

# ESG Report 2023



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We aim to maximize unitholder value and contribute to our stakeholders by leveraging a strategic partnership with Mitsui Fudosan.

## CONTENTS

### Views on ESG

Top Message	1
Policy for ESG Initiatives	2
Sustainability Promotion Structure	4
Supported Initiatives, External Evaluation, Etc.	6

### Environmental Initiatives

Climate Change Initiatives	8
Environmental KPIs	15
Environmental Performance Results and Initiatives	18
Initiatives to Obtain Green Building Certification	25

### Social Initiatives

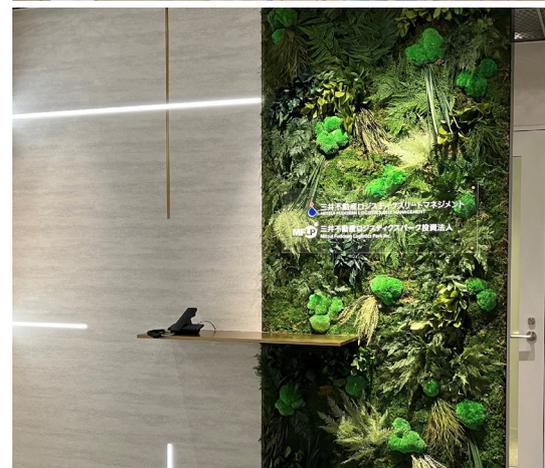
Basic Approach Regarding Social Considerations	28
Initiatives for Employees of the Asset Management Company	33

### Governance Initiatives

Governance Framework	44
Internal Control	48

### ESG Finance Initiatives

Sustainability Finance Framework	53
Sustainability Linked Loan Framework	58



# Top Message

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Mitsui Fudosan Logistics Park Inc.

**Hiroshi Asai**, Executive Director

As society becomes increasingly concerned about sustainability, companies are required to take various actions to resolve issues related to environmental, social, and governance (ESG). Regarding our business initiatives for addressing issues related to the environment, such as climate change, conserving water resources, preventing environmental pollution, conserving resources and reducing waste, issues facing society, such as those related to human rights and revitalization of communities, and issues related to governance, such as compliance with laws and regulations and risk management are the main issues. While we recognize these as medium to long term risk factors, we also believe that they will lead to improved corporate value and unitholder value, including the creation of new value and new business opportunities. In addition, the spread of COVID-19 has been the catalyst for a further emphasis on ensuring the health and safe living of the working people.

In the asset management business as well, it is extremely important to address environmental, social, and governance (ESG) issues in all aspects of our operations. We believe that logistics facilities are social infrastructure, which are the main investment target for Mitsui Fudosan Logistics Park Inc. (“MFLP-REIT”), can especially contribute to resolving environmental and social issues.

Mitsui Fudosan Co., Ltd., the sponsor of MFLP-REIT, has established a Group Environmental Policy and a Policy for Social Contribution Initiatives in relation to activities that contribute to society and the environment, in accordance with its corporate statement of “Bringing affluence and comfort to urban living.”

Mitsui Fudosan Logistics REIT Management Co., Ltd., the asset management company of MFLP-REIT, also established basic guidelines in the form of its ESG (Environment, Society, Governance) Policy in November 2017, and is forging ahead with ESG initiatives for the reduction of the environmental impact and for its stakeholders such as local communities and employees through the operation of logistics facilities and so forth.

The objective of this ESG report is to provide a wide range of information to enhance stakeholder understanding of the ESG initiatives taken by MFLP-REIT and the Asset Management Company. Going forward, we will contribute to achieving a more sustainable society by promoting our ESG initiatives. We ask our unitholders for their continued support and unreserved advice.

# Policy for ESG Initiatives

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## Mitsui Fudosan Group's ESG Principles

The Mitsui Fudosan Group is committed to social and economic development as well as global environmental preservation under the principles of harmony and coexistence, while working to link diverse values and achieve a sustainable society as represented by its “” corporate logo. Under Mitsui Fudosan Group's “&EARTH” principle, we recognize the need to create neighborhoods that remain in tune with global environmental concerns. “&EARTH” therefore reflects Mitsui Fudosan Group's aim to help establish a society that enriches both people and the planet.

## Mitsui Fudosan Group's environmental and social initiatives

In VISION 2025, Mitsui Fudosan Group's long-term management vision, Mitsui Fudosan Group's objective is to achieve a sustainable society and drive continual profit growth by addressing ESG issues based on the philosophy of the Mitsui Fudosan “” logo. As part of these efforts, we will focus on the following six priority goals.

- 1. Establish ultra-smart societies by creating neighborhoods**
- 2. Achieve a society where a diverse workforce can thrive**
- 3. Achieve health, safety and security in people's daily lives**
- 4. Create new industries through open innovation**
- 5. Reduce environmental impact and generate energy**
- 6. Continuously improve compliance and governance**

# Sharing of the ESG Principles with Mitsui Fudosan Group

As a member of the Mitsui Fudosan Group, Mitsui Fudosan Logistics REIT Management Co., Ltd. (the “Asset Management Company”) shares the Mitsui Fudosan Group’s ESG Principles, and while building a highly energyefficient portfolio centered on MFLP facilities (leading-edge logistics facilities with Mitsui Fudosan quality), will contribute to our stakeholders in order to achieve a sustainable society.



## ESG (Environment, Society, Governance) Policy

The Asset Management Company regards the ESG initiatives as a management issue of utmost importance, and established the “ESG (Environment, Society, Governance) Policy” in November 2017. The Asset Management Company believes that the ESG initiatives are essential for ensuring the sustainability and long-term, stable profits of MFLP-REIT, and for contributing to the benefit of all our stakeholders. We are steadily promoting ESG initiatives, including initiatives through collaboration with Mitsui Fudosan.

ESG (ENVIRONMENT, SOCIETY, GOVERNANCE) POLICY	
<p><b>Environment</b></p> <p>1. Consideration and response to the environment</p>	<ul style="list-style-type: none"> <li>(1) Energy saving and the reduction of CO2 emissions</li> <li>(2) Conservation of the water resources and promotion of resource saving and waste reduction</li> <li>(3) Utilization of green building certification systems</li> </ul>
<p><b>Society</b></p> <p>2. Consideration and response to society</p>	<ul style="list-style-type: none"> <li>(1) Respect for human rights</li> <li>(2) Initiatives to enhance comfort, safety and security</li> <li>(3) Consideration for local communities</li> <li>(4) Initiatives for officers and employees</li> <li>(5) Sustainable procurement</li> </ul>
<p><b>Governance</b></p> <p>3. Consideration and response to governance</p>	<ul style="list-style-type: none"> <li>(1) Compliance with laws and regulations</li> <li>(2) Information disclosure to unitholders, etc.</li> <li>(3) Building of appropriate relations with interested parties, including the sponsor</li> </ul>

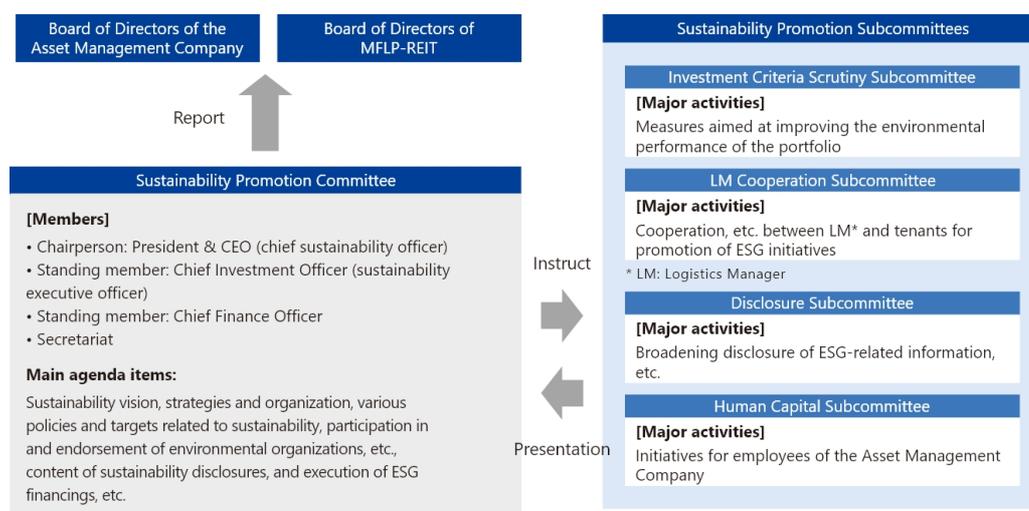
# Sustainability Promotion Structure

## Sustainability Promotion Committee and subcommittees

In order to oversee and promote ESG initiatives undertaken by the Asset Management Company in accordance with its ESG (Environment, Society, Governance) Policy, a Sustainability Promotion Committee (“the Committee”) has been established with the President & CEO of the Asset Management Company acting as chairperson who bears ultimate responsibility. This incorporates a secretariat and four subcommittees to execute the matters deliberated by the Committee. The Committee meetings are held at least once every three months, and the Committee deliberates and decides on policies, strategies, and systems related to sustainability considering ESG-related risks and opportunities. Each subcommittee will formulate and implement specific action plans based on the decisions made by the Committee. In addition, the subcommittees report on the progress of the action plan to the Committee at least once a year through the secretariat.

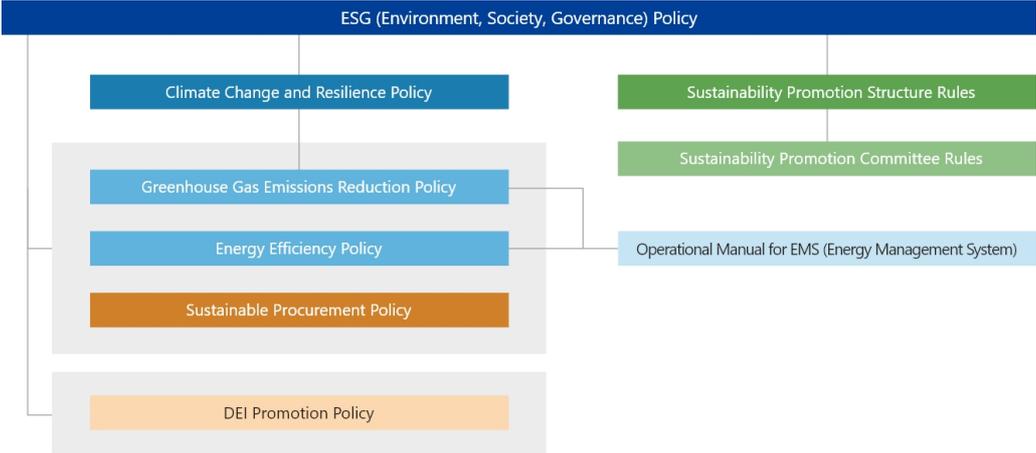
The secretariat will inform the officers and employees of the activities and share the details with them.

## Organizational chart



# ESG-related policies and rules

## Relationship chart



# Supported Initiatives, External Evaluation, Etc.

## Initiatives

### Support for various environmental initiatives

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The Asset Management Company declares its support for the recommendations of the Task Force on Climate-related Financial Disclosures and is a member of the TCFD Consortium. From FY2022, it has also declared its support for the Japan Climate Initiative, and is working to create a framework for disclosing financial information related to climate change. Also became a signatory to the Principles for Financial Action for the 21st Century in March 2023. By acting on the principles, it will undertake its investment management in a responsible manner for the formation of a sustainable society.



# External evaluation

## Participation in GRESB Real Estate Assessment

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### | GRESB

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 GRESB Real Estate Assessment is distinguished by its comprehensive evaluation of sustainability efforts of real estate companies and REITs, etc., and not of individual properties.

MFLP-REIT has received the highest “5 Stars” in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants, and has won a “Green Star” designation for the 2-consecutive year since it is highly evaluated in both areas “Management Component” that evaluates policies and organizational structure for ESG promotion, and “Performance Component” that assesses environmental performance and tenant engagement of properties owned.

MFLP-REIT also received the highest “A reveal” for the GRESB Public Disclosure, which assess the width of ESG disclosure.



## Initiatives for ESG finance

In addition to further promoting ESG initiatives by procuring funds through ESG finance, MFLP-REIT intends to strengthen the funding base by expanding our sources of funding through approaching the group of investors interested in ESG investment and financing.

# Climate Change Initiatives

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## Awareness of climate change

The Paris Agreement adopted in 2015 clearly states a shared global goal of keeping the rise in average temperatures from pre-industrial revolution levels to well below 2°C. The Sixth IPCC Assessment Report (Working Group I Report), published in 2021, states that there is no longer any doubt that human activities have an impact on global warming; that unless significant reductions in greenhouse gas emissions are made over the next few decades the rise in temperature from pre-industrial revolution levels will exceed 1.5°C and 2°C during the 21st century; and that the climate system will undergo changes, including an increase in the intensity and frequency of natural disasters.

In November 2017, the Asset Management Company established the “ESG (Environment, Society, Governance) Policy” and is promoting ESG responses in order to maintain and improve the corporate value and the asset value of the properties under management over the medium to long term, and to contribute to all stakeholders. We recognize that addressing climate change is one of the most important issues.

# Endorsement of the TCFD recommendations and participation in the TCFD Consortium and JCI

In FY2021, the Asset Management Company endorsed the TCFD recommendations.

Identifying, assessing, and managing the risks and opportunities that climate change poses to MFLP-REIT's asset management business in line with the TCFD Final Recommendations and enhancing the resilience of the business, are essential to ensure the MFLP-REIT's sustainable and stable earnings over the long term. We will consider further enhancement of information disclosure in the future.

