

STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Product Name/Legal Identifier: Mitsui Fudosan Logistics Park Inc.

Legal entity identifier: 353800DN63EIYS760S59

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

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.

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 January 1, 2025 to December 31, 2025. The statement will be reviewed at least once during every year.

Mitsui Fudosan Co., Ltd. and its subsidiaries and affiliates (collectively, 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, INNOVATION 2030, the Group is working to achieve sustainable society by addressing environmental, social and governance, or ESG, issues while driving continual profit growth. MFLP-REIT and the Asset Management Company 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 MFLP-REIT's portfolio.

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

MFLP-REIT does not invest in investee companies, but invests in real estate. As adverse sustainability indicators 1-16 as contained in Table 1 of Annex 1 of the SFDR Delegated Regulation 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 2025, 2024, 2023, 2022 and 2021 (From January 1 to December 31)		Explanation	Actions taken, and actions planned and targets set for the next reference period
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		Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	MFLP-REIT does not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.	N/A
			2025	N/A		
			2024	N/A		
			2023	N/A		
			2022	N/A		
			2021	N/A		
Energy efficiency	18. Exposure to energy-inefficient	Share of investments in energy-inefficient	As of	Share of investments in energy-inefficient real estate asset (in %) ¹	To track the environmental performance of MFLP-REIT's properties, we rely on certifications issued by third-party organizations, such as the Development Bank of Japan's ("DBJ") Green Building	We implement as appropriate measures to reduce MFLP-REIT's properties' environmental impact following acquisition,
			December 31, 2025	5.1		

	real estate assets	real estate assets	2024	5.3	Certification, Building Energy-efficiency Labeling System (“BELS”) certification, and other equivalent certifications. We call MFLP-REIT’s property that receives sufficient level of 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.	including by obtaining environmental certifications such as DBJ or CASBEE. We aim to maintain the ratio of Green Buildings to the logistics facilities in MFLP-REIT’s portfolio based on gross floor area at 95% or higher until 2030.
			2023	8.7		
			2022	9.1		
			2021	10.3		
			(Note)			
(1). Percentage indicates the gross floor area of MFLP-REIT’s properties, including properties in which MFLP-REIT holds quasi co-ownership interests, that were not “Green Buildings” (as defined to the right) in MFLP-REIT’s portfolio as of December 31 of the year indicated. We consider the properties with expired certifications as Green Buildings unless there is reason to believe that such properties are no longer environmentally friendly to the same degree as Green Buildings.						

