

# Third-Party Opinion on the Impact Investment on "G-Bldg. Minami Ikebukuro 01" By Japan Metropolitan Fund Investment Corporation

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CSR Design Green Investment Advisory Co., Ltd.

## Executive Summary

This document was prepared by CSR Design Green Investment Advisory Co., Ltd. ("CSR Design", or "We") to provide an independent opinion on positive impact real estate investment made by Japan Metropolitan Fund Investment Corporation (JMFC). CSR Design has reviewed the sustainability management systems and practices of JMFC and KJR Management (KJRM), the implementing entities of the "G-Bldg. Minami Ikebukuro 01" project (PJ). CSR Design has also assessed the alignment of this PJ with the concept of the "the Principles for Positive Impact Finance" (the "PIF Principles") and the "Positive Impact Real Estate Investment Framework" (the "PI RE Framework"), both advocated by the United Nations Environment Programme Financial Initiative (the "UNEP FI"). As a result, we believe that JMFC and KJRM both have a clear governance structure and a strong track record on sustainability, and we reached a conclusion that the investment review process and the commitments undertaken and expressed by JMFC and KJRM regarding this PJ are consistent with the PIF Principles and the PI RE Framework.

## Overview of the PJ

The PJ is the renovation of one of the buildings owned by JMFC which would become 50 years old in 2024. Under normal J-REIT management practices, the building would be demolished and rebuilt; however, JMFC chose to continue using the building for another 50 years after exploring the possibility of extending its service life. KJRM reviewed this PJ as part of asset management activities of JMFC and made an investment decision on August 30, 2023. The size of investment is approximately 370 million yen.

## JMFC Sustainability management system and performance

We believe that JMFC and KJRM have established a clear governance structure regarding sustainability with a robust Sustainability Policy, and have an excellent sustainability performance record, which includes the achievement of 5-star rating, the highest in theGRESB assessment, for seven consecutive years. The insights that JMFC and KJRM have accumulated through this track record, as well as KJRM's commitments to the Principles for Responsible Investment ("PRI") and the UN Global Compact, contribute to implementing sustainability-related activities such as this project.

## Consistency with PI RE Framework

### ● "Clarity of impact" "Measurement of Impact"

JMFC and KJRM conducted a holistic impact analysis and identified the following impacts:

#### 1. Positive Core Impact: "Circularity / Resource intensity and Waste"

JMFC and KJRM decided to continue using the building frame through "retrofitting" with recycled materials: This was evaluated and will be monitored by the following factors: retention rate of the original building frame; percentage of recycled materials used in retrofitting work; weight of waste and recycling rate in the operational phase.

#### 2. Positive Secondary Impact: "Healthy economies"

JMFC and KJRM intend to contribute to the improvement of the city's circulation, which is one of the regional issues around Ikebukuro Station as outlined by Toshima City, Tokyo: Open the first-floor lobby to allow walk-through access.

#### 3. Negative Core Impact: "Climate stability"

JMFC and KJRM attempt to manage and alleviate their negative impact on climate change by choosing renovation. The result of a thorough comparison of Whole Life Carbon (WLC) CO2 emissions between rebuilding and renovation showed that expected emissions was lower for renovation by 6.1% for the period after the renovation.

### ● "Market and sustainable return"

JMFC and KJRM followed a publicly disclosed investment decision-making process and judged that this PJ is an investment that could both pursue impacts and sufficiently provide market-level returns.

- **“Additional Finance and/or Impact Impacts”**

We believe that such pioneering efforts by JMF, a listed REIT with a strong presence in the real estate market, will have a significant impact on the market as a valuable advanced case study.

CSR Design confirmed that both JMF and KJRM have a clear governance structure and a strong track record on sustainability and concluded that the investment process and the commitments undertaken and expressed by JMF and KJRM regarding this PJ are consistent with the PIF Principles and the PI RE Framework.

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## Overview of CSR Design Green Investment Advisory

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CSR Design Green Investment Advisory Co., Ltd. (CSR Design) is an independent consulting company/think tank, specializing in advisory services on environmental, social and governance (ESG) aspects of real estate investment and operations, as well as conducting research on both policies and investor trends related to environmental real estate and sustainable finance. CSR Design has a strong expertise in trends of ESG in the real estate industry, and serves as a premier partner to GRESB, a sustainability assessment for real estate and infrastructure. President and CEO Ryuichi Horie contributed to the development of the Positive Impact Real Estate Investment Framework as an advisor to the former UNEP FI Property Working Group (currently Real Estate Advisory Committee in PRI).

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