By endorsing the TCFD recommendations, the Asset Management Company joined the TCFD Consortium and the Japan Climate Initiative (JCI). Many Japanese companies and organizations that have endorsed the TCFD recommendations participate in this Consortium, where their approaches to promoting climate-related disclosure are discussed and shared. JCI, a Japanese domestic network for decarbonization, disseminates messages toward net zero and aggregates and provides information on climate change. In addition to exchanging information with other participants through its activities in the TCFD Consortium and JCI, the Asset Management Company proactively disseminates information on its approach to climate-related disclosure.

In addition, as a member of the Association for Real Estate Securitization, the Asset Management Company regularly collects information on outstanding efforts by other member companies to reduce environmental burdens and build a sustainable society, which will be useful for further raising environmental awareness and expanding such efforts.

\* TCFD is an abbreviation for Task Force on Climate-related Financial Disclosures. This organization was established by the Financial Stability Board at the request of the G20, and provides a framework for climate-related disclosure.

## Governance

In accordance with the Climate Change Resilience Policy, the Asset Management Company has designated the President & CEO as the responsible director for climate-related issues and the Chief Investment Officer as the responsible executive for climate-related issues.

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The responsible executive regularly reports to the Sustainability Promotion Committee, which includes the responsible director, on matters related to the identification and evaluation of the impact arising from climate change, the management of risks and opportunities, progress of initiatives, and the setting of indicators and targets.

The Sustainability Promotion Committee deliberates and reviews each agenda item, and decisions are made by the responsible director.

Climate-related issues are promoted within a supervisory framework centered on the President & CEO, who is the responsible director.

# Strategy

In order to incorporate the uncertainties arising from the progression of climate change into the business strategy of the Asset Management Company, we have identified risks and opportunities, conducted scenario analyses based on a 1.5-2°C scenario and a 4°C scenario, and assessed the financial impact of climate-related risks and opportunities.

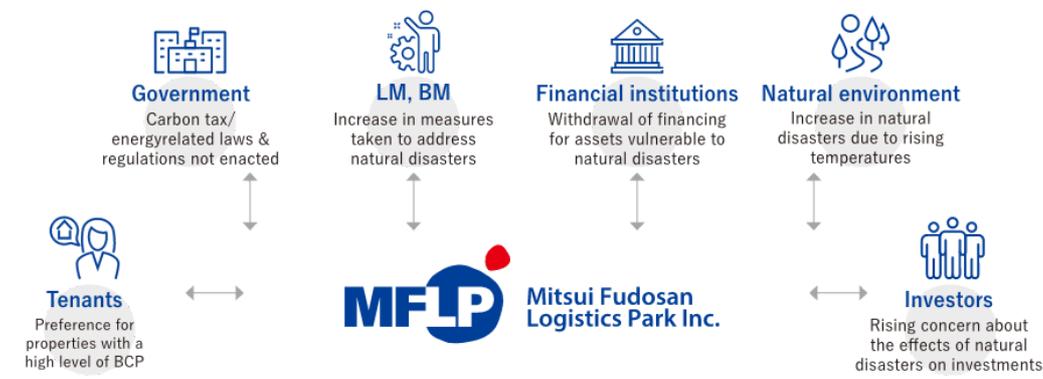
## Scope of scenario analysis

The scope of the analysis is the asset management business of MFLP-REIT.

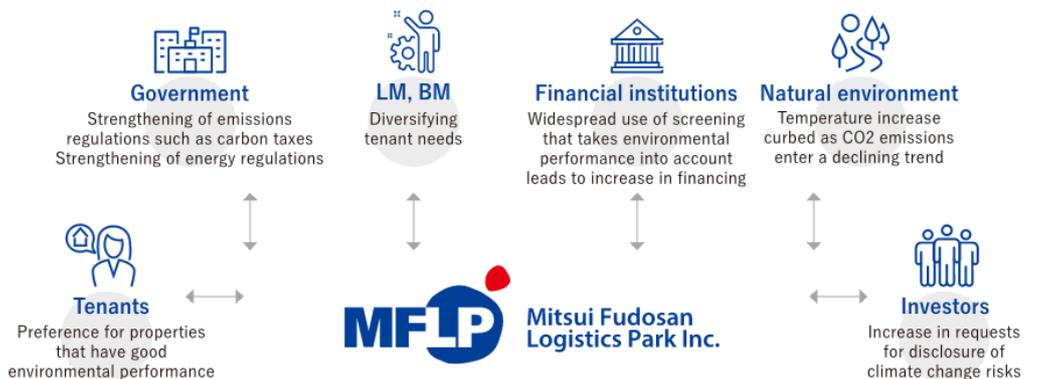
## Main scenarios referenced

	Publishing agency/organization	1.5-2°C scenario	4°C scenario
Transition risk	International Energy Agency (IEA)	IEA World Energy Outlook2020 NZE2050	IEA World Energy Outlook2020 SPS
Physical risk	Intergovernmental Panel on Climate Change (IPCC)	Fifth IPCC Assessment Report IPCC RCP2.6	Fifth IPCC Assessment Report IPCC RCP8.5

**4°C scenario:** Decarbonization and shift to low carbon fail to progress, leading to intensification of natural disasters



**1.5° C-2° C scenario:** Following decarbonization and shift to low carbon, related laws and regulations become increasingly stringent



		Related item for property management	Expected financial impact	Category	4°C scenario		1.5-2°C scenario		Response by the Asset Management Company
					Degree of financial impact				
					Short/medium term	Long term	Short/medium term	Long term	
Transition risks/opportunities	Policies and laws	Strengthening of energy-saving standards for properties held	Increase in renovation costs Fines, etc. Increase in operating costs	Risk	Small	Middle	Middle	Large	Utilization of Mitsui Fudosan's information and know-how Introduction of green leases Systematic switch to LED lighting Establishment of green energy procurement system Additional installation of solar power generation equipment and own consumption, electricity consignment
		Introduction of carbon taxes, etc. Purchase of CO2 emission credits	Increase in costs such as carbon taxes Increase in cost of purchasing CO2 emission credits Cost increase through secondary cost shifting	Risk	Small	Middle	Middle	Middle	
	Technology	Evolution of renewable energy and energy-saving technologies, diffusion of new technologies (Conversion of portfolio to ZEB)	Increase in new technology introduction cost	Risk	Small	Small	Small	Middle	
			Decrease in operating costs Reduction of costs through energy saving	Opportunity	Small	Small	Small	Middle	
	Market/reputation	Changes in tenant behavior	Decrease in competitiveness of properties with low environmental performance	Risk	Small	Small	Small	Middle	
			Increase in rental revenues due to growing demand for properties with high environmental performance	Opportunity	Small	Small	Middle	Large	
		Change in status of financing	Decline in financing opportunities and deterioration of financing conditions due to low evaluation from investors and financial institutions	Risk	Small	Middle	Middle	Middle	

		Related item for property management	Expected financial impact	Category	4°C scenario		1.5-2°C scenario		Response by the Asset Management Company
					Degree of financial impact				
					Short/medium term	Long term	Short/medium term	Long term	
		Change in status of financing	Increased financing opportunities and improved financing conditions due to high evaluation by investors and financial institutions	Opportunity	Small	Small	Small	Middle	
Physical risks/opportunities	Acute	Increase in the frequency and intensity of natural disasters (concentrated torrential rain, typhoons, floods, landslides, etc.)	Occurrence of losses Increase in expenses of repair expenses and insurance premiums, etc. BCP measures and increased costs	Risk	Middle	Large	Small	Middle	Thorough BCP measures Implementation of regular disaster drills Implementation of regular disaster risk evaluations and implementation of response measures
			Increased demand for properties with a high level of BCP both in terms of hardware and software and increased rental revenues	Opportunity	Middle	Large	Small	Middle	
	Chronic	Flooding caused by rising sea levels	Increase in costs caused by major renovations (construction of embankments)	Risk	Middle	Large	Small	Middle	
		Increase in extremely hot or extremely cold days	Increase in operating costs and repair costs of air conditioners due to an increase in air conditioning operating time	Risk	Middle	Large	Small	Middle	

Note that on the time axis, “short term” indicates 1-3 years, “medium term” indicates 4-10 years, and “long term” indicates a period of over 10 years.

Based on the results of scenario analysis, the Asset Management Company will establish an internal structure, and examine countermeasures, and incorporate such measures into business strategies, while formulating, implementing, and monitoring them repeatedly and continuously, aiming to enhance corporate value and heighten business resilience. Specific initiatives are presented on [Environmental Performance Results and Initiatives](#).

# Risk management

In order to mitigate climate-related risks and take advantage of opportunities, the Asset Management Company identifies, evaluates, and manages climate-related risks and opportunities based on the following framework.

## **| Process for identifying and evaluating climate-related risks and opportunities**

Once a year, the responsible executive invites those who are essential to a climate-related working group, and identifies and evaluates climate-related risks for the Asset Management Company. Climate-related risks in this analysis are based on the following framework.

### **(1) Transition risk: impact on the business of the low-carbon/decarbonization transition of society and the economy**

- (a) **Policy, law and regulation risk:** risk of strengthened regulations caused by policy-driven promotion of decarbonization
- (b) **Technology risk:** risk arising from the development of new technology, and its adoption by the mainstream, related to low-carbon/decarbonization
- (c) **Market risk:** risks associated with markets, such as volatility in energy prices and fluctuations in demand for services
- (d) **Reputation risk:** risk of negative changes in reputation among stakeholders such as customers, the general public, employees, and investors

### **(2) Physical risk: impact on the business arising from the progression of climate change, resulting in variations from previous weather patterns and climatic phenomena**

- (e) **Acute physical risk:** risks originating in events such as typhoons and flooding
- (f) **Chronic physical risk:** risks originating in long-term shifts in weather patterns, such as high or low temperatures sustained over long periods

In addition, in cases where themes and elements that could provide business opportunities to the Asset Management Company and MFLP-REIT are identified during the process of uncovering risks, these are identified as climate-related opportunities in a separate category from risks, and their feasibility is investigated.

The responsible executive provides regular reports to the Sustainability Promotion Committee on the progress and outcomes of work to uncover risks and opportunities performed by the working group.

## **| Process for managing climate-related risks and opportunities**

For important climate-related risk and opportunity factors that the Asset Management Company has determined should be addressed as a priority based on the above process, a management process is set out as follows, with the aim of mitigating risks and taking advantage of opportunities.

- For high-priority climate-related risks and opportunities that have been deliberated by the Sustainability Promotion Committee and that are important in the context of business and financial plans, the responsible director designates a team in charge of addressing the issue, and instructs them to draft appropriate measures.
- The measures drafted by the team in charge of addressing the issue will be deliberated by the Sustainability Promotion Committee as necessary, and the details will be finalized in accordance with the appropriate rules governing administrative authority.
- The responsible director gives instructions for climate-related risks that are important in the context of business and financial plans to be taken into account by the existing company-wide risk management program with the aim of integrating risk identification, evaluation and management processes.

## **Indicators and targets**

The Asset Management Company works to establish environmental KPIs, and to set and monitor indicators and targets, with the objective of mitigating climate-related risks and taking advantage of climate-related opportunities. The state of progress for each initiative is summarized at least once a year by the responsible executive, who presents a report to the Sustainability Promotion Committee.

The environmental KPIs that are currently established by the Asset Management Company, together with historical data, are shown on [Environmental KPIs](#), [Environmental Performance Results and Initiatives](#), and [Initiatives to Obtain Green Building Certification](#).

The Asset Management Company will continue to consider and disclose any new environmental KPIs that seem appropriate to set.

# Environmental KPIs

Reflecting the basic approach to environmental awareness set out in the ESG (Environment, Society, Governance) Policy, we set environmental KPIs in FY2021.

Environmental KPIs		2022	2023	2025	2030	
<b>CO<sub>2</sub> emissions intensity</b> in logistics facilities (Base year: 2016)	Owner-managed portion (Scopes 1, 2)	→			100 % reduction	
	Tenant-managed portion (Scope 3)	→			24 % reduction	
<b>Green leases as percentage of total</b> in portfolio		→			75 % or more	
<b>LED installed as percentage of total</b> in portfolio	Owner-managed portion	95 %	100 %	→		
	Tenant-managed portion	→				100 %
<b>Water usage intensity</b> in logistics facilities (Base year: 2016)		Not to increase above base-year level				
<b>Waste recycling rate</b> in logistics facilities		→				70 % or more
<b>Green Building certification</b> * Figures are calculated on gross floor area basis	Certified Green Buildings in logistics facilities	→				95 % or more
	Certified Green Buildings in portfolio as a whole	→				90 % or more

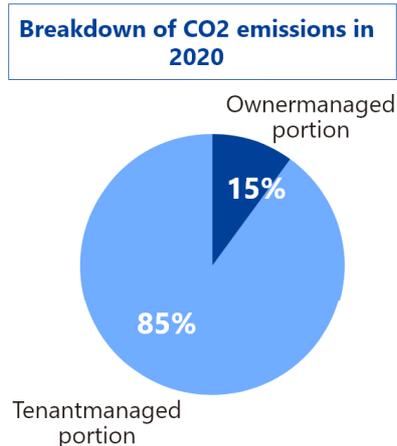
\* CO<sub>2</sub> emissions intensity, water use intensity, and recycling rate are excluded industrial real estate, due to confidentiality agreements etc., pertaining to data centers (industrial real estate).

