


PRINCIPAL ADVERSE IMPACT STATEMENT

The following is the adverse sustainability impact statement of Mitsui Fudosan Logistics Park Inc. (“MFL”) pursuant to Regulation (EU) 2019/2088 (“SFDR”). We have no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Mitsui Fudosan Logistics REIT Management Co., Ltd, (the “Asset Manager”), to manage and operate the properties in our portfolio. MFL and the Asset Manager are hereinafter referred to collectively as “we”, “us” or “our”.

1. Summary

We consider principal adverse impacts of our investment decisions on sustainability factors. The present statement is our consolidated statement of the principal adverse impacts on sustainability factors (“PAI”). The statement covers the reference period from February 1, 2021 to July 30, 2021. The statement will be reviewed at least once during every year.

The Mitsui Fudosan Group (the “Group”), to which we belong, 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 sustainable society as represented by its “” corporate logo. Under the Group’s “&EARTH” principle, the Group recognizes the need to create neighborhoods that remain in tune with global environmental concerns. This principle therefore reflects the Group’s aim to establish a society that enriches both the people and the planet. Pursuant to the Group’s long-term management vision, VISION 2025, the Group is working to achieve sustainable society by addressing environmental, social and governance, or ESG, issues while driving continual profit growth. MFL and the Asset Manager share the Group’s ESG management principles and are proactively implementing ESG initiatives.

We use the definition of PAI as described in Recital 20 of SFDR being “those impacts of investment decisions and advice that result in negative effects on sustainability factors”, with sustainability factors referring to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters as defined in article 2 (24) of SFDR.

We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact to risk and value creation for our unitholders. To this end, we consider PAI of our investment decisions throughout all major steps of the investment decision and property management process throughout the lifecycle of the properties in our portfolio.

Please note that SFDR requirements, including the scope of their application to issuers outside the European Economic Area, continue to evolve. We are therefore taking a principles-based approach to compliance with the SFDR disclosure standards, which are subject to change.

2. Description of principal adverse sustainability impacts

Nearly all types of economic activity have the potential to impact various PAI indicators, both positively and adversely. We aim to manage the risk connected to PAI from our investment decisions in several ways, including general screening criteria, due diligence and our ESG

initiatives. Some of the PAI indicators listed below are currently already being monitored and reported. As the availability of data improves, it is our intention that more indicators will be added.

Table 1

Principal adverse sustainability impacts statement

We do not invest in investee companies, but invest in real estate. As adverse sustainability indicators 1-16 as contained in the RTS pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact in 2020	Impact in 2019	Explanation	Actions taken
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	We do not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.	N/A
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	As of December 31, 2020, 19.9% of our properties, including properties in which we hold quasi co-ownership interests, were not “Green Buildings” (as defined to the right) based on gross floor area (we count properties with expired certifications unless there is reason to believe that such properties	As of December 31, 2019, 28.4% of our properties, including properties in which we hold quasi co-ownership interests, were not “Green Buildings” (as defined to the right) based on gross floor area (we count properties with expired certifications unless there is reason to believe that such properties	To track the environmental performance of our properties, we rely on certifications issued by third-party organizations, such as the Development Bank of Japan’s (“DBJ”) Green Building Certification, Building Energy-efficiency Labeling System (“BELS”)	We implement as appropriate measures to reduce their environmental impact following acquisition, including by obtaining environmental certifications such as DBJ or CASBEE. After receiving 4 stars from BELS for Yokohama Daikoku Building, we installed LED lighting on the property.

			are no longer environmentally friendly to the same degree as Green Buildings).	are no longer environmentally friendly to the same degree as Green Buildings).	certification, and other equivalent certifications. We call our property that receives any such certifications a “Green Buildings”. With respect to DBJ certifications, we consider a property to have sufficient environmental certification if it received 3 stars or higher out of DBJ’s 5-star ranking system. With respect to BELS, we consider a property to have sufficient environmental certification if it received 4 stars or higher out of BELS’ 5-star ranking system.	which resulted in ZEB Ready status. We are steadily working toward acquiring DBJ/BELS certifications so that 100% of our logistics properties will be certified.
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Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse sustainability impact (qualitative or quantitative)	Metric
Indicators applicable to investments in real estate assets		
Waste	20. Waste production in operations To make effective use of limited water resources, we promote efforts to save water and have introduced water-saving equipment at our properties (3 properties). We also contribute to the establishment of a recycling-oriented society with 3R (reduce, reuse and recycle) efforts	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste

