

PROMOTION OF ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS (SUMMARY OF SFDR ARTICLE 8 PRE-CONTRACTUAL DISCLOSURE)

What environmental and/or social (“E/S”) characteristics are promoted by Mitsubishi Estate Logistics REIT Investment Corporation?

Pursuant to the Mitsubishi Estate Group’s (the “Group”) long-term management vision, Mitsubishi Estate Group Sustainable Development Goals 2030, the Group is working to contribute to achieving a sustainable society by addressing environmental, social and governance, or ESG, issues while providing significant and growing value to a wider range of stakeholders. We follow the Group’s ESG management principles, and we proactively implement ESG initiatives formulated by our asset manager, Mitsubishi Jisho Investment Advisors, Inc. (the “Asset Management Company”), in collaboration with the Group. Our environmental initiatives include measures to reduce CO₂ emission and energy consumption, enhancements to our water and waste management, and obtaining environmental certificates for our buildings. In addition, our social initiatives include measures to help improve our tenants’ health, safety and comfort, support local communities, increase employee satisfaction and develop our human resources.

What sustainability indicators are used to measure the attainment of the E/S characteristics promoted by the investment units of Mitsubishi Estate Logistics REIT Investment Corporation, and how are such E/S characteristics met?

We use the following indicators to measure the attainment of the E/S characteristics we promote:

- *Environmental initiatives – reduction of CO₂ emission and energy consumption.* We track our CO₂ emission and energy consumption with an aim to reduce our CO₂ emission by 30% by FY2030 from a base year of FY2017, and our energy consumption by 15% by FY2030 from a base year of FY2017.
- *Environmental initiatives – water and waste management.* We track our water consumption levels and recycling rate with an aim to not increase our water consumption levels until FY2030 from a base year FY2017 and achieve a recycling rate of 70% or higher by FY2030.
- *Environmental initiatives - certification of our properties.* We have set a target of achieving a portfolio of which 100% constitutes “Green Buildings” by FY2030. We consider a property to be a Green Building if it receives a CASBEE certification, a BELS certification or a DBJ Green Building certification.
- *Social initiatives – tenants and local communities.* We conduct surveys on a regular basis to measure satisfaction amongst our tenants, which help formulate future measures that will help improve tenant health, safety and comfort. We also strive to contribute to our local communities and measure our performance in this area by tracking the frequency with which we implement community service programs and activities such as community clean-up activities and the designation of our properties as disaster evacuation sites.
- *Social initiatives – employee satisfaction and human resources development.* We conduct a survey to measure employee satisfaction on an annual basis and strive to increase our ratio of female managers. Moreover, we have set an annual target of 90% of paid leave to be taken by our employees. Additionally, we track our employee turnover rate and our rate of employees returning to work after taking childcare leave. We also seek to help our human resources fulfil their potential, and track key performance indicators in this area such as the amount of training time that is dedicated to each employee, and the number of employees holding relevant qualifications.

What investment strategy does Mitsubishi Estate Logistics REIT Investment Corporation follow?

ESG factors are given significant consideration in our investment selection and asset management processes. For example, the Asset Management Company has established a debt-based green finance framework (“Green Finance Framework”) based on our commitment to use funds financed through green financing to acquire “Green Eligible Assets”, which are properties that meet the eligibility criteria described below. As of October 15, 2021, we have 22 properties in our portfolio with an aggregate acquisition price of ¥170,404 million, and eleven such properties are Green Eligible Assets, with an aggregate acquisition price of ¥119,118 million. Green financing under our Green Finance Framework consists of green loans and green bonds where proceeds are used to acquire Green Eligible Assets or refinance loans or bonds financed for such acquisition. Moreover, we have developed a green equity framework (“Green Equity Framework”) based on similar commitment to use proceeds from equity offerings to acquire Green Eligible Assets. As of November 30, 2021, we have raised ¥2,070 million in green loans and have issued ¥2,000 million in green bonds under our Green Finance Framework, and we have allocated all of the proceeds to the applicable Green Eligible Assets.

Below are certain key characteristics of our Green Finance Framework:

- *Selection of properties and projects that qualify for green financing.* When determining whether to acquire or invest in a property or a project through green financing, the property or project must satisfy at least one of the following requirements: (a) We have obtained or plan to obtain one of the following third-party certifications for the asset or project: (i) three stars or higher out of DBJ’s five-star ranking system, (ii) B+ Rank or higher out of the CASBEE ranking system or (iii) three stars or higher out of BELS’ five-star ranking system; (b) the property or project contains solar power generation facilities on its premises; or (c) the property or project has equipment designed to reduce environmental impacts (i.e., the equipment achieves 30% or higher energy efficiency before introduction).
- *Third-party evaluation.* Japan Credit Rating Agency’s Green Finance Framework Evaluation has given our Green Finance Framework a “Green 1(F)” grade, which is the highest grade.

What is the asset allocation planned for Mitsubishi Estate Logistics REIT Investment Corporation?

As of November 30, 2021, 79.1% of the properties in the portfolio were Green Buildings, and 20.9% were nonqualified assets based on total floor area. Our target is to achieve a portfolio of which 100% constitutes Green Buildings by FY2030, and we plan to further increase the number of such assets by continuing to acquire Green Building certifications for our buildings.

What is the policy to assess good governance practices of Mitsubishi Estate Logistics REIT Investment Corporation?

While there is no third-party rating used to assess our governance practices, we, along with the Asset Management Company, have introduced measures such as the following to assess our governance systems:

- *Compliance and risk management.* We foster compliance and risk management awareness among our employees through training sessions on such issues. Transactions involving interested parties that meet a certain threshold are subject to the approval of the Compliance and Risk Management Committee.
- *Increased internal collaboration.* We aim to establish a governance system that is built on strong internal collaboration. We measure the attainment of this characteristic by tracking the frequency of board meetings, as well as the attendance rate at such board meetings.
- *Disclosure to stakeholders.* We aim to build a strong relationship of trust with external stakeholders by disclosing information, including ESG-related information, in a timely, appropriate and proactive manner. We measure our attainment of this objective by submitting to the annual review of the GRESB Public Disclosure evaluation, as well as the MSCI ESG Ratings.

REMUNERATION AND SUSTAINABILITY RISKS (SFDR ARTICLE 5 DISCLOSURE)

The Asset Management Company has a remuneration policy in place which aims to support its strategy, values and long-term interest, including its interest in sustainability. The Asset Manager's remuneration policy is consistent with the integration of sustainability risks as follows:

- *Remuneration system based on skill development.* The Asset Manager Company's salary increase system is based on employees' development of their professional skills. In order to raise employees' motivation to improve their work performance and develop their professional skills, the Asset Management Company also has a performance-based bonus system in place that is based on a management by objectives model, as well as an objective performance evaluation and promotion system.
- *Evaluation of employees based on ESG criteria.* All employees are evaluated once a year on their ESG awareness, including compliance and risk management awareness, and the results of this evaluation are taken into consideration when determining salary increases.
- *Retirement Allowance Program.* The Asset Management Company offers a defined contribution pension plan as well as a retirement plan, with an aim to create a comfortable workplace where employees will want to work for a long period of time.