# Approach to setting numerical targets for CO2 emissions intensity

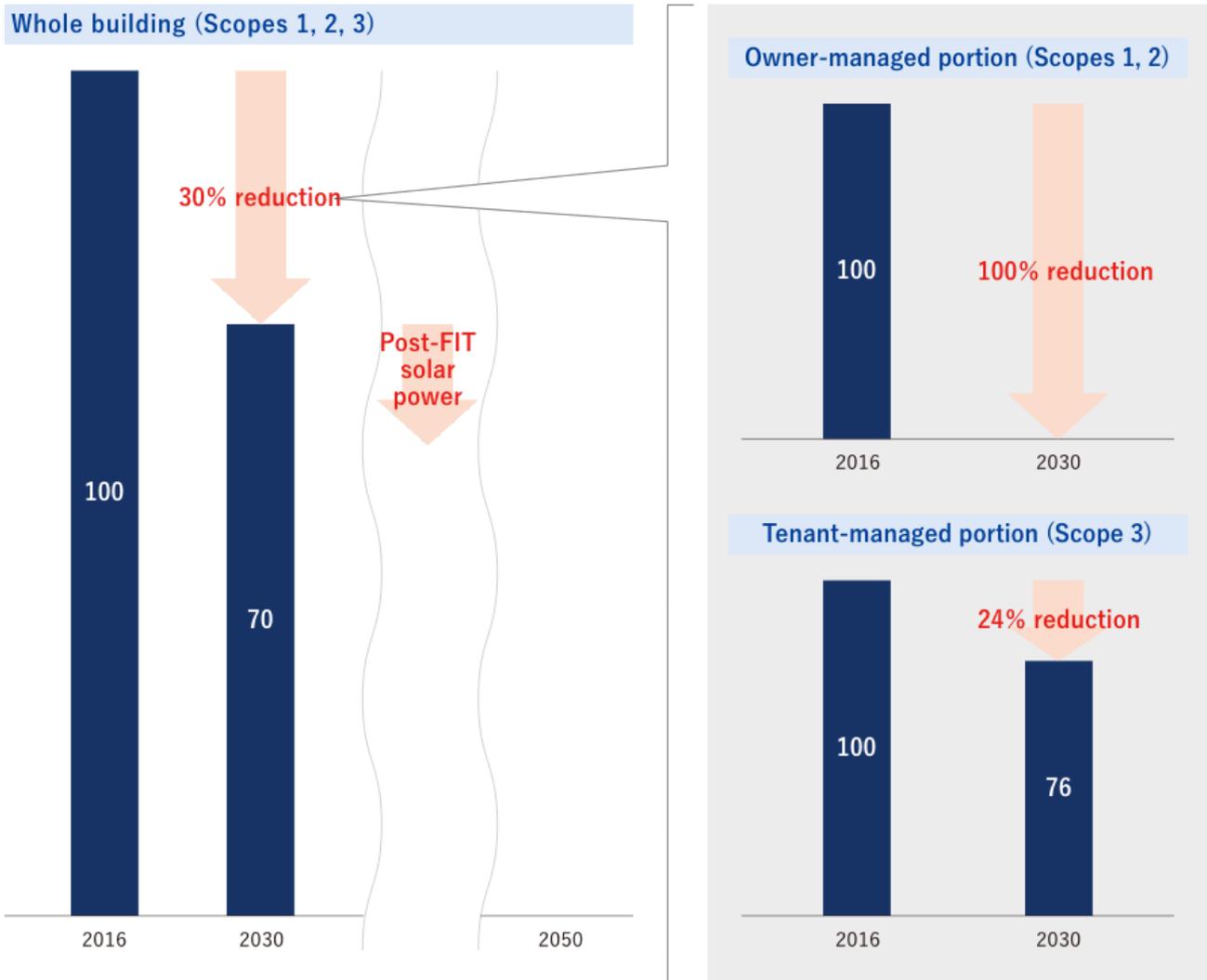
CO2 emissions originating in the business activities of tenants within the buildings account for approximately 85% of the CO2 emissions in MFLP-REIT's portfolio as a whole in 2020.

MFLP-REIT aims to reduce not only the portion of CO2 emitted in ownermanaged portion (Scope 1 and 2) but also in the tenant-managed portion (Scope 3), aiming for reducing total CO2 emissions for the whole building.

Going forward, it is conceivable that CO2 emissions from tenant business activities could increase due to additional installation of air conditioning systems to improve working environments and the introduction of automation equipment. However, to realize CO2 emissions reductions across the portfolio, it is essential to take various measures in cooperation with tenants, and MFLP-REIT will make arrangements for tenants to be able to stably procure green electricity.



# How CO2 emissions intensity can be reduced



## Means of reduction

- Various energy-saving measures
- Installation of additional photovoltaic generation facilities and private consumption and consignment of electricity
- Purchase of green electricity (owner and tenant) ..., etc.

\*1 For the base year 2016, a whole year's actual performance figures of properties acquired through the IPO are set to 100.

\*2 Gross floor area in 2030 is expected to be double that at the end of fiscal 2020.

\*3 It is assumed that the business-as-usual scenarios for intensity levels in 2030 will have roughly the same conditions as in 2020.

\*4 "Various energy-saving measures" means reductions from the shift to LED lighting, controlled illumination, upgrades to air conditioning systems, and other operational improvements.

\*5 "Post-FIT solar power" means the reduction that would be achieved if all currently sold renewable energy generated by solar power generation were consumed in-house.

\*6 The reductions shown above do not incorporate an increase in electricity consumption driven by the installment of new air-conditioning systems and introduction of automated facilities at the request of tenants.

# Environmental Performance Results and Initiatives

## Environmental performance results

Within the environmental performance results, **items marked with an asterisk (\*)** are those that underwent independent assurance by Deloitte Tohmatsu Sustainability Co., Ltd. for 2021 and 2022 Results. [2021](#) [2022](#)

### Energy consumption (whole buildings)

Item		2016 (Base year)	2021	2022
Total energy consumption (thousand kWh)		14,806	54,560*	59,559*
	Fuel consumption (thousand kWh)	0	345	318
	Electricity consumption (thousand kWh)	14,805	54,215	58,883
	(Ref.)Non-fossil certificate purchases (thousand kWh)	-	-	3,193
	Renewable energy self-consumption (thousand kWh)	-	-	358
Energy intensity (kWh/m <sup>2</sup> )		33.3	36.2	35.8

## CO2 emissions

Item	2016 (Base year)	2021	2022
CO2 emissions (t-CO2)	7,581	23,720*	21,848*
CO2 emissions intensity (t-CO2/m2) total	0.017	0.016	0.013
Owner-managed portion			
Scope 1 emissions (t-CO2)	1	16	15
Scope 2 emissions (t-CO2)	1,638	3,799	3,374
Scope 2 Non-fossil certificate (t-CO2)	-	-	1,235
Scopes 1 and 2 emissions intensity (t-CO2/m2)	0.060	0.048	0.025
Tenant-managed portion			
Scope 3 emissions (t-CO2)	5,944	19,905	19,694
Scope 3 emissions intensity (t-CO2/m2)	0.014	0.014	0.013

## Water consumption

Item	2016 (Base year)	2021	2022
Charges for water used from water source (m <sup>3</sup> )	22,966	98,384*	101,346*
Water intensity (m <sup>3</sup> /m <sup>2</sup> )	0.07	0.07	0.06

## Waste

Item	2016 (Base year)	2021	2022
Waste emissions weight (t)	—	14,187	17,231
Owner-managed portion			
General waste emissions (t)	—	83	98
Industrial waste emissions (t)	—	16*	13*
Tenant-managed portion			
General waste emissions (t)	—	12,755	14,525
Industrial waste emissions (t)	—	1,333	2,595
Recycling rate (%)	—	70.1	68.0

\*1 The data in the table above were collected during the periods below. Please note that the data for 2016 is aggregated only from the multi-tenant type facilities of GLP-MFLP Ichikawa Shiohama, MFLP Kuki, MFLP Yokohama Daikoku, MFLP Yashio, and MFLP Sakai.

2016: from August 1, 2016 to July 31, 2017

2021: from January 1, 2021 to December 31, 2021

2022: from January 1, 2022 to December 31, 2022

\*2 Intensity is the figure representing the consumption volume, etc. as the numerator with the total gross floor area of the properties owned (excluding MFIP) for which data for the relevant period is known as the denominator, with the consumption volume adjusted for months of operation (data covering less than 12 months is adjusted to represent 12 months of operation).

\*3 After close examination of the date, the figure of "CO2 emissions" for 2021 have been reviewed and retroactively adjusted.

# Introduction of green leases

MFLP-REIT is gradually introducing green leases across the whole of its portfolio. A green lease is a lease in which both owner and tenant promote environmental consideration through a building lease agreement.

With the permission of tenants, we are converting lighting in tenant-managed areas to LED lighting, with the aim of both saving energy for the property as a whole and reducing running costs



## Properties that apply green leases (non-exhaustive)



## Introduction of LED lighting

### LED lighting

With the aim of raising the asset value of our portfolio by addressing environmental issues, as well as responding to tenant needs, we are moving forward with the introduction of LED lighting (exclusive-use and common-use areas).



## Introduction of solar power panels

### Solar power panels

Some of the logistics facilities owned by MFLP-REIT have solar power panels installed to generate renewable energy.



### LED installed as percentage of total (as of February 1, 2023)

Whole building	Common areas (excluding buildings leased as a whole)
<b>85.0%</b>	<b>97.5%</b>

\* Figures are calculated based on the gross floor area, considering the quasi co-ownership interests in each property.

### Solar power panel annual power generation (Actual, 2022)

<b>18.9GWh (12 properties)</b>
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\* For the properties owned by MFLP-REIT, the value stated is the power generated during January 1, 2021 to December 31, 2022 from the 12 properties with solar panels installed. Note that this value is the total power generated from the entire properties and does not take into consideration MFLP-REIT's ownership ratio of the properties.

# Reuse and recycle of water

Certain logistics facilities owned by MFLP-REIT are equipped with facilities to reuse well water, and we are working to reduce the amount consumed from water sources.

## Collaboration programs with tenants

The Mitsui Fudosan Group collaborates with tenants on a variety of initiatives to reduce environmental impacts. Specifically, we are actively working to gain cooperation from tenants by putting up 3Rs (“reduce, reuse, recycle”) posters to encourage the sorting of garbage, distributing a Sustainability Guide and so on.



Putting up 3R posters



Sustainability Guide

## Environmental initiatives in collaboration with the Mitsui Fudosan Group

By utilizing the strategic partnership with Mitsui Fudosan to prioritize the incorporation into our portfolio of properties with outstanding environmental performance developed by Mitsui Fudosan itself, we will reduce the environmental impact of the portfolio and mitigate environmental risks.

In addition, MFLP-REIT has outsourced logistics management operations of logistics facilities and industrial properties owned by MFLP-REIT to Mitsui Fudosan, and is efficiently promoting environmentally friendly initiatives by leveraging the comprehensive capabilities of the Mitsui Fudosan Group. With regard to various new environmentally friendly initiatives, MFLP-REIT is in discussions with Mitsui Fudosan.

## Environmental management system / PDCA cycle

The Asset Management Company established its own environmental management system (EMS) and implements a PDCA cycle in accordance with the aforementioned structure and governance in order to manage the environmental load of its entire portfolio, such as energy consumption, CO2 emissions, water consumption, and waste generation, and achieve its targets.



# Understanding and reducing environmental risks in investment decisions and monitoring

Regarding due diligence for new investments, MFLP-REIT obtains an understanding of environmental and social risks by utilizing external experts and uses this information in its investment decisions. With regard to environmental risks in particular, before an investment decision is made, surveys are carried out as part of the engineering report for soil contamination risks, and to establish whether or not hazardous substances (such as asbestos and PCBs) have been used. Periodic monitoring of environmental and social risks is conducted for properties held as well and initiatives that provide opportunities for reducing risks and increasing property value are carried out, e.g., expert building assessments such as “Energy Efficiency Walkthroughs.”

## Utilization of an external consultant

MFLP-REIT utilizes the support of Nikken Sekkei Construction Management, Inc. as an expert consultant for suggestions for the portfolio’s energy management and measures that contribute to increasing environmental performance.

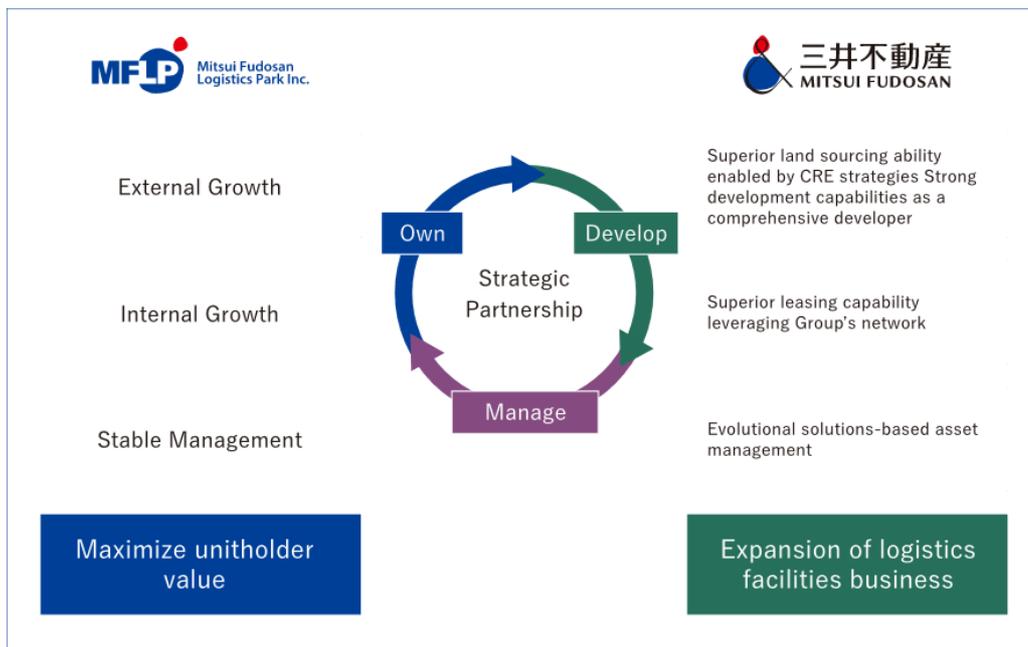
# Soil contamination countermeasures

MFLP-REIT has built a strategic partnership with its sponsor, Mitsui Fudosan, and its acquisitions are centered on properties developed by Mitsui Fudosan. When conducting due diligence at the time we acquire a property, we confirm that soil contamination surveys are conducted and check whether appropriate countermeasures have been implemented at those properties for which they were deemed necessary.