	to curb the use of wastewater and waste materials discharged from buildings. We are working with tenants to raise awareness of our 3R and water conservation efforts by displaying posters in buildings (9 properties with such posters).	recovery or recycling contract All of our properties have been equipped with facilities for waste sorting and are covered by a waste recovery or recycling contract.
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Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	Adverse sustainability impact (qualitative or quantitative)	Metric
Indicators applicable to investments to the Asset Manager or tenants		
	<p>4. Lack of a supplier code of conduct</p> <p>We require vendors in our supply chain not only to efficiently deliver to us goods and services, but also to consider their impact on the environment and society. When purchasing goods or services and/or selecting a vendor, we consider their impact on sustainability and the vendor’s sustainability initiatives before making decisions on whether to make the purchase or enter into a relationship with the vendor.</p>	<p>Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labor and forced labor)</p> <p>The Asset Manager has a supplier code of conduct.</p>
	<p>5. Lack of grievance/complaints handling mechanism related to employee matters</p> <p>In cooperation with the Group and tenants, we conduct a tenant satisfaction survey once every 3 years in order to gather feedback, which is used to ensure that our properties provide comfortable, safe and secure space for tenants and other facility users.</p>	<p>Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters</p> <p>The Asset Manager has a grievance/complaints handling mechanism, which is also available for all of our tenants.</p>

	<p>6. Insufficient whistleblower protection</p> <p>The Asset Manager has established reporting lines in accordance with the Internal Consultation and Reporting System Rules, under which the Chief Compliance Officer (or the President, for matters related to the Chief Compliance Officer) or a designated law firm is available to receives information on organizational or individual violations of law, including actual or potential violations of applicable law, corporate ethics or the Asset Manager’s internal rules such as the Compliance Manual. The Internal Consultation and Reporting System Rules require the company to take all possible measures to protect the whistleblower and prohibit dismissal or other disadvantageous treatment of the whistleblower, as well as to determine and implement appropriate measures in response to the content of the report.</p>	<p>Share of investments in entities without policies on the protection of whistleblowers</p> <p>All of the Asset Manager’s officers and employees are provided whistleblower protection.</p>
	<p>7. Incidents of discrimination</p> <p>We and the Asset Manager prohibit discrimination and unfair treatment based on reasons unrelated to job responsibilities, including race, nationality, place of origin, religion, ideological belief, gender, age, disability, sexual preference, gender identity, educational background, marital status and employment status. In addition, we do not tolerate any form of harassment in the workplace, including sexual harassment and power harassment. The Asset Manager holds regular training on harassment and discrimination for employees.</p>	<p>1. Number of incidents of discrimination reported in investee companies expressed as a weighted average</p> <p>No discrimination has been reported by any of the Asset Manager’s officers or employees.</p> <p>2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average</p> <p>No discrimination has been reported by any of the Asset Manager’s officers or employees.</p>
Human Rights	<p>9. Lack of a human rights policy</p> <p>We and the Asset Manager have adopted the sustainable procurement standards and human rights policy established by Mitsui Fudosan Co., Ltd, our sponsor (the “Sponsor”). In addition, we and the Asset Manager support the Universal Declaration of Human Rights and the International Covenant on Human Rights, and support and respect the fundamental rights related to labor set forth in the ILO Declaration on Fundamental Principles and Rights at Work.</p>	<p>Share of investments in entities without a human rights policy</p> <p>The Asset Manager has a human rights policy.</p>

<p>Anti-corruption and anti-bribery</p>	<p>15. Lack of anti-corruption and anti-bribery policies</p> <p>We and the Asset Manager have established the Compliance Manual to prohibit entertaining or giving gifts to business partners or related parties exceeding moderation, entertaining or giving gifts for the purpose of influencing the judgment of another party, and entertaining or giving gifts to public officers or employees.</p> <p>The Compliance Manual also prohibits receiving entertainment or gifts exceeding moderation within the company or from business partners or related parties, or accepting, requesting or promising bribes (entertainment or gifts exceeding moderation) to business partners or related parties, or making special arrangements based on the foregoing.</p>	<p>Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption</p> <p>The Asset Manager has compliance policies addressing anti-corruption and anti-bribery that apply to all of its officers and employees.</p>
	<p>17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws</p> <p>We and the Asset Manager have established the Compliance Manual to prohibit entertaining or giving gifts to business partners or related parties in excess of moderation, entertaining or giving gifts for the purpose of influencing the judgment of the other party, and entertaining or giving gifts to public officers or employees.</p> <p>The Compliance Manual also prohibits receiving entertainment or gifts exceeding moderation within the company or from business partners or related parties, or accepting, requesting or promising bribes (entertainment or gifts that exceed moderation) to business partners or related parties, or making special arrangements based on the foregoing.</p>	<p>Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies</p> <p>Neither the Asset Manager nor, to the best of our knowledge, tenants have been subject to any convictions or fines for violations of anti-corruption or anti-bribery laws.</p>

For descriptions of actions which MFL takes and will take with respect to the PAI indicators, please refer to our ESG website with respect to MFL: <https://www.mflp-r.co.jp/en/sustainability/index.html>

3. Description of policies to identify and prioritize principal adverse sustainability impacts

Subject to data availability, we monitor the selected PAI indicators for the existing properties in our portfolio.