Table 2

Additional climate and other environment-related indicators

MFLP-REIT does not invest in investee companies, but invests in real estate. As additional climate and other environment-related indicators 1-17 as contained in Table 2 of Annex 1 of the SFDR Delegated Regulation pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric																																																				
Indicators applicable to investments in real estate assets																																																						
Greenhouse gas emissions	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="6" data-bbox="497 667 1639 759">18. GHG emissions</td> </tr> <tr> <th data-bbox="497 759 882 839">Item</th> <th data-bbox="882 759 1034 839">2021 (base year)</th> <th data-bbox="1034 759 1189 839">2022</th> <th data-bbox="1189 759 1344 839">2023</th> <th data-bbox="1344 759 1498 839">2024</th> <th data-bbox="1498 759 1639 839">2025</th> </tr> <tr> <td data-bbox="497 839 882 919">Total CO₂ emissions (t-CO₂) ((A) + (B) + (C))</td> <td data-bbox="882 839 1034 919">23,720</td> <td data-bbox="1034 839 1189 919">23,451</td> <td data-bbox="1189 839 1344 919">24,246</td> <td data-bbox="1344 839 1498 919">27,581</td> <td data-bbox="1498 839 1639 919">33,746</td> </tr> <tr> <td data-bbox="497 919 882 999">CO₂ emissions intensity⁽¹⁾ (t-CO₂/m²) total</td> <td data-bbox="882 919 1034 999">0.016</td> <td data-bbox="1034 919 1189 999">0.014</td> <td data-bbox="1189 919 1344 999">0.014</td> <td data-bbox="1344 919 1498 999">0.014</td> <td data-bbox="1498 919 1639 999">0.014</td> </tr> <tr> <td colspan="6" data-bbox="497 999 1639 1046" style="text-align: center;">Owner-managed portion</td> </tr> <tr> <td data-bbox="497 1046 882 1126">Scope 1 emissions (t-CO₂) = (A)</td> <td data-bbox="882 1046 1034 1126">16</td> <td data-bbox="1034 1046 1189 1126">15</td> <td data-bbox="1189 1046 1344 1126">14</td> <td data-bbox="1344 1046 1498 1126">11</td> <td data-bbox="1498 1046 1639 1126">10</td> </tr> <tr> <td data-bbox="497 1126 882 1206">Scope 2 emissions generated (t-CO₂)</td> <td data-bbox="882 1126 1034 1206">3,799</td> <td data-bbox="1034 1126 1189 1206">3,687</td> <td data-bbox="1189 1126 1344 1206">3,035</td> <td data-bbox="1344 1126 1498 1206">1,491</td> <td data-bbox="1498 1126 1639 1206">3,838</td> </tr> <tr> <td data-bbox="497 1206 882 1326">Estimated reduction of Scope 2 emissions from non-fossil fuel energy certificate (t-CO₂)</td> <td data-bbox="882 1206 1034 1326">–</td> <td data-bbox="1034 1206 1189 1326">1,235</td> <td data-bbox="1189 1206 1344 1326">1,662</td> <td data-bbox="1344 1206 1498 1326">966</td> <td data-bbox="1498 1206 1639 1326">3,623</td> </tr> </table>	18. GHG emissions						Item	2021 (base year)	2022	2023	2024	2025	Total CO ₂ emissions (t-CO ₂) ((A) + (B) + (C))	23,720	23,451	24,246	27,581	33,746	CO ₂ emissions intensity ⁽¹⁾ (t-CO ₂ /m ²) total	0.016	0.014	0.014	0.014	0.014	Owner-managed portion						Scope 1 emissions (t-CO ₂) = (A)	16	15	14	11	10	Scope 2 emissions generated (t-CO ₂)	3,799	3,687	3,035	1,491	3,838	Estimated reduction of Scope 2 emissions from non-fossil fuel energy certificate (t-CO ₂)	–	1,235	1,662	966	3,623	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td data-bbox="1657 667 2033 775">Scope 1 GHG emissions generated by real estate assets</td> </tr> <tr> <td data-bbox="1657 775 2033 884">Scope 2 GHG emissions generated by real estate assets</td> </tr> <tr> <td data-bbox="1657 884 2033 992">Scope 3 GHG emissions generated by real estate assets</td> </tr> <tr> <td data-bbox="1657 992 2033 1326">Total GHG emissions generated by real estate assets</td> </tr> </table>	Scope 1 GHG emissions generated by real estate assets	Scope 2 GHG emissions generated by real estate assets	Scope 3 GHG emissions generated by real estate assets	Total GHG emissions generated by real estate assets
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Scope 2 emissions after reduction of emissions from non-fossil fuel energy certificate (t-CO ₂) = (B)	3,799	2,452	1,373	525	215
Scopes 1 and 2 emissions intensity ⁽¹⁾ (t-CO ₂ /m ²)	0.048	0.028	0.016	0.006	0.002
Tenant-managed portion					
Scope 3 emissions (t-CO ₂) = (C)	19,905	20,983	22,859	27,045	33,521
Scope 3 emissions intensity ⁽¹⁾ (t-CO ₂ /m ²)	0.014	0.013	0.014	0.014	0.014

(Notes)

- (1). CO₂ emissions intensity is the figure representing emissions amount as the numerator with the total gross floor area of the properties owned (excluding industrial properties) for which data for the relevant period is known as the denominator, with the emissions amount adjusted for months of operation (data covering less than 12 months is adjusted to represent 12 months of operation).

The above emissions amounts reflect the reduction in GHG emissions through our purchases of non-fossil fuel energy certificates to offset emissions generated from use of electricity from non-renewable sources.

We aim to reduce overall CO₂ emissions intensity of MFLP-REIT's portfolio (excluding industrial properties) by 30% by the end of 2030 from the baseline level in the period from January 1, 2021 to December 31, 2021 shown above, including 100% reduction in CO₂ emissions intensity of the owner-managed portion (i.e., Scope 1 and Scope 2) and 24% reduction in CO₂ emissions intensity of the tenant-management portion (i.e., Scope 3). Furthermore, we aim to reach net zero emissions by 2050.