The logistics facilities that are the main target for investments by MFLP-REIT are sometimes located on brownfield land where there is a risk of soil contamination, such as the sites of former factories, and soil contamination countermeasures may be required.

In cases where they have been left unused as sites of former factories, there may be soil contamination and other issues that can prevent the potential value of the real estate from being realized. Soil contamination countermeasures executed as part of new development lead to soil contamination no longer being left untreated, thus contributing not only to the property but also to the surrounding environment.

## Strategic partnership with Mitsui Fudosan



# Initiatives to Obtain Green Building Certification

## Policy for acquiring Green Building certification

MFLP-REIT sets the targets as described on Environmental KPIs with the aim of acquiring Green Building certification for its entire portfolio for the purpose of reducing the environmental risks of its portfolio and increasing asset value over the medium to long term.

MFLP-REIT has been actively working to acquire Green Building certification, including ZEB certification. As of February 1, 2023, the proportion of logistics facilities that have acquired Green Building certification was 96.4%, and the equivalent figure for portfolio as a whole was 92.8%.

## DBJ Green Building Certification

DBJ Green Building Certification aims to encourage the spread of real estate (“green buildings”) that takes into account environmental performance and disaster preparedness, as well as the societal needs of various stakeholders, including local communities. This is assessed using a proprietary scoring model developed by Development Bank of Japan Inc., resulting in selected properties that address the needs of the times being given a ranking of 1 to 5 on a 5-star scale.



## CASBEE certification for Real Estate

CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a comprehensive system, created under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism, for evaluating the quality of buildings. In addition to the original goals of reduced energy consumption and the use of building materials with low environmental impacts, it also takes into account the comfort of the interior and the landscape.



The CASBEE certification awarded by the Institute for Building Environment and Energy Conservation and its designated certification bodies consists of four evaluation tools: CASBEE for Pre-Design, CASBEE for New Construction, CASBEE for Existing Building, and CASBEE for Renovation. These are used to provide an evaluation on a five-grade scale: Superior (S), Very Good (A), Good (B+), Slightly Poor (B-) and Poor (C). CASBEE certification for real estate for buildings whose construction was completed at least one year ago consists of an evaluation on a four-grade scale (S, A, B+, or B), which is in turn based on an assessment spanning five different categories: energy/greenhouse gases, water, materials, biodiversity/sustainable site, and indoor environment.

## BELS certification

BELS is a third-party evaluation system that displays the energy-saving performance of buildings. From April 2016, real estate companies and other entities are required to make efforts to display the energy-saving performance of buildings based on the Act on the Improvement of Energy Consumption Performance of Buildings (“Building Energy Efficiency Act”). The specific method of display is set out in the energy conservation performance display guidelines for buildings prescribed by the Ministry of Land, Infrastructure, Transport and Tourism, and BELS is assessed based on these guidelines and rated on a 5-star scale.



## ZEB certification

ZEB (Net Zero Energy Building) is a building that aims to achieve a zero energy balance through substantial reductions in annual primary energy consumption. This is achieved by saving as much energy as possible via better thermal insulation of the building and highly energy efficient equipment, etc., coupled with creating energy by solar power generation or other energy generating methods, while maintaining a comfortable environment. In the BELS certification system, the certification of the level of ZEB is presented in four stages: “ZEB,” “Nearly ZEB,” “ZEB Ready,” and “ZEB Oriented.”



## Certification acquisition status for portfolio properties (as of February 1, 2023)

Green Building certification acquired in logistics facilities

**96.4%**

Green Building certification acquired for portfolio as a whole

**92.8%**

ZEB certification acquired in logistics facilities

**59.0%**

Property name	DBJ Green Building Certification	CASBEE (New Construction)	CASBEE (Real Estate)	BELS certification	ZEB certification
GLP/MFLP Ichikawa Shiohama		Rank A *1	Rank S *1	★★★★★	ZEB Ready
MFLP Kuki	★★	Rank A *1		★★★	
MFLP Yokohama Daikoku	★★★★★		Rank A *2	★★★★★	ZEB Ready
MFLP Yashio		Rank A *1			
MFLP Atsugi	★★★★★ *		Rank A *2		
MFLP Funabashi Nishiura		Rank A *1			
MFLP Kashiwa		Rank A *1			
MFLP Sakai	★★★★★	Rank S *1		★★★★★	ZEB Ready
MFLP Komaki			Rank A *2		
MFLP Hino	★★★			★★★★★	ZEB Ready
MFLP Hiratsuka			Rank A *2		
MFLP Inazawa	★★★	Rank A *1	Rank A *2	★★★★★	ZEB Ready
MFLP Atsugi II			Rank A *2		
MFLP Fukuoka I		Rank A *1			
MFLP Prologis Park Kawagoe	★★★	Rank A *1		★★★★★	
MFLP Hiroshima I	★★★		Rank A *2	★★★★★	ZEB Ready
MFLP Ibaraki	★★★		Rank A *2	★★★★★	ZEB Ready
MFLP Kawaguchi I	★★★		Rank S *2	★★★★★	ZEB Ready
MFLP Yachiyo Katsutadai				★★★★★	Nearly ZEB
MFLP Osaka I			Rank A *2		
MFLP Hiratsuka II			Rank A *2		
MFLP Osaka Katano		Rank A			
<b>Total certifications acquired</b>	10	10	12	11	9

\*1 The certification period has expired.

\*2 This is an evaluation based on the local government notification system.

\*3 In addition to the above green building certifications, MFLP Sakai also won the FY2015 Osaka Environmentally Friendly Architecture Award (Retail and other facilities category).

# Basic Approach Regarding Social Considerations

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## Stakeholders of MFLP-REIT

MFLP-REIT and the Asset Management Company intend to actively fulfill our roles and responsibilities and make contributions through their business activities, etc. to all stakeholders, including not only investors but also tenants, LM and business partners, local communities, and employees of the Asset Management Company. For example, MFLPREIT's portfolio is geographically diversified, and contributes both to regional job creation and to the vitalization of local communities. In addition, all properties in MFLP-REIT's portfolio offer convenience commuting using public transport (train stations, bus stops, etc.) and are also accessible to people with disabilities.

## Responsibilities of MFLP-REIT and the Asset Management Company to key stakeholders

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- **Investors:** Distribution of stable profit, maximization of the interests of unitholders in the medium to long term, and timely and appropriate disclosure of information
- **Tenants:** Provision of safe, secure and functional spaces in buildings in collaboration with LM, and increase of business continuity and employee satisfaction
- **LM and business partners:** Provision of a safe, secure, and comfortable work environment
- **Local communities:** Contribution to local vitalization and development, and support during emergencies
- **Employees of the Asset Management Company:** Provision of a safe, secure, and comfortable work environment, and opportunities for capability development

# Examples of specific initiatives

Providing comfortable work environment



Unmanned store

To meet the needs of facility users, an unmanned concession stand is available 24 hours a day, 7 days a week.



Commuter shuttle bus

We provide shuttle buses to support the commuting of tenant employees. It also contributes to ease crowding in local public transport.



Bicycle sharing

To enhance the convenience of transportation for tenant employees, we offer a bicycle sharing scheme.



Sky lounge

To provide a comfortable work environment for tenant employees, we provide a full range of spaces for food and rest.



Sky deck

To provide a comfortable work environment for tenant employees, we provide resting places with extensive outside views.



ICT LABO 2.0

We provide expert solutions in automation and labor-saving measures to prospective MFLP tenants, such as logistics companies.



Seasonal decorations

To provide a comfortable work environment for tenant employees, seasonal decorations have been introduced.



CS survey

In order to achieve better operation of facilities, we also conduct regular satisfaction surveys of tenant employees.



LaLaport discount tickets

Various preferential privileges are offered to tenant employees, including discounts at a variety of stores in Mitsui Fudosan managed shopping centers.



Issuance of seasonal magazine

We publish a quarterly magazine to provide tenants with timely information.



Cafeteria

To provide a comfortable work environment for tenant employees, the cafeteria within a facility offers a diverse food menu.



Lounge

Spaces are also provided to enable truck drivers using a facility to rest.



Adoption of seismic isolation

We adopted seismic isolation technology to not only ensure the safety of users in the event of a large-scale earthquake, but also mitigate the impact on goods stored.



Emergency power generator

The facilities are equipped with emergency power generators that can operate for up to 72 hours for BCP response, including ensuring safety in the facility in the event of a power outage.



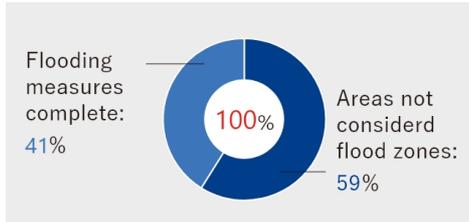
Remote monitoring using ITV

The facilities are equipped with a system that, in the event of a natural disaster, enables the state of damage suffered both inside and outside a facility to be checked in real time.



Stockpiles for disaster prevention

We have prepared for emergencies by stocking a wide range of necessary items, such as drinking water and emergency food rations for those having difficulty returning home in the event of a disaster.



Measures based on hazard maps (as of February 1, 2023)

59% of the entire portfolio is located in areas that are not considered likely to suffer from flooding, and flood-control measures have been taken for the remaining 41%, including measures for raising the height of voltage substations, emergency power generators and other critical equipment.

Note1: MFLP and each portfolio asset may not be equipped with some of the above standard specifications or features.

Note2: Calculations based on total floor area not adjusted to reflect quasi co-ownership interests.



Cleanup activities near facilities

We conduct cleanup activities in the areas surrounding facilities to contribute to achieve a better local environment.



Child care facilities on-site

We provide a child care facility on-site for child-rearing support not only for tenant employees, but also people nearby the facility.



Creation of community space

By establishing public areas with green spaces, cherry trees, etc., we provide places for local residents to relax.



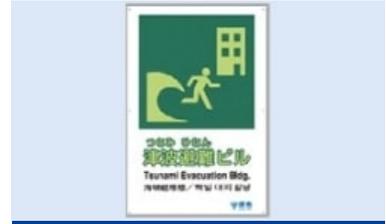
Emergency temporary toilets

By setting up facilities that can be used as toilets in the event of a disaster, we provide support for residents of the surrounding neighborhoods in the form of infrastructure for daily life.



Bench that can be converted to cooking grill

By setting up benches that can be used as a stove in the event of a disaster, we provide support for residents of the surrounding neighborhoods in the form of infrastructure for daily life.



Designated as a tsunami evacuation building

We support local residents living near the facilities in the event of a disaster by securing designations as disaster evacuation sites from municipalities.



Introduction of green curtains

We mitigate any sense of oppression by establishing green curtains on slope areas, for local residents and the landscape they see.



Facility tour for social studies

We provide tours of the facility to students from the local area as part of their social studies class.



Planted area

We work to create harmony with the surrounding environment by establishing a planted belt, for local residents and the landscape they see.

Note: MFLP and each portfolio asset may not be equipped with some of the above standard specifications or features.

Social contribution initiatives



Local contribution activities

We actively engage in initiatives to promote local contribution and environmental awareness among employees by participating in community cleanup activities.

日付	会社名	品名	数量
14日	豊田アパレル	カレンダー	1000
15日	三菱商事	カレンダー	1000
16日	三菱商事	カレンダー	1000
17日	三菱商事	カレンダー	1000
18日	三菱商事	カレンダー	1000
19日	三菱商事	カレンダー	1000
20日	三菱商事	カレンダー	1000
21日	三菱商事	カレンダー	1000
22日	三菱商事	カレンダー	1000
23日	三菱商事	カレンダー	1000
24日	三菱商事	カレンダー	1000
25日	三菱商事	カレンダー	1000
26日	三菱商事	カレンダー	1000
27日	三菱商事	カレンダー	1000
28日	三菱商事	カレンダー	1000
29日	三菱商事	カレンダー	1000
30日	三菱商事	カレンダー	1000
31日	三菱商事	カレンダー	1000

Donation of Calendars

We are contributing to ecology and social contribution by donating a portion of the calendars received from suppliers to the Council of Social Welfare.

DEI promotion initiative

Cooperation with support group for the disabilities



Catering food truck



Catering food truck (typical lunchtime scene)

At MFLP Kawaguchi I, we held a catering food truck event in cooperation with a support group for people with disabilities. This was implemented on a monthly basis between April 2022 and March 2023, and involved the sale to tenant employees of curry which was made at locations where people with disabilities work, and the equivalent to 450 meals were sold in total. In collaboration with the same organization, works of art created by people with disabilities were given their debut in society, and an exhibition of art for sale was also held.



International Women's Day Event

To contribute to the realization of gender equality, MFLP offered mimosa flower gifts to tenant employees on International Women's Day.

# Initiatives for Employees of the Asset Management Company

## Initiatives for human rights

The Asset Management Company has established a human rights policy based on the Mitsui Fudosan Group Human Rights Policy and the Mitsui Fudosan Group Sustainable Procurement Standards of Mitsui Fudosan. MFLP-REIT and the Asset Management Company support and respect international norms regarding human rights, such as the core labor standards set out in the ILO Declaration on Fundamental Principles and Rights at Work (freedom of association, recognition of the right to collective bargaining, elimination of forced labor, abolition of child labor, and elimination of discrimination) in light of the Universal Declaration of Human Rights and the International Bill of Human Rights. In addition, the Sustainable Procurement Policy established by the Asset Management Company incorporates respect for human rights into the selection and evaluation standards used to choose the content of work and business partners for the portfolio value chain.

