accordance with building energy consumption performance standards stipulated by the national government. Evaluation and disclosure based on this system is performed by member organizations (registered housing quality assessment organizations, designated confirmation and inspection agencies, registered building survey organizations, etc.) of the assessment association who have notified of performing BELS-related duties. Buildings are assessed on a five-tiered scale, from five stars (the highest rating) to one star (the lowest rating).

[Click here for more details about the BELS certification system](#)



Among the buildings owned by the Investment Corporation, the following have acquired certification.

Property Name	Address	Evaluation (Note)	Acquisition Date of Evaluation
Daiwa Kayabacho Building	1-1-11 Nihombashi-Kayabacho, Chuo-ku, Tokyo	★★	2016
shinyon curumu	4-2-23 Shinjuku, Shinjuku-ku, Tokyo-23	★	2016

(Note) Evaluator: The Building Center of Japan

LEED Certification

Developed by the U.S. Green Building Council and used by America's Green Business Certification, Inc., LEED certification is the most internationally recognized environmental performance assessment system. It evaluates the environmental performance of buildings and districts based on efficient use of water and energy, indoor environment, use of sustainable materials, etc., on a four-tiered scale, from "Platinum" to "Certified."

[Click here for more details about the LEED certification system](#)



Among the buildings owned by the Investment Corporation, the following have acquired certification.

Property Name	Location	Certification Level	Year
Daiwa Harumi	3-10-1 Harumi, Chuo-ku, Tokyo	GOLD	2017

MUFG ESG Rating Certificate for J-REITs Supported by JCR

The MUFG ESG Rating Certificate for J-REITs Supported by JCR is a system that assesses companies' ESG-related initiatives based on original ESG-related check items, with Mitsubishi UFJ Research & Consulting Co., Ltd. (MURC) as the service provider and the Japan Credit Rating Agency (JCR) as the support company. It is a specialized product for J-REITs that, in addition to assigning a score, provides feedback on the assessment results, current issues, etc.

The Investment Corporation and the Asset Manager have acquired "A Rank" for the MUFG ESG Rating Certificate for J-REITs Supported by JCR.

[Click here for more details about the MUFG ESG Rating Certificate for J-REITs Supported by JCR system](#)

Green Finance

The Investment Corporation has established the Green Finance Framework under the belief that providing investment opportunities for investors who are active in ESG investment through green financing is of social significance.

The Investment Corporation has received Green 1(F), the highest rating in “JCR Green Finance Framework Evaluation” from Japan Credit Rating Agency, Ltd. as a third-party evaluation for the Green Finance Framework.

(Note) JCR Green Finance Framework Evaluations related to the Investment Corporation are described on the JCR website below.
<https://www.jcr.co.jp/en/greenfinance/green/>

Green Finance Framework

1. Use of Procured Funds

Funds raised through green bonds or green loans will be used to acquire properties that meet the following eligible criteria or to refinance the funds.

【Eligible criteria】

Properties which have received or will receive any of the following certifications from third-party certification bodies

DBJ Green Building Certification	3 Stars, 4 Stars or 5 Stars
CASBEE for Buildings (New Construction)	B+ Rating, A Rating or S Rating
BELS Certification	3 Stars, 4 Stars or 5 Stars
LEED Certification	Silver, Gold or Platinum

2. Evaluation/selection Process of Projects

Under the advice of the asset manager of the Asset Manager, the Finance Department will consider the suitability for eligible criteria, and then evaluate and select the projects.

Raising funds through green financing for the project is examined by the Asset Manager’s Sustainability Promotion Committee, deliberated by the DOI Investment Committee and the Board of Directors, and approved by the Board of Directors of the Investment Corporation.

[Selection process of projects]



3.Management of Procured Funds

Setting the total acquisition price of eligible green assets as the maximum issuance amount of green bonds, the Investment Corporation manages so that, as long as there is an unredeemed balance of the relevant green bonds, the total amount of the outstanding green bonds does not exceed the total acquisition price of eligible green assets.

In addition, the Investment Corporation internally tracks and manages the allocated funds for each portfolio asset as long as there is an unredeemed balance of the relevant green bonds. In the case where all or part of the net proceeds of the green bond is not immediately allocated to eligible green assets, the Investment Corporation first identifies such unallocated funds, and then manages all or part of the funds in cash and cash equivalent until such is allocated to eligible green assets.

4.Impact Reporting

As long as there is an unredeemed balance of the relevant green bonds, the Investment Corporation will annually disclose allocation, the number of the buildings of eligible green assets and environmental performance indices on its website. The reporting as of May 31, 2021, is as follows.

(Allocation Reporting)

The Investment Corporation confirmed that the net proceeds of the green bonds are fully allocated to eligible green assets in accordance with its Green Bond Framework, and that the total amount of the outstanding green bonds does not exceed the total acquisition price of eligible green assets.

Total amount of the outstanding green bonds	3,900 million yen
Total acquisition price of eligible green assets	286,073 million yen

	Total issue amount (million yen)	Interest rate	Issue date	Redemption date	Issue period	Allocation status
Seventh Series of Unsecured Investment Corporation Bonds	1,500	0.310%	September 11, 2020	September 11, 2025	5 years	Fully allocated to part of the repayment funds for short-term borrowings for the acquisition of Daiwa Harumi, one of the eligible green assets
(Green bond)						
Eighth Series of Unsecured Investment Corporation Bonds	2,400	0.600%	September 11, 2020	September 11, 2030	10 years	
(Green bond)						
Total	3,900	—	—	—	—	—

(Impact Reporting)

- The number of the buildings, the total amount of the floor area of eligible green assets

Environmental certification	Eligible green assets	
	Number of properties	Total floor area
CASBEE for Real Estate	29	260,801.22m ²
DBJ Green Building Certification	2	82,282.76m ²
LEED	1	15,012.46m ²
Portfolio Total	30	301,093.10m ²

(Note 1) When several certifications have been obtained for the same property, it is counted as one property so as to calculate the total value without any duplication.

(Note 2) For sectional ownership buildings, the total floor area is calculated based on the ownership ratio of the Investment Corporation.

- Quantitative indicators regarding eligible green assets

	FY 2020
Energy Consumption	53,413MWh
CO2 emissions	27,634t-CO2
Water consumption	164,562m ³

(Note) Calculated based on data of eligible green assets for which the Investment Corporation has energy management authority from April 2020 to March 2021.

Daiwa Office Investment Corporation

Daiwa Real Estate Asset Management