Prior to our investment in a property, we conduct due diligence review of the property, including ESG due diligence, which includes selected PAI indicators. The due diligence findings related to selected PAI indicators are taken into consideration as one of the factors in making a comprehensive investment decision.

In January 2021, we strengthened our funding base through the establishment of a Sustainable Finance Framework, which allows us to expand our investor base to include those interested in ESG investment and financing and further promote our sustainability.

To track the environmental performance of our properties, we rely on “Green Buildings” certifications. With respect to DBJ certifications, we consider a property to have sufficient environmental certification if it received 3 stars or higher out of DBJ’s 5-star ranking system. With respect to Comprehensive Assessment System for Built Environment Efficiency (“CASBEE”) certification, we consider a property to have sufficient environmental certification if it received an A Rank or higher out of the CASBEE ranking system featuring Rank S (excellent), Rank A (very good), Rank B+ (good), Rank B- (slightly inferior) and Rank C (inferior). With respect to BELS certification, we consider a property to have sufficient environmental certification if it received a 4 stars or higher out of BELS’ 5-star ranking system. With respect to Zero Energy Building (“ZEB”) certification, we consider a property to have sufficient environmental certification if it received ZEB Ready or higher out of the ZEB ranking system featuring ZEB, Nearly ZEB, ZEB Ready, and ZEB Oriented. ZEB Ready is awarded to buildings that achieve primary energy reduction of 50% or higher. As of July 31, 2021, 91.7% of our properties, including properties in which we hold quasi co-ownership interests, were Green Buildings and 49.6% of our properties, including properties in which we hold quasi co-ownership interests, had obtained ZEB based on gross floor area (including properties with expired certifications unless there is reason to believe that such properties are no longer environmentally friendly to the same degree as Green Buildings).

Under our Sustainable Finance Framework, a property that has received or is expected to receive any of the following certifications from a third-party certification program is an “Eligible Green Asset”:

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

When conducting due diligence review of a property, we also consider the property’s social value. Under our Sustainable Finance Framework, any new or existing property that meets 2 or more of the following criteria is an “Eligible Sustainable Asset”:

- Urban development: The land contributes to urban development (*machi-zukuri*) of the surrounding area such as by providing recreational green space that meets the needs of the local community;
- Access to essential services for daily life: (i) real estate with adequate countermeasures to disasters, for example, based on its use as an evacuation center, or has emergency

supplies for local residents; or (ii) real estate that contributes to the local community, for example, based on its use as an authorized nursery center; and

- Socio-economic improvement and empowerment: Contributions to local community and economy such as through tenants' job creation and use of local companies in construction projects.

For further information, please refer to our ESG website: <https://www.mflp-r.co.jp/en/sustainability/index.html>

4. Engagement policies

Due diligence and screening

The Asset Manager's investment decision-making process involves assessment of material ESG-related risks and opportunities to ensure that our sustainable investment strategy is implemented. With each acquisition opportunity, we and the Asset Manager review ESG-related due diligence findings and take into account the acquisition of environmental certifications or future potential to obtain them and energy efficiency assessment. These findings are required to be considered by the Management Committee chaired by the President of the Asset Manager before a final decision is made on the investment. We will not invest in properties which have environmental hazardous substances or land pollution beyond an established threshold.

We monitor energy consumption, electricity consumption, water consumption, waste as well as CO2 emissions, the data with respect to which are reviewed by outside experts on a regular basis to reduce our environmental burden. We also conduct a tenant satisfaction survey once every 3 years to gather feedback used to ensure that our properties provide comfortable, safe and secure space for tenants and other facility users.

Engagement

We have standardized environmental provisions, which we refer to as "Green Lease" provisions, in the leases with our tenants. Our Green Lease provisions include a clause for our tenants to collaborate with us to implement measures for energy conservation and environmental preservation. Our Green Lease provisions require the tenant to provide us with data on the use of the property (including, but not limited to, data on electricity, gas, and water used in the property). We strive to proactively increase the number of lease agreements with Green Lease provisions by negotiating with new tenants or, at the time of lease renewal, existing tenants.

In the procurement of goods and services for our businesses, we require vendors in our supply chain not only to efficiently deliver to us goods and services, but also to consider their impact on the environment and society. When purchasing goods or services and/or selecting a vendor, we consider their impact on sustainability and the vendor's sustainability initiatives before making decisions on whether to make the purchase or enter into a relationship with the vendor.

5. References to international standards

The Sponsor has joined the United Nations Global Compact, endorsed the Task Force on Climate-related Financial Disclosure, and signed RE100. We and the Asset Manager share the same ESG principles expressed through these international standards.