Based on the above, the Asset Management Company has defined the initiatives for respect of human rights in the Compliance Manual as described in the table below and is working to instill its policy on respecting human rights in all employees.

Details	Policy and initiatives
Prohibition of discrimination and harassment	The Asset Management Company shall prohibit discrimination or unfair treatment based on nationality, social status, race, belief, gender, age, disability, sexual orientation, gender identity, education, marriage status, employment type or any other reason not related to business roles. In addition, no harassment in any form is allowed in the workplace.
Policy to prevent child labor or forced labor	The Asset Management Company shall not permit child labor or forced labor. The Asset Management Company has never used child or forced labor. To ensure that none is used in the future, the Asset Management Company complies thoroughly with the laws and regulations of each country.

Details	Policy and initiatives
Freedom of association and the right to collective bargaining	<p>The Asset Management Company shall support and respect the freedom of association and the right to collective bargaining.</p> <p>Up to the present, no labor unions have been formed, but labor-management relations at the Asset Management Company have been harmonious, and there have been no large-scale mergers, acquisitions, or layoffs in the past.</p> <p>In addition, the Asset Management Company has entered into a labormanagement agreement on overtime work (36 Agreement) with its employees, and is striving to maintain the health of its employees and improve labor productivity by appropriately managing working hours.</p> <p>The Asset Management Company is making the following efforts to reduce excessive working hours and overtime.</p> <ul style="list-style-type: none"> <li>• Monitoring working hours</li> <li>• Periodic interviews with supervisor</li> <li>• Notifying both employees and their direct supervisors when they are in danger of overwork</li> <li>• Implementing stress checks</li> </ul>
Policy supporting rights to a minimum wage and living wage	<p>The Asset Management Company conducts labor management while abiding by the labor laws and regulations. In terms of wages, the Asset Management Company has adopted a basic policy of following the rules on minimum wages.</p>

There were no serious violations of labor-related laws and regulations during the period from April 1, 2022 to March 31, 2023.

## DEI(Diversity,Equity and Inclusion) of the Asset Management Company

The Asset Management Company will strive to build an organization that recognizes diversity,equity and inclusion.

Specifically, in accordance with the management philosophy of the Mitsui Fudosan Group of “coexist in harmony with society and achieve a sustainable society,” in response to the dramatically changing needs of society, we are working to realize new value creation based on work style reforms, with the management ranks overseeing the diversity of employees, working to build an organization in which human resources of diverse values, talents, and lifestyles can realize their full individual potential and comfortable workplace.

Based on the above, the Asset Management Company has defined the "DEI Promotion Policy". Under this policy, the Asset Management Company has set KPIs of "Rate of employees taking 10 or more days of paid vacation" and " Rate of employee participation in training on DEI" at 100%, and will strive to promote DEI initiatives within the Asset Management Company.

Item	FY2020	FY2021	FY2022	KPI
Total number of officers and employees (Note 1)	24	25	24	-
(Number of seconded employees accepted)	10	10	10	-
(Number of direct employees)	14	15	14	-
	Male: 7, Female: 7	Male: 8, Female: 7	Male: 8, Female: 6	-
Percentage of female employees *	50%	47%	43%	-
Average employment period * (Note 2)	2.2 years	3.0 years	3.6 years	-
Rate of used portion of paid vacation * (Note 3)	56%	75%	89%	-
Rate of employees taking 10 or more days of paid vacation * (Note 3)	44%	86%	100%	100%
Rate of health checks received	100%	100%	100%	-
Employment of people with disabilities	0	0	0	-
Number of new hires *	5	1	2	-
Number of retired employees *	0	1	2	-
Employee turnover rate in the fiscal year *	0%	7%	14%	-
Rate of employees participation in training on DEI	100%	100%	100%	100%

(Note 1) Indication of “officers and employees” means the total officers and employees including direct employees and seconded employees mentioned above.

An asterisk (\*) indicates data for direct employees, including contract employees.

(Note 2) The average employment period is the average of figures calculated by dividing the total number of days enrolled as an employee up to each day by 365, as the number of days in one year.

(Note 3) Calculated using data on enrolled employees as of the fiscal year-end, but excluding those mid-career hires who joined during the fiscal year.

#### [Examples of initiatives]

- Training by viewing a DVD that promotes understanding of human rights and diversity (promoting active participation of women, employment of senior employees, training on LGBT issues)
- Training on DEI

# Initiatives for human resource development

The Asset Management Company is taking steps to secure and develop specialists with high-level expertise in real estate finance and potential leaders who have the management ability to increase the productivity of the organization. Furthermore, it aims to develop human resources who will contribute to society and to increasing corporate earnings, aiming not only to build knowledge, comprehension, and communication skills through short-term education and training, but also the ability to grasp the big picture of a situation or incident from a broad perspective and envisage the future course of events.

## 1 Support for acquiring qualifications

### 1-(1) Support for acquisition and maintenance of specialized qualifications

The Asset Management Company supports all employees (including both regular and contract employees, etc.) in their efforts to obtain degree programs and certifications, such as ARES (Association for Real Estate Securitization) Certified Master, and all officers and employees (including both regular and contract employees, etc.) may utilize a system whereby such expenses are borne by the Asset Management Company. Furthermore, to encourage the acquisition of difficult certifications, a certification allowance is paid to all employees (including both regular and contract employees, etc.) who hold certifications in Japan as a real estate appraiser, lawyer, tax accountant, or certified public accountant.

The number of employees with specialized certificates is as shown below (including seconded employees accepted).

Qualification	Number of employees with qualifications
ARES (Association for Real Estate Securitization) Certified Master	9
Real estate transaction agent	18
Real estate appraiser	1
First-class architect	1
Real Estate Consulting Master	1
Certificate-holder Member of the Securities Analysts Association of Japan	1
Eco Test (Certification Test for Environmental Specialists)	6
Care fitter	1
US CPA	1

(Note 1) As of March 31, 2023.

(Note 2) Includes personnel who have passed the credentialing exam but are not yet credentialed.

Fiscal year	Number of cases using the qualification support system	Officers and employees using the system	Amount of support funds (excl. tax)
FY2020	5	5 (21%)	¥248,888
FY2021	14	11 (46%)	¥517,243
FY2022	25	16 (63%)	¥1,076,249

## 1-(2) Others

Since MFLP-REIT conducts public offerings in overseas markets, we make efforts to improve the English language abilities of all employees (including both regular and contract employees, etc.) of the Asset Management Company in order to develop human resources able to operate globally, and have also established an English conversation school course fee support system.

## 2 Various training programs

One of the pillars of the Asset Management Company's human resource development efforts is the various training programs listed below under "2-(1) to 2-(3)."

Fiscal year		Training expenses	Training expenses per person	Total hours	Total hours per person
FY2021	Specialized field training	¥930,000	¥38,750	144 hours	6 hours
	Level- and field-specific human resource development business seminars	¥427,200	¥17,800	324 hours and 24 minutes	13 hours and 31 minutes
	Compliance training	¥618,000	¥25,750	174 hours	7 hours and 15 minutes
	Total	¥1,975,200	¥82,300	642 hours and 24 minutes	26 hours and 46 minutes
FY2022	Specialized field training	¥900,000	¥69,986	580 hours and 42 minutes	24 hours and 21 minutes
	Level- and field-specific human resource development business seminars	¥475,200	¥19,938	122 hours and 58 minutes	5 hours and 9 minutes
	Compliance training	¥768,000	¥32,000	172 hours and 47 minutes	7 hours and 15 minutes
	Total	¥2,143,200	¥89,924	876 hours and 27 minutes	38 hours and 3 minutes

## 2-(1) Job-specific development training

For the purpose of periodically updating fundamental knowledge necessary for asset management of all officers and employees (including both regular and contract employees, etc.), we regularly conduct training programs led by external lecturers to study the circumstances of the economic environment and real estate market and the REIT market, etc.

### [Examples of trainings]

Example 1 CBRE real estate market study group

Example 3 Data center-related study group

Example 5 ESG training

Example 2 Logistics field study group

Example 4 Real estate market research explanation meeting

Example 6 Stamp Tax Study group

## 2-(2) Level- and field-specific human resource development business seminars

We provide a system that enables all officers and employees (including both regular and contract employees, etc.) to choose from around 1,700 level- and field-specific courses offered by external specialist institutions per year. The primary objective is to provide an environment that assists the development of executive candidates by improving their management and leadership skills and encourages the active development of a career vision by each employee. Moreover, we also introduce seminars, lectures, and courses for self-improvement in real estate-related operations and ESG to employees as needed and encourage them to take courses.

## 2-(3) Compliance training

We strive to enhance not only individual capabilities but also organizational capabilities by implementing compliance training programs for all officers and employees (including both regular and contract employees, etc.).

### [Examples of initiatives]

- Training on fundamentals of securities monitoring
- Training on overview of FSA's supervisory guidelines for investment business
- Training on general theory of compliance
- Training on conflicts of interest

## 3 Periodic career interviews

We hold a start-of-year interview (goal setting), interim interview (progress check and advice), and end-of-year interview (evaluation result feedback) for direct employees, as part of building a transparent goal-setting and evaluation feedback system that ensures mutual understanding of intentions between supervisors and subordinates. Furthermore, as a separate measure, a biannual career interview with directors is held to provide an opportunity for employees to talk about their own career formation, receive performance feedback, and talk about their hopes for the Asset Management Company.

Fiscal year	Ratio of interviews held (direct employees)
FY2021	100% (14 out of 14 employees)
FY2022	100% (14 out of 14 employees)

# Human resource development and retention strategy

As the scale of assets under management increases, this fiscal year the Asset Management Company is again planning a small number of mid-career hires with a view to securing the necessary operation execution structure, and also is promoting various forms of capability development for employees through the aforementioned education and training programs. In addition, the Asset Management Company has a full benefit program and is promoting the establishment of comfortable working environments to enable employees to continue working with confidence. We are also promoting efforts to increase work efficiency by encouraging long-term employment and increasing the motivation of employees.

In addition, the Asset Management Company has accepted highly expert personnel with diverse backgrounds on secondment from Mitsui Fudosan and other companies. We are making use of their expert capabilities to make qualitative improvements in operational expertise, aiming to realize advanced asset management operations.

Employees in managerial positions seconded from Mitsui Fudosan possess expert know-how as well as organization management skills, thus they have contributed to asset management and vitalization of the Asset Management Company.

**[Number of persons seconded from Mitsui Fudosan and other companies]** As of March 31, 2023

- Mitsui Fudosan: 8
- Sumitomo Mitsui Banking Corporation: 1
- Reiwakaikeisha Tax Corporation: 1

[Reference: Career Programs of Mitsui Fudosan, Human Resources Management/ESG Report 2022](#)

At the Asset Management Company, the Board of Directors and General Meeting of Shareholders oversee the appointments of officers. Other managerial appointments are determined by the President & CEO. When making changes to personnel appointments, an appropriate management candidate is selected from among direct employees and the Mitsui Fudosan human resource pipeline, and the change is planned to ensure smooth continuation of business and duties.

Furthermore, Mitsui Fudosan regularly conducts new graduate recruitment, and the Asset Management Company also accepts secondments of young employees with less than 10 years of experience at Mitsui Fudosan who have completed human resource development training programs at Mitsui Fudosan.

For detailed information on recruitment of new graduates, please refer to Human Resources Management described in ESG Report 2022 of Mitsui Fudosan as stated above.

# Creation of working environments conducive to work and work-life balance

Human resources are recognized as the most important asset of the Asset Management Company, which not only meets the legal standards for health and safety, such as work-life balance, employee health, labor management, and risk management, but also works to create working environments where all employees can continue to work with confidence through the various initiatives described later. In addition, the Asset Management Company introduce Activity Based Working through office renewal to further improve the level of comfort for working environment.

## (1) Employee engagement survey

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In FY2020, the Asset Management Company started conducting an employee satisfaction survey to ascertain the current status and hopes of all employees (including both regular and contract employees, etc.) for use in improving the working environment. Since then, the Asset Management Company has confirmed employee satisfaction regarding the degree of fulfillment of their current assignments and satisfaction with their work environment at least once a year. (On a five-point satisfaction scale, the average score was 3.97 in FY2020 and 3.54 in FY2021 and 3.53 in FY2022). Based on the results of this survey, the Asset Management Company is striving to build better working environments.

### [Examples of improvements in response to the employee satisfaction survey]

- Introduction of electronic approval system
- Implementation of office renewal
- Introduction of health appliance

## (2) Structure for collecting requests and grievances of employees

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During interviews with directors, all employees (including both regular and contract employees, etc.) are provided with an opportunity to air their various hopes for the Asset Management Company and to confirm their own career options.

In addition, the Asset Management Company has established internal and external contact points for consultation based on the internal consultation and whistleblowing regulations. The system enables all employees (including both regular and contract employees, etc.) to anonymously report organizational or individual behavior that violates laws and regulations (behavior that violates or is suspected of violating laws, corporate ethics, and internal rules such as the compliance manual) or harassment to the Chief Compliance Officer (or for matters concerning the Chief Compliance Officer, the President & CEO) or an external law office. The same regulations protect whistleblowers and prohibit any disadvantage to whistleblowers, including retaliatory measures by the Asset Management Company such as dismissal. The regulations also oblige the Asset Management Company to determine and take appropriate measures regarding the reported matters.