We have also increased use of renewable energy through installation of solar panels. The amount of electricity generated by the solar panels installed at MFLP-REIT's properties was 18.9 GWh in 2021 (12 properties), 18.9 GWh in 2022 (12 properties), 20.2 GWh in 2023 (13 properties), 23.1 GWh in 2024 (16 properties) and 25.8GWh in 2025 (20 properties).

Energy consumption	<p>19. Energy consumption intensity</p> <table border="1" data-bbox="506 256 1630 687"> <thead> <tr> <th>Item</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Total energy consumption (MWh) ((A) + (B) + (C))</td> <td>54,560</td> <td>59,559</td> <td>65,492</td> <td>76,884</td> <td>90,347</td> </tr> <tr> <td>Fuel consumption (MWh) = (A)</td> <td>345</td> <td>318</td> <td>287</td> <td>398</td> <td>506</td> </tr> <tr> <td>Electricity consumption (MWh) = (B)</td> <td>54,215</td> <td>58,883</td> <td>63,699</td> <td>71,867</td> <td>84,053</td> </tr> <tr> <td>(Ref.) Purchased non-fossil fuel energy certificates (MWh)</td> <td>—</td> <td>3,193</td> <td>3,794</td> <td>2,284</td> <td>2,845</td> </tr> <tr> <td>Renewable energy self-consumption (MWh) = (C)</td> <td>—</td> <td>358</td> <td>1,505</td> <td>4,620</td> <td>5,788</td> </tr> <tr> <td>Energy intensity⁽¹⁾ (MWh/m²)</td> <td>0.0362</td> <td>0.0358</td> <td>0.0370</td> <td>0.0390</td> <td>0.0376</td> </tr> </tbody> </table> <p>(Note)</p> <p>(1). Energy consumption intensity is the figure representing consumption amount as the numerator with the total gross floor area of the properties owned (excluding industrial properties) for which data for the relevant period is known as the denominator, with the consumption amount adjusted for months of operation (data covering less than 12 months is adjusted to represent 12 months of operation).</p>	Item	2021	2022	2023	2024	2025	Total energy consumption (MWh) ((A) + (B) + (C))	54,560	59,559	65,492	76,884	90,347	Fuel consumption (MWh) = (A)	345	318	287	398	506	Electricity consumption (MWh) = (B)	54,215	58,883	63,699	71,867	84,053	(Ref.) Purchased non-fossil fuel energy certificates (MWh)	—	3,193	3,794	2,284	2,845	Renewable energy self-consumption (MWh) = (C)	—	358	1,505	4,620	5,788	Energy intensity ⁽¹⁾ (MWh/m ²)	0.0362	0.0358	0.0370	0.0390	0.0376	Energy consumption in MWh of owned real estate assets per square meter
Item	2021	2022	2023	2024	2025																																							
Total energy consumption (MWh) ((A) + (B) + (C))	54,560	59,559	65,492	76,884	90,347																																							
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Waste	<p>20. Waste production in operations</p> <table border="1" data-bbox="506 983 1630 1118"> <thead> <tr> <th>Item</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Waste emissions weight (tons)</td> <td>14,187</td> <td>17,231</td> <td>16,743</td> <td>18,789</td> <td>16,074</td> </tr> <tr> <td>Recycling rate</td> <td>70.1%</td> <td>68.0%</td> <td>60.7%</td> <td>65.9%</td> <td>62.6%</td> </tr> </tbody> </table> <p>(Note)</p> <p>As of December 31, 2025, most of MFLP-REIT's properties have been equipped with facilities for waste sorting and/or covered by a waste recovery or recycling contract.</p>	Item	2021	2022	2023	2024	2025	Waste emissions weight (tons)	14,187	17,231	16,743	18,789	16,074	Recycling rate	70.1%	68.0%	60.7%	65.9%	62.6%	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract																								
Item	2021	2022	2023	2024	2025																																							
Waste emissions weight (tons)	14,187	17,231	16,743	18,789	16,074																																							
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Table 3

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

MFLP-REIT has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan, and relies on the Asset Management Company to manage and operate the properties in MFLP-REIT's portfolio. Accordingly, additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters in this PAI statement pertain to the Asset Management Company and the tenants of the properties in MFLP-REIT's portfolio, to the extent available.