### (3) Introduction of cumulative investment unit investment program

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The Asset Management Company has introduced a “cumulative investment unit investment program” targeting all employees (including both regular and contract employees, etc.) of the Asset Management Company, through which they can acquire investment units of MFLP-REIT. Officers, etc. of the Asset Management Company who have been seconded from Mitsui Fudosan, our sponsor, can also use their company’s “cumulative investment unit investment program” to acquire investment units in MFLP-REIT. It is anticipated that this system will result in all officers and employees (including both regular and contract employees, etc.) being more focused on improving the performance of MFLP-REIT, and that this in turn will contribute to the continuous growth of MFLP-REIT and enhancement of unitholder value. Furthermore, the Asset Management Company provides financial incentives to all employees (including both regular and contract employees, etc.) utilizing the program in an endeavor to further enhance their benefit and welfare programs.

### (4) Benefit and welfare

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The various benefit and welfare (incentive) programs listed below have been established to create a working environment in which all employees (including both regular and contract employees, etc.) can continue to work in comfort and with peace of mind.

- Cumulative investment unit investment program
- Defined contribution pension plan
- Flex-time system
- Pre- and post-natal leave system
- Childcare leave system
- Child nursing leave
- Nursing care leave
- Nursing care leave system
- Congratulation and condolence leave
- Cafeteria plan
- Subsidization of regular health checkup and screening fee
- Loan of mobile laptop computer
- Loan of smartphone
- Loan of tablet device
- Term-end bonuses
- Award of prizes and bonuses under a reward system
- Subsidization of fees for club activities
- Shared-office expenses borne by the company
- Remote work system
- Loan of laptop computer for working from home
- Office Bookstore
- Introduction of OFFICE DE YASAI
- Introduction of health appliance

## (5) Office Renewal

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The Asset Management Company's was renovated with employee comfort in mind. The office was also upgraded with more plants, more space for work with a change of scenery, a TEL booth and solo seats as a concentration area, more meeting space, also tried to make it DX by adding monitors for videoconferencing, etc.

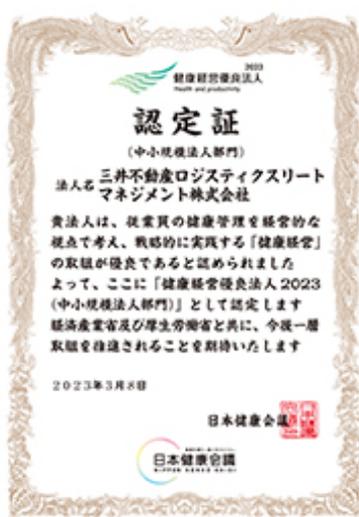


# Promotion of Health Management

Human resources are recognized as the most important asset of the Management Company. We will not only comply with the legal standards for health and safety, such as work-life balance, health of employees, labor management, and risk management, but also work to create working environments where all employees can continue to work with confidence through the various initiatives described later. Specifically, the Asset Management Company has joined the Mitsui Health Insurance Association and provides various assistance systems such as subsidies for influenza and other vaccinations as well as health screening fees, encourage to undergo periodic health checkups and physical examinations (the medical examination rate in FY2022 was 100%), to all employees (including both regular and contract employees, etc.).

Also, the Asset Management Company support the maintenance and promotion of employees' health through follow-up services such as invitations to undergo reexamination by industrial physicians. Officers, etc. who have been seconded from Mitsui Fudosan also benefit from similar subsidy systems, and initiatives for the health of all officers and employees are implemented. In addition, in cooperation with an industrial physician, the Asset Management Company has established a consultation point where all employees (including both regular and contract employees, etc.) can consult about both mental and physical health. Furthermore, to ensure the safety of workplaces, the Asset Management Company conducts onsite checks by an industrial physician.

The Asset Management Company strives to care for the mental health of all employees (including both regular and contract employees, etc.) by conducting stress checks for all officers and employees (seconded employees are subject to the system of the assigning company) and holding mental health seminars performed by external instructors (the participation rate in FY2022 was 100%). In addition, as events to promote health, the Asset Management Company participate in walking team competitions (the participation rate was 100%) also provide subsidies for the use of health-related facilities and sports facilities as part of our welfare program. As a result of these activities, we obtained "authorization of silver" for healthy excellent company in October 2022 and the 2023 Certified Health & Productivity Management Outstanding Organizations (under the SME category) in Mach 2023.



Certified Health & Productivity Management Outstanding Organizations



Introduction of health appliance



Installation of blood pressure monitor

# Governance Framework

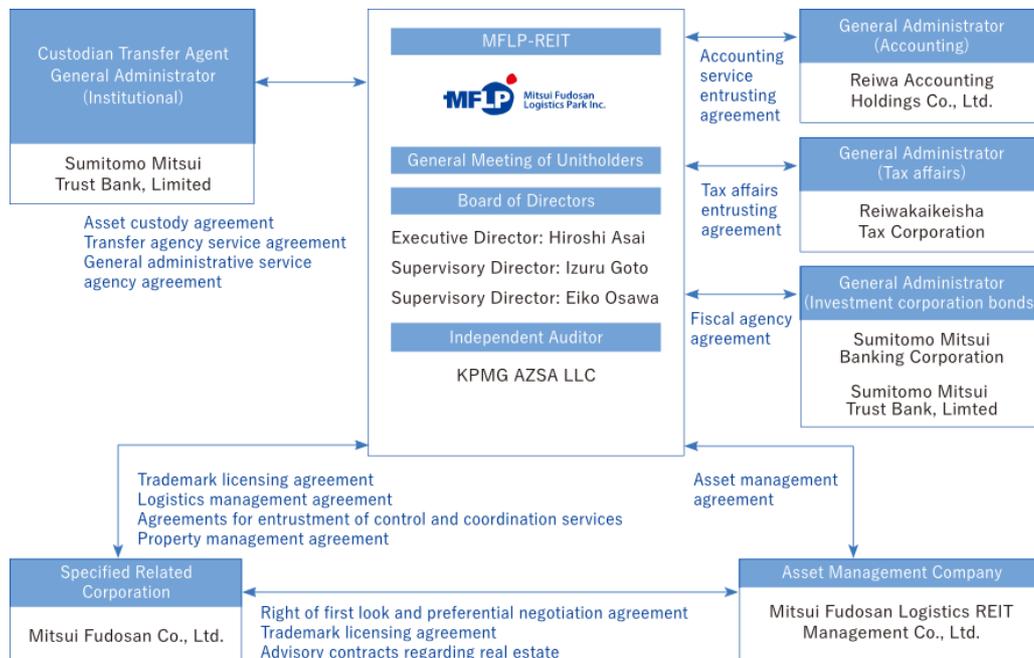
## Organization of the investment corporation

Investment corporations have at least one executive director and at least one more supervisory director than the number of executive directors. Please refer to “Directors” for information regarding the composition of directors.

Furthermore, the executive directors of MFLP-REIT do not serve concurrently as directors of the Asset Management Company.

The organization of MFLP-REIT is composed of the General Meeting of Unitholders, which is comprised of unitholders; the Board of Directors, which is comprised of one executive director and two supervisory directors; and the independent auditor.

## Organization



# Independent auditor

Audit remuneration paid to the independent auditor for the 13th Fiscal Period (August 1, 2022 to January 31, 2023) was as follows.

Name	Amount of remuneration in the 13th Fiscal Period
KPMG AZSA LLC	¥10,000 thousand

- \* No payment of fees for non-auditing services has been made.  
Furthermore, the independent auditor operates as follows, in accordance with the provisions on independent auditors under the Certified Public Accountants Act, etc.
- Engagement partners may work on the audit operation for no more than seven accounting periods and lead engagement partners for no more than five accounting periods.
- Engagement partners may not work on the audit operation again for five accounting periods after being replaced, and lead engagement partners may not work on the audit operation again after being replaced.

## Fines arising from ESG issues in the audited accounts

During the year from April 1, 2022 to March 31, 2023, there were no cases of fines levied due to ESG problems.

# Directors

The composition of MFLP-REIT's Board of Directors during the 13th Fiscal Period (the period from August 1, 2022 to January 31, 2023) totaled three members, namely one executive director (one male member) and two supervisory directors (one male member and one female member). The attendance rate of these three directors at meetings of MFLP-REIT's Board of Directors and their compensation are as follows. These Directors are selected by resolution of the unitholders' meeting for the following reasons.

Position	Name of director, etc.	Length of service	Attendance	Monthly remuneration per director	Reason of Election
Executive director	Hiroshi Asai	1 years 3 months (from November 2021)	9/9 times (100%)	¥500,000 per month	MFLP-REIT appointed him as Executive Director because he has abundant knowledge and experience in asset management and real estate securitization, and he is capable of performing his duties as a representative of MFLP-REIT.
Supervisory director	Izuru Goto	6 years 11 months (from March 2016)	51/51 times (100%)	¥300,000 per month	MFLP-REIT appointed him as Supervisory Director because, as an attorney-at-law, he has expert knowledge and experience in risk management related to legal affairs and compliance, and he is competent enough to supervise the execution of the Executive Officer's duties.
Supervisory director	Eiko Osawa	1 years 3 months (from November 2021)	9/9 times (100%)	¥300,000 per month	MFLP-REIT appointed her as Supervisory Director because, as a certified public accountant, she has expert knowledge and experience in risk management related to accounting and taxation, and she is competent enough to supervise the execution of the Executive Officer's duties.

\* Remuneration shown is since November 2021.



Executive Director  
**Hiroshi Asai**



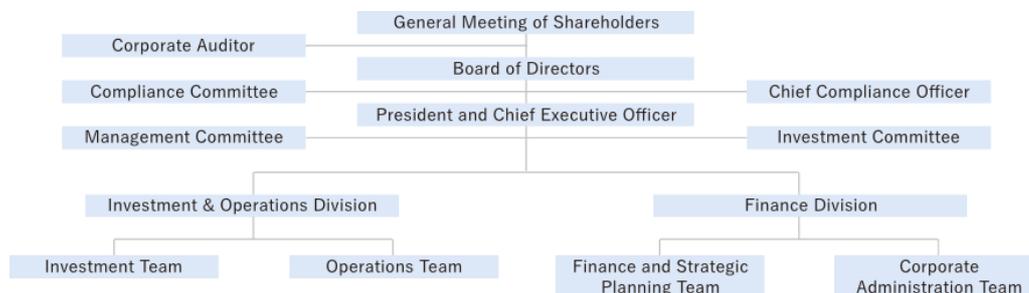
Supervisory Director  
**Izuru Goto**



Supervisory Director  
**Eiko Osawa**

# Organization chart

Management of the assets of MFLP-REIT is entrusted to the Asset Management Company. The Asset Management Company engages in operations under the following operation structure in accordance with the Asset Management Agreement concluded with MFLP-REIT.



For further details, please refer to the section of “(ii) Operation system” in the securities report

## Asset management fee structure consistent with the interests of unitholders

The aim is to keep the interests of MFLP-REIT’s unitholders consistent with the interests of the Asset Management Company.

<b>Asset management fee I</b>	Total assets × 0.1% (maximum)
<b>Asset management fee II</b>	Operating income (before deduction of asset management fees and depreciation) × 5.5% (maximum)
<b>Asset management fee III</b>	Pre-tax earnings (before deduction of asset management fees) × Pre-tax EPU (before deduction of asset management fees) × 0.001% (maximum)

# Internal Control

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## Initiatives for thorough compliance

All officers and employees of MFLP-REIT and the Asset Management Company are to conduct corporate activities honestly and appropriately based on high ethical standards beyond mere compliance with laws and regulations.

Pursuant to the Act on Investment Trusts and Investment Corporation and the Articles of Incorporation of MFLP-REIT, MFLP-REIT stipulates in its Board of Directors Regulations that a Board of Directors meeting must be held at least once every three months, at which the executive director must report on the status of business execution to ensure the supervision and control function of the supervisory directors. As of March 31, 2023, there are no cases where the interval between Board of Directors meetings has exceeded three months. The Board of Directors has a structure with one executive director and two supervisory directors, both of whom are selected as experts with external specializations such as a lawyer and a Certified Public Accountant.

Pursuant to the “Operation Policies” and the “Operation Guidelines” setting forth its basic philosophy for the fulfillment of fiduciary responsibility in asset management operations, the Asset Management Company considers compliance to be an important issue in its management in order to increase trust from investors and all other related parties. In addition, as an asset management company that is entrusted with asset management, the Asset Management Company has fiduciary responsibility to strive to manage assets appropriately by setting out concrete standards, strategies, and processes to be observed.

The Asset Management Company considers “Compliance” not only as legal compliance but also as observing its internal rules and taking appropriate actions following social ethics and codes. As such, the Asset Management Company sets internal rules, such as “Compliance Rules” as concrete guidelines and rules. In addition, the Chief Compliance Officer has drawn up a Compliance Program, and is promoting a company-wide culture of compliance that includes compliance awareness-raising and training activities for officers and employees.

The Asset Management Company sets forth in its “Compliance Rules” that when doubts concerning a breach of or conflict with laws, regulations or internal rules, etc. arise, its officers and employees must immediately report the facts to the Chief Compliance Officer. In cases where the Chief Compliance Officer judges that there are problems with the content of a report, the Chief Compliance Officer shall promptly report them to the President & CEO, the Chief Investment Officer, and the Chief Finance Officer, and form an appropriate response after conducting internal deliberations and performing checks with external specialists, as required. Subsequently, after summarizing investigations into the facts of the matter, how the issue occurred, and measures to resolve it, a report is submitted to the Compliance Committee, the Board of Directors, and the Board of Directors of MFLP-REIT. Furthermore, reports will also be made to the relevant government agencies, as required. In light of applicable laws and regulations or internal rules etc., if a compliance violation or an act deemed to be a compliance violation exists, the relevant officer will be subject to necessary measures pursuant to deliberation by the Board of Directors, and the relevant employee will be subject to a disposition under its work rules. (There were no complaints, violations or discipline of officers or employees related to non-compliance from April 1, 2022 to March 31, 2023.)

In addition, the Asset Management Company has established internal and external contact points for consultation based on the Internal Consultation and Whistleblowing Regulations. The system enables officers and employees to anonymously report organizational or individual behavior that violates laws and regulations (behavior that violates or is suspected of violating laws, corporate ethics, and internal rules such as the compliance manual) to the Chief Compliance Officer (or for matters concerning the Chief Compliance Officer, the President) or an external law office. These regulations are designed to help ensure compliance with laws and regulations for the activities of MFLP-REIT and the Asset Management Company. Companies are required to determine and execute appropriate measures for reported matters, and whistleblowers are protected by the Whistleblower Protection Act.

## Anti-bribery and anti-corruption policy

MFLP-REIT and the Asset Management Company have positioned thorough compliance as a fundamental principle of management, and are striving to build a compliance system and promote compliance. They ensure thorough compliance and prevention of bribery and corruption by stipulating in the Compliance Manual regarding excluding refusing dealings with anti-social forces, preventing money laundering, ensuring fair competition, prohibiting insider trading, and receiving gifts, entertainment and donation.

### **| Prohibition of bribery and handling of gifts and entertainment**

At the Asset Management Company, the Compliance Manual prohibits providing entertainment or gifts that go beyond the bounds of moderation internally or for business partners or relevant parties, providing entertainment or gifts that are intended to influence the decisions of the other party, and, in accordance with the National Public Service Ethics Act, providing entertainment or gifts that are presented to office holders of government offices.

In addition, the Compliance Manual also prohibits accepting entertainment or gifts that go beyond the bounds of moderation internally or for business partners or relevant parties, accepting, requesting, or promising bribes, etc. (entertainment or gifts, etc., that exceed the bounds of moderation) from external business partners or relevant parties, or providing special arrangements based on such bribes.

## **| Anti-corruption initiatives**

All officers and employees (including contract employees) receive compliance training, including corruption prevention such as “refusing dealings with anti-social forces,” “prohibition on money laundering,” “fair and transparent decisionmaking,” “prohibition of insider trading,” “entertainment, gifts, and donations,” as set out in the Compliance Manual to ensure that they are fully aware of these. In selecting new business partners and developing business in Japan and overseas, MFLP-REIT and the Asset Management Company strive to evaluate the risk of corruption and prevent it. Through a checklist for counterparties and confirmation, etc. by the Chief Compliance Officer, new business partners are checked comprehensively for “refusing dealings with anti-social forces,” “prevention of money laundering,” “elimination of unfair trading practices,” “prohibition of insider trading,” and “entertainment, gifts, and donations,” and for businesses deemed to be a high risk of corruption, the response is determined by the Management Committee after discussion by the Compliance Committee. These anti-corruption policies are overseen by the Board of Directors. Specifically, the Compliance Committee oversees and periodically reports to the Board of Directors on corruption prevention such as “refusing dealings with antisocial groups,” “prohibition of money laundering,” “prohibition of insider trading,” and “entertainment, gifts, and donations.”

At least once every three years, an audit is conducted of the entire scope of operating activities, using an internal auditor (including audits using external experts).

## **| Fines, surcharges and settlements related to bribery and corruption**

There were no serious violations of laws and regulations due to non-compliance with anti-bribery regulations nor fines, surcharges or settlements related to corruption paid from April 1, 2022 to March 31, 2023.

## **| Employees subjected to discipline or dismissal related to bribery and corruption**

No employees were disciplined or dismissed in relation to bribery or corruption from April 1, 2022 to March 31, 2023.

## **| Establishment of systems for refusing dealings with antisocial groups**

MFLP-REIT and the Asset Management Company strive to take a firm position on antisocial group and refuse any relationships with them in accordance with the Mitsui Fudosan Group Compliance Policy. Furthermore, when MFLPREIT or the Asset Management Company starts a transaction with a third party, they investigate and confirm that the counterparty is not an antisocial group before starting the transaction. If it becomes clear that the counterparty is an anti-social force, and if the anti-social force makes an unjustified demand, the concrete procedures are set forth in the Compliance Manual and the Regulation for Refusing Dealings with Antisocial Forces for clarifying the firm response to anti-social forces. The Asset Management Company is a supporting member of the Tokyo Center for Removal of Criminal Organizations, and has established a structure for refusing dealings with anti-social forces by appointing a responsible person under Article 14 paragraph 1 of the Act on Prevention of Unjust Acts by Organized Crime Group Members. If it encounters unjustified demands or violent behavior from anti-social forces, the Asset Management Company contacts the police station with jurisdiction and takes necessary legal measures and so forth.

# Political contributions

No donations were made related to political activities to people outside of political parties or political foundations. Moreover, when supporting the activities of a political group, MFLP-REIT and the Asset Management Company do so appropriately in accordance with relevant laws and regulations, such as the Political Funds Control Act and the Public Offices Election Act.

## Record of donations related to political activities and support for activities of political groups

No political contributions were made in the year from April 1, 2022 to March 31, 2023.

# Risk management initiatives

MFLP-REIT and the Asset Management Company aim to evade and minimize risks in investment and management of its assets under management.

## Information security management system

The Asset Management Company has established “Information Management Regulations” and “Information Management Rules” to counter information asset risk. These regulations and rules classify information assets and set out a code of conduct for officers and employees as well as judgment criteria and so forth, aiming to protect information assets by maintaining and increasing the level of organizational information management and information security. Specifically, the Asset Management Company strives to manage risk by stipulating the following.

- Establishment of person responsible for overall management of information security
- Periodic revision of information management regulations and rules in line with IT technology innovation and internal promotion throughout the Asset Management Company
- Ensuring rigorous information management regarding outsourcing providers

## Occurrence of an information security incident

No information system faults with financially or socially significant impacts occurred during the year from April 1, 2022 to March 31, 2023.

## Disaster and terrorism response

MFLP-REIT and the Asset Management Company strive to raise awareness of disaster prevention through ordinary training, inspections, and education, and aim to ensure safety and security by establishing and regularly reviewing crises management manuals for disasters.

# Status of unitholders

Of the total number of investment units issued and outstanding, the top 10 ranking companies by percentage of investment units owned is as follows.

As of January 31, 2023

Name	Number of investment units owned (units)	Number of investment units owned expressed as a percentage of total number of investment units issued and outstanding (%)
Custody Bank of Japan, Ltd. (Trust Account)	109,826	19.1
The Master Trust Bank of Japan, Ltd. (Trust Account)	92,484	16.1
Mitsui Fudosan Co., Ltd.	28,900	5.0
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	25,651	4.5
SMBC Nikko Securities Inc.	12,336	2.1
STICHTING PENSIOENFONDS ZORG EN WELZIJN	12,257	2.1
STATE STREET BANK AND TRUST COMPANY 505103	9,394	1.6
STATE STREET BANK WEST CLIENT - TREATY 505234	8,767	1.5
SSBTC CLIENT OMNIBUS ACCOUNT	8,013	1.4
THE BANK OF NEY YORK MELLON 140044	7,850	1.4

\* “Number of investment units owned expressed as a percentage of total number of investment units issued and outstanding” is rounded to the first decimal place.

# Sustainability Finance Framework

MFLP-REIT aims to strengthen the funding base by expanding the group of investors interested in ESG investment and financing, along with promoting initiatives for ESG even further, by procuring funds through ESG finance.

## Sustainability Finance Framework

### Overview of the Sustainability Finance Framework



#### Sustainability Finance Framework

### | Use of Proceeds from sustainability finance

The proceeds (the “Proceeds”) from sustainability finance shall be allocated towards the acquisition of specific assets (“Eligible Green Assets” and “Eligible Sustainable Assets” under sustainability finance, as defined below) and towards refinancing new or existing debt and bonds to acquire these assets.

### | Eligible Sustainable Assets

Eligible Green Assets meet the following Eligible Green Project Criteria. Eligible Sustainable Assets meet the requirements of both Eligible Green Project Criteria and Eligible Social Project Criteria (for these two types of eligible assets, hereinafter referred to as “Eligible Assets”).

## Eligible Green Project Criteria

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The acquisition or planned future acquisition of certification or re-certification (hereinafter “Green Building Certification”) by the following third-party certification institutions (1) to (5):

- (1) **DBJ Green Building Certification: 3 stars or higher (top three certification levels)**
- (2) **BELS Certification: Three or more (top three certification levels)**
- (3) **CASBEE Appraisal: B+ or higher (top three certification levels)**
- (4) **LEED Certification: Silver, Gold or Platinum (top three certification levels)**
- (5) **Top three certification levels from any other third-party certification program**

## Eligible Social Project Criteria

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New or existing real estate properties that meet two or more of the following criteria (1) to (3).

**(1) Basic infrastructure development to revitalize the local community**

Real estate that utilizes the land lot in a way that contributes to “urban development (machi-zukuri)” of the surrounding area such as providing recreational green space based on the needs of the local society.

**(2) Access to essential services for daily life**

Real estate with adequate countermeasures to disaster such as evacuation centers used in the event of a disaster or has stockpiles of supplies for local residents.

Real estate that contributes to the local community such as having an authorized nursery center in the property.

**(3) Socio-economic improvement and empowerment**

Contributions to local societies and economies such as job creation by tenant companies and utilization of local companies in construction projects.

## Management of Proceeds

The upper limit of funds raised through sustainability finance is calculated by multiplying the interest-bearing debt ratio (as of the most recent period-end that can be calculated as of the payment date or execution date of bond or loan financing) by total acquisition price of the Eligible Sustainable Assets.

## External review

In a third-party evaluation of its Sustainability Finance Framework, MFLP-REIT has been assigned an “Su1(F)” evaluation, the highest of in the JCR Sustainability Finance Framework Evaluation by Japan Credit Rating Agency, Ltd. (JCR). In addition, as a third-party evaluation of 1st Unsecured Bonds also obtained SU1 by JCR, the highest on the rating scale for the JCR Sustainability Bond Evaluation.

For details of the evaluation, please refer to JCR’s website → <https://www.jcr.co.jp/en/greenfinance/>

# Issuance Status of Investment Corporation Bonds Utilizing this Framework

On February 12, 2021, MFLP-REIT issued its first bond as a Sustainability Bond, for which it experienced strong demand from investors with an interest in ESG.

Lenders	Amount (Millions of yen)	Interest Rate	Issue date	Redemption date	Repayment Period	Term	Subject Property	Status of fund allocation	Others
1st Unsecured Bonds (Special pari passu conditions among specified investment corporation bonds)	3,000	0.500%	Feb. 12, 2021	Feb. 12, 2031	30th	10 years	MFLP Kawaguchi I MFLP Ibaraki	allocated	Unsecured Non-guaranteed Credit Rating JCR: AA
2nd Unsecured Bonds (Special pari passu conditions among specified investment corporation bonds)	2,000	0.820%	Nov. 25, 2022	Nov. 25, 2032	33rd	10 years	MFLP Yachiyo Katsutadai MFLP Osaka I MFLP Hiratsuka II	allocated	Unsecured Non-guaranteed Credit Rating JCR: AA
<b>Total</b>	<b>5,000</b>								

# Borrowing Status of ESG Loans Utilizing this Framework

Lenders	Classification	Amount (Millions of yen)	Interest Rate	Fixed / Floating	Borrowing Date	Maturity Date	Repayment Period	Term	Subject Property	Status of fund allocation	Others
Mizuho Bank, Ltd. (Green Loan)	Long-term	400	0.7488%	Fixed	Aug. 02, 2022	Aug. 02, 2032	33rd	10 years	MFLP Kuki etc(*2)	allocated	Unsecured Non-guaranteed
Nippon Life Insurance Company (Green Loan)	Long-term	500	0.6455%	Fixed	Aug. 04, 2022	Aug. 04, 2031	31st	9 years	MFLP Komaki	allocated	Unsecured Non-guaranteed
The Norinchukin Bank (Green Loan)	Long-term	500	0.4988%	Fixed	Aug. 04, 2022	Aug. 03, 2029	27th	7 years	MFLP komaki	allocated	Unsecured Non-guaranteed
Sumitomo Mitsui Banking Corporation (Green Loan)	Long-term	2,000	Base rate +0.33% (*1)	Floating	Sep. 01, 2022	Sep. 01, 2033	35th	11 years	GLP/MFLP Ichikawa Shiohama	allocated	Unsecured Non-guaranteed
Sumitomo Mitsui Banking Corporation (Green Loan)	Long-term	500	0.50%	Fixed	Feb. 06, 2023	Feb. 01, 2027	22th	4 years	MFLP Hino etc(*3)	allocated	Unsecured Non-guaranteed
Sumitomo Mitsui Banking Corporation (Green Loan)	Long-term	500	1.2363%	Fixed	Feb. 06, 2023	Feb. 01, 2033	34th	10 years	MFLP Hino etc(*3)	allocated	Unsecured Non-guaranteed
MUFG Bank, Ltd. (Green Loan)	Long-term	1,000	0.630%	Fixed	Feb. 06, 2023	Feb. 07, 2028	24th	5 years	MFLP Hino etc(*3)	allocated	Unsecured Non-guaranteed
Mizuho Trust & Banking Co., Ltd. (Green Loan)	Long-term	500	1.2363%	Fixed	Feb. 06, 2023	Feb. 07, 2033	34th	10 years	MFLP Hino etc(*3)	allocated	Unsecured Non-guaranteed
MUFG Bank, Ltd. (Green Loan)	Long-term	2,200	0.6725%	Fixed	Mar. 01, 2023	Mar. 01, 2028	24th	5 years	GLP/MFLP Ichikawa Shiohama	allocated	Unsecured Non-guaranteed
The Norinchukin Bank (Green Loan)	Long-term	600	0.9350%	Fixed	Mar. 15, 2023	Mar. 17, 2031	30th	8 years	MFLP Hiratsuka	allocated	Unsecured Non-guaranteed
Mizuho Trust & Banking Co., Ltd. (Green Loan)	Long-term	300	1.1163%	Fixed	Mar. 15, 2023	Feb. 07, 2033	34th	10 years	MFLP Hiratsuka	allocated	Unsecured Non-guaranteed
<b>Total</b>		<b>9,000</b>									

\*1 The base interest rate is the JBA three-month Japanese Yen TIBOR published by JBA. Even if the interest calculation period is less than three months, the base interest rate will be calculated using the three-month JBA Japanese Yen TIBOR.