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments to the Asset Management Company or tenants		
Social and employee matters	<p>4. Lack of a supplier code of conduct</p> <p>The Asset Management Company has 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>	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labor and forced labor)
	<p>5. Lack of grievance/complaints handling mechanism related to employee matters</p> <p>The Asset Management Company has a grievance/complaints handling mechanism, which is also available for all of our tenants.</p> <p>In cooperation with the Group and tenants, we conduct a tenant satisfaction survey once every three years in order to gather feedback, which is used to ensure that MFLP-REIT's properties provide comfortable, safe and secure space for tenants and other facility users.</p>	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters

	<p>6. Insufficient whistleblower protection</p> <p>All of the Asset Management Company’s officers and employees are provided whistleblower protection.</p> <p>The Asset Management Company has established internal and external contact points for consultation based on its internal consultation and whistleblowing regulations. The system enables officers and employees to anonymously report organizational or individual behavior that violates applicable 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 outside counsel. These regulations are designed to help ensure compliance with applicable laws and regulations. We are required to determine and execute appropriate measures for reported matters, and whistleblowers are protected by the Whistleblower Protection Act of Japan.</p>	<p>Share of investments in entities without policies on the protection of whistleblowers</p>
	<p>7. Incidents of discrimination</p> <p>No discrimination has been reported by any of the Asset Management Company’s officers or employees during the period from January 1, 2021 to December 31, 2025.</p> <p>The Asset Management Company prohibits 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. In addition, no harassment in any form is allowed in the workplace.</p> <p>The Asset Management Company 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>2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average</p>
<p>Human Rights</p>	<p>9. Lack of a human rights policy</p> <p>The Asset Management Company has a human rights policy.</p> <p>MFLP-REIT and the Asset Management Company have adopted the sustainable procurement standards and human rights policy established by Mitsui Fudosan Co., Ltd, our sponsor (the “Sponsor”). In addition, MFLP-REIT and the Asset Management Company support the Universal Declaration of Human Rights and the International Covenant on Human Rights, and support and</p>	<p>Share of investments in entities without a human rights policy</p>

	<p>respect the fundamental rights related to labor set forth in the ILO Declaration on Fundamental Principles and Rights at Work.</p>	
	<p>14. Number of identified cases of severe human rights issues and incidents</p> <p>There was no serious violation of labor-related laws or regulations during the period from January 1, 2021 to December 31, 2025.</p> <p>The Asset Management Company's Sustainable Procurement Policy incorporates respect for human rights into the selection and evaluation standards used to choose services and business partners in the portfolio value chain.</p>	<p>Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis</p>
Anti-corruption and anti-bribery	<p>15. Lack of anti-corruption and anti-bribery policies</p> <p>The Asset Management Company has compliance policies addressing anti-corruption and anti-bribery that apply to all of its officers and employees.</p> <p>We and the Asset Management Company 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>Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption</p>
	<p>17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws</p> <p>Neither the Asset Management Company 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 during the period from January 1, 2021 to December 31, 2025.</p>	<p>Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies</p>

	<p>None of the Asset Management Company or its officers and employees have been convicted or fined, disciplined or dismissed for violations of anti-corruption or anti-bribery laws during the period from January 1, 2021 to December 31, 2025.</p> <p>We and the Asset Management Company 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>	
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For descriptions of actions which MFLP-REIT takes and will take with respect to the PAI indicators, please refer to our ESG website with respect to MFLP-REIT: <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 MFLP-REIT’s 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.

We have strengthened our funding base through the establishment of a Sustainable Finance Framework and a Sustainability Linked Loan Framework, which allow 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 MFLP-REIT’s 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 December 31, 2025, 94.9% of MFLP-REIT's properties were Green Buildings and 60.8% of MFLP-REIT's 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 Management Company'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 Management Company 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 Management Company 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 three years to gather feedback used to ensure that MFLP-REIT's 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 Management Company share the same ESG principles expressed through these international standards and have endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) since January 2022, which works to promote disclosure of risks and opportunities faced by companies in relation to climate change. And the Asset Management Company is also active in the TCFD Consortium, which brings together Japanese companies who have endorsed the TCFD recommendations.

6. Historical comparison

See Table 1, Table 2 and Table 3 above.