The JBA Japanese yen TIBOR can be found on the website of the JBA TIBOR Administration (<http://www.jbatibor.or.jp/english/rate/>).

\*2 MFLP Yokohama Daikoku, MFLP Yashio, MFLP Atsugi, MFLP Funabashi Nishiura, MFLP Kashiwa, MFLP Sakai

\*3 MFLP Inazawa, MFLP Atsugi II

Click [here](#) for the List of Interest-Bearing Debt

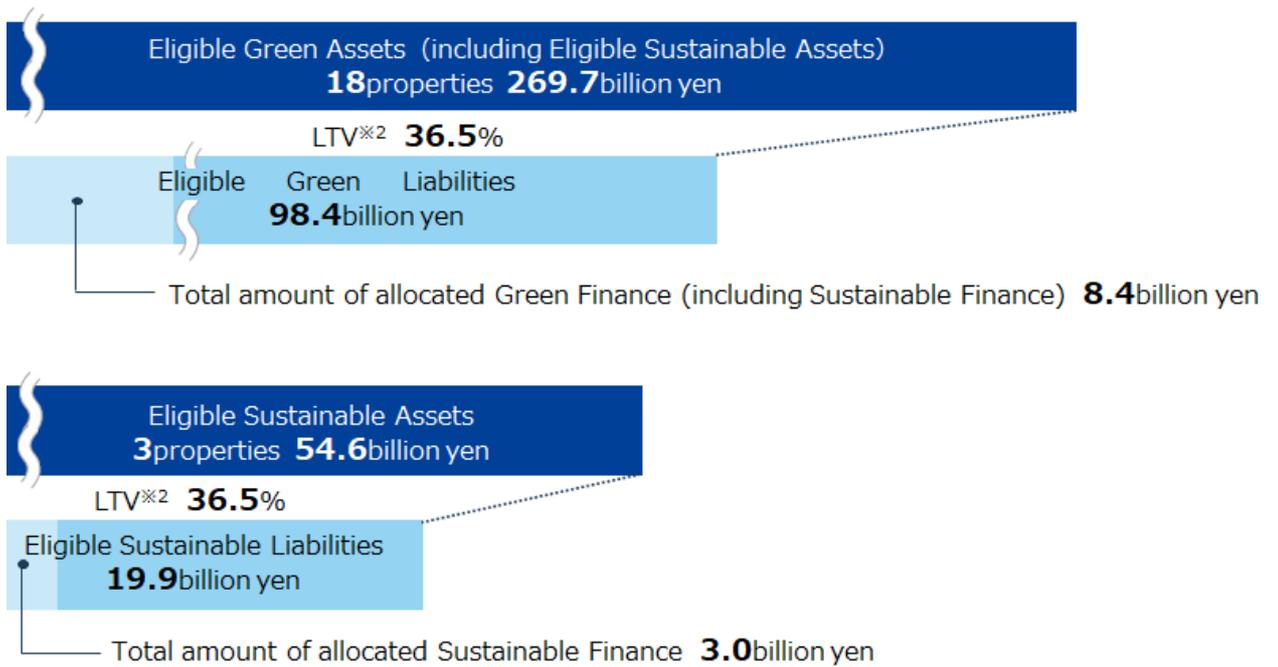
# Reporting

MFLP-REIT will publish the following items each year on its website as long as there is outstanding sustainability finance.

Information as of January 31, 2023.

## Status of fund allocation

The upper limit of funds raised through green finance and sustainability finance is calculated by multiplying the Interest-bearing debt ratio ("LTV", as of the most recent fiscal year-end that can be calculated as of the payment date or execution date of bond or loan financing) by total acquisition price of the Eligible Green Assets<sup>※1</sup> (Including Sustainable Assets).



※1 The total of eligible assets selected through the procedures set forth in the Framework.

※2 LTV is as of the end of 12th FP (July 31, 2022).

## Reporting on environmental improvement effects

- The status of the green building assessments and certification levels  
See [Initiatives to Obtain Green Building Certification](#) for details.

## Reporting on social benefits

### Output indicators

Number of Eligible Social Assets	3 properties		
			

# Outcome

(1) Basic infrastructure development to revitalize the local community	
Overview of the project (Target Assets)	
MFLP Hino	As well as incorporating a certified child care facility that can be used not only by employees but also by local residents, the seismically isolated structure also contains stockpiles for disaster prevention.
MFLP Sakai	As well as being seismically isolated, this building provides infrastructure for use in times of emergency, such as stockpiles for disaster prevention, emergency-use toilets, and disaster relief vending machines. It has also been designated a tsunami refuge by the local government.
MFLP Kawaguchi I	When acquiring and developing real estate owned by the City of Kawaguchi, as well as helping to promote local industry in Kawaguchi, we also provide disaster relief services to local residents and establish spaces for their relaxation.
Number of facilities equipped with seismic isolation structures	2 properties/3 properties
(2) Access to essential services	
Number of facilities designated as evacuation sites in the event of a disaster	1 property/3 properties
Number of facilities equipped with disaster relief vending machines	2 properties/3 properties
Number of facilities equipped with emergency supply stockpiles	3 properties/3 properties
Number of facilities equipped with cooking bench *	1 property/3 properties
* The “cooking bench” is a brick-enclosed base with a seat plate placed on it. It is normally used as a bench, but it is also used as a kitchen range in the event of a disaster.	
Number of facilities equipped with emergency toilets	2 properties/3 properties
Number of facilities equipped with emergency power supply	3 properties/3 properties
Number of licensed nursery centers	1 property/3 properties
(3) Socio-economic improvement and empowerment	
Number of facilities hiring local residents	3 properties/3 properties
Number of facilities hiring local companies for construction work	3 properties/3 properties

# Sustainability Linked Loan Framework

MFLP-REIT aims to strengthen the funding base by expanding the group of investors interested in ESG investment and financing, along with promoting initiatives for ESG even further, by procuring funds through ESG finance.

## Sustainability Linked Loan Framework

### Overview of the Sustainability Linked Loan Framework

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With a view to procuring the Sustainability Linked Loan, MFLP-REIT has developed the Framework, the first time for J-REIT.

Under the Framework, "CO2 emission intensity in logistics facilities (Scope 1 and 2)" was selected as a KPI (the "KPI"), and the following SPT was established based on the KPI.

Sustainability Linked Loans are loan products that aim to help borrowers and lenders achieve sustainability by incentivizing the achievement of ambitious SPTs predetermined by the borrower.

#### **| The selection of KPI**

The KPI "energy conservation and reduction of CO2 emissions" selected for this framework corresponds to "reduction of environmental impact and energy generation" among the six priority action items in the "VISION 2025", which policy of Mitsui Fudosan Group. It is also consistent with the content of the environmental KPI set by MFLP-REIT in March 2022.

#### **| Measurement of SPT**

In the "CO2 emissions intensity of logistics real estate (base year: 2016)" section of the environmental KPI set in March 2022, MFLP-REIT has set a target of 100% reduction by 2030 compared to the base year for the owner-managed portion (Scope 1 and 2).

If the loan term ends before 2030, reduction targets shall be set for the individual loan term, as necessary, and shall be specified in the Loan Agreement and other documents.

## Characteristics of the Loan

The borrowing rate will be linked to the degree of achievement of the SPT as follows:

	Details of SPT determination	Incentive/Disincentive
①	Scope 1 and 2: Reduce CO2 emissions intensity from logistics real estate by 100% by 2030 compared to 2016 (base year)	Reduction of applicable interest rates upon achievement of SPT
②	Scope 1 and 2: Reduce CO2 emissions intensity from logistics real estate in 2030 below 2016 (base year)	Increase in applicable interest rate when SPT not achieved

The specific applicable interest rate linkage range shall be separately stipulated in the Loan Agreement, etc. for each individual loan.

In cases where reduction targets are set for individual loan periods, the details of the determination of SPT and the applicable conditions shall also be separately stipulated in the Loan Agreement, etc.

## External Review

MFLP-REIT has gotten Rating and Investment Information, Inc. to obtain the second opinion that the Framework complies with the "Sustainability Linked Loan Principles" and the Ministry of Environment Guidelines on "Expectations for Sustainability Linked Loans". The second opinion is available on their website.

# Borrowing Status of Sustainability Linked Loans Utilizing this Framework

Lenders	Classification	Amount (Millions of yen)	Interest Rate	Fixed / Floating	Borrowing Date	Maturity Date	Repayment Period	Term	Status of fund allocation	Remarks
Sumitomo Mitsui Banking Corporation	Long-term	500	0.50%	Fixed	Feb 01, 2023	Feb 01, 2027	22nd	4 years	allocated	Unsecured Non-guaranteed
Sumitomo Mitsui Banking Corporation	Long-term	400	1.2743%	Fixed	Feb 01, 2023	Feb 01, 2033	34th	10 years	allocated	Unsecured Non-guaranteed
Sumitomo Mitsui Trust Bank, Limited	Long-term	500	0.5875%	Fixed	Feb 01, 2023	Feb 01, 2027	22nd	4 years	allocated	Unsecured Non-guaranteed
Mizuho Bank, Ltd.	Long-term	500	1.2743%	Fixed	Feb 01, 2023	Feb 01, 2033	34th	10 years	allocated	Unsecured Non-guaranteed
MUFG Bank, Ltd.	Long-term	300	0.5375%	Fixed	Feb 01, 2023	Feb 01, 2027	22nd	4 years	allocated	Unsecured Non-guaranteed
Mizuho Trust & Banking Co., Ltd.	Long-term	500	1.2743%	Fixed	Feb 01, 2023	Feb 01, 2033	34th	10 years	allocated	Unsecured Non-guaranteed
The Bank of Fukuoka	Long-term	500	1.0175%	Fixed	Feb 01, 2023	Aug 01, 2030	29th	7.5 years	allocated	Unsecured Non-guaranteed
Nippon Life Insurance Company	Long-term	500	1.2743%	Fixed	Feb 01, 2023	Feb 01, 2033	34th	10 years	allocated	Unsecured Non-guaranteed
The Norinchukin Bank	Long-term	500	0.9663%	Fixed	Feb 01, 2023	Feb 01, 2030	28th	7 years	allocated	Unsecured Non-guaranteed
The Yamaguchi Bank, Ltd.	Long-term	500	1.2743%	Fixed	Feb 01, 2023	Feb 01, 2033	34th	10 years	allocated	Unsecured Non-guaranteed
Shinkin Central Bank	Long-term	500	1.2265%	Fixed	Feb 01, 2023	Aug 01, 2032	33rd	9.5 years	allocated	Unsecured Non-guaranteed
Sumitomo Life Insurance Company	Long-term	500	1.2743%	Fixed	Feb 01, 2023	Feb 01, 2033	34th	10 years	allocated	Unsecured Non-guaranteed
The Chiba Bank, Ltd.	Long-term	400	1.0175%	Fixed	Feb 01, 2023	Aug 01, 2030	29th	7.5 years	allocated	Unsecured Non-guaranteed
SBI Shinsei Bank, Limited	Long-term	500	1.2743%	Fixed	Feb 01, 2023	Feb 01, 2033	34th	10 years	allocated	Unsecured Non-guaranteed
The Joyo Bank, Ltd.	Long-term	400	1.0175%	Fixed	Feb 01, 2023	Aug 01, 2030	29th	7.5 years	allocated	Unsecured Non-guaranteed
Daishi Hokuetsu Bank, Ltd.	Long-term	400	0.9663%	Fixed	Feb 01, 2023	Feb 01, 2030	28th	7 years	allocated	Unsecured Non-guaranteed
The Bank of Kyoto, Ltd.	Long-term	400	1.2265%	Fixed	Feb 01, 2023	Aug 02, 2032	33rd	9.5 years	allocated	Unsecured Non-guaranteed
Momiji Bank Ltd.	Long-term	400	1.2265%	Fixed	Feb 01, 2023	Aug 02, 2032	33rd	9.5 years	allocated	Unsecured Non-guaranteed
The Keiyo Bank, Ltd.	Long-term	400	1.0175%	Fixed	Feb 01, 2023	Aug 01, 2030	29th	7.5 years	allocated	Unsecured Non-guaranteed
The Yamagata Bank Ltd.	Long-term	400	0.9663%	Fixed	Feb 01, 2023	Feb 01, 2030	28th	7 years	allocated	Unsecured Non-guaranteed
Kiraboshi Bank, Ltd.	Long-term	300	0.9663%	Fixed	Feb 01, 2023	Feb 01, 2030	28th	7 years	allocated	Unsecured Non-guaranteed
Kiraboshi Bank, Ltd.	Long-term	200	1.2743%	Fixed	Feb 01, 2023	Feb 01, 2033	34th	10 years	allocated	Unsecured Non-guaranteed
The Hachijuni Bank, Ltd.	Long-term	500	1.0175%	Fixed	Feb 01, 2023	Aug 01, 2030	29th	7.5 years	allocated	Unsecured Non-guaranteed
<b>Total</b>		<b>10,000</b>								

Click [here](#) for the List of Interest-Bearing Debt

## Reporting and Verification

MFLP-REIT shall submit evidence to the Lender regarding SPT results (Reduction rate of CO2 emissions intensity for Scope 1 and 2 compared to the base year) for the previous calculation year by June 30 of each calculation year, regardless of whether the SPT is determined or not. However, if MFLP-REIT has publicized the same information on website, etc., submission of the materials is not required.