

ESG REPORT



Issued on May 16, 2023

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MESSAGE FROM MANAGEMENT



Nippon Accommodations Fund Inc. (“NAF”) seeks to achieve its primary goal of maximizing unitholder value over the medium to long term by contributing to solutions for addressing various social challenges that we encounter by engaging in rental apartment and other property investment and management, underpinned by its awareness that attaining sustainable growth of NAF hinges on sustainable growth of society.

In conjunction with Mitsui Fudosan Accommodations Fund Management (the “Asset Management Company”), NAF has long engaged in asset management practices that place due consideration on sustainability, and we have accordingly been taking one step at a time toward amassing concrete results and achievements with respect to sustainability-related issues of particularly high importance to NAF (materiality), which has involved considering action plans regarding such materiality, then setting metrics and targets.

Moreover, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in September 2021, underpinned by the aim of articulating our approach to addressing climate change and carbon neutrality, which has been particularly subject to escalating demands from society in recent years. Then in March of 2022, we performed information disclosure on “governance,” “strategy,” “metrics and targets” and “risk management” and “metrics and targets” pursuant to the matters subject to climate change-related disclosure per the TCFD recommendations, and released refined targets for environmental performance, such as CO2 emissions of energy sources, that serve as key metrics when it comes to achievement of a decarbonized society.

NAF and the Asset Management Company will keep working together to promote initiatives looking toward achieving ongoing improvement. This will involve actively engaging in efforts carried out on the basis of individual action plans, metrics and targets based on materiality issues, and will also involve disclosing sustainability-related information to facilitate more extensive dialogue with various stakeholders, such as unitholders and investors, tenants, officers and employees, participants in the supply chain, and members of local communities, and cooperating with them.

Nippon Accommodations Fund Inc.
Executive Director **Takashi Ikeda**

Mitsui Fudosan Accommodations Fund Management Co., Ltd.
President & CEO **Hiroshi Kojima**

SUSTAINABILITY MANAGEMENT



Sustainability Policy

The Asset Management Company formulated its “Sustainability Policy” in April 2016, and set the materiality for NAF in February 2020.






To improve medium- to long-term unitholder value, NAF, together with the Asset Management Company, will continue to promote investment based on environmental, social and governance considerations.

1. Basic Policy

Based on an awareness that achieving a sustainable society is essential for NAF’s sustainable growth, the Asset Management Company works to ensure asset management operations that consider the reduction of the environmental load and collaboration with various internal and external stakeholders.

In addition, based on an awareness that corporate governance is also a key issue, the Asset Management Company works to ensure thorough compliance and the establishment of risk management structures.

When promoting the aforementioned issues, the Asset Management Company refers to the various Group policies on sustainability prescribed by its sponsor Mitsui Fudosan Co., Ltd. (“Mitsui Fudosan”) and where necessary proceeds with the Code of Conduct for execution of asset management operations.

- [The Group Environmental Policy](#) 
- [Health and Productivity Management Declaration](#) 
- [Mitsui Fudosan Group's Human Rights Policy](#) 
- [Policy for Social Contribution Initiatives](#) 
- [Mitsui Fudosan Group Compliance Policy](#) 

2. Reduction of Environmental Load

- Promoting energy-savings and reduction of CO2 emissions

The Asset Management Company promotes efficient use of energy in asset management while aiming to purchase energy-saving equipment, etc. and working on initiatives to reduce CO2 emissions through energy savings.

- Promoting the conservation of the water environment and waste reduction

We implement initiatives for conservation of the water environment such as through saving water and the purchase of water saving equipment. In addition, The Asset Management Company works on initiatives to reduce toxic substances, saving resources and reducing waste.

3. Diverse Affiliation and Collaborations with Various Internal and External Entities

- Unitholders and investors

NAF strives to promote timely and appropriate information disclosure and dialogue with unitholders and investors to foster mutual understanding and trust through disclosure documents such as securities reports and press releases, briefings for analysts, and briefings for individual investors, etc. In addition, NAF also makes efforts to disclose information concerning sustainability management in response to environmental certification systems, etc.

* Please see [“Policies on Customer-Oriented Business Conduct”](#) established by the Asset Management Company.

- Tenants

NAF strives to implement disaster prevention measures by improving response times during emergencies and strengthening preparedness during normal times at rental apartments, the major assets for which it manages investments, in an effort to enhance the safe and secure living environments. At the same time, NAF aims to improve customer satisfaction of tenants and other users by enhancing the level of comfort of the living spaces.

- Officers and employees

The Asset Management Company recognizes that human resources are its most valuable assets and strives to create a comfortable and friendly working environment that takes into consideration the health of officers and employees in order for them to fully exert their capabilities as well as promote initiatives for developing capabilities through training and other measures. In addition, the Asset Management Company aims to improve the awareness of its officers and employees by continuously conducting educational activities on compliance and sustainability.

- Supply chains

As part of monitoring property management companies (“PM companies”) and other business partners concerning the execution status of operations that are carried out on a regular basis, NAF confirms the status of sustainability-related initiatives of the PM companies and other business partners, and by requiring them to be understanding and cooperative with respect to sustainability, promotes initiatives in its supply chains.

- Local community

As a member of the local community, NAF endeavors to contribute to the vitalization and development of local communities where the assets it manages are located and to disclose information on such efforts.

4. Initiatives for Governance

- Thorough compliance

The Asset Management Company has established an organizational structure that should secure compliance with laws and regulations and implement fair transactions at any time. At the same time, the Asset Management Company works to ensure that its officers and employees will act based on high ethical values to win the trust of its stakeholders.

- Establishment of risk management structure

The Asset Management Company has established a proper risk management structure to appropriately manage a variety of risks for the purpose of avoiding or minimizing risks in conducting asset management.

5. Information Disclosure to Stakeholders Such as Investors

The Asset Management Company endeavors to proactively disclose this policy and its performance based on the policy, etc. to investors and other stakeholders.

In-House Structure for Promotion of Sustainability

The Asset Management Company has established internal rules for promoting sustainability for the sake of implementing [the Sustainability Policy](#). Based on these rules, the President & CEO has been designated as the person with overall responsibility for sustainability promotion and the respective chief officers of divisions in charge of the relevant measures (Chief Investment Officer or Chief Financial Officer) assume responsibility for executing individual measures related to sustainability promotion.

In addition, the Asset Management Company has established the Sustainability Promotion Office (the “Office”), which is composed of four general managers from each team of the Asset Management Company and personnel appointed by the general managers. It serves as a body for setting objectives and formulating implementation plans concerning NAF’s promotion of sustainability.

Objectives and implementation plans formulated by the Office are deliberated and decided upon at the Investment Committee, which includes the Asset Management Company’s President & CEO serving as the ultimate decision maker. Meanwhile, such objectives and implementation plans are shared by the Office with all officers and employees. The Office reports to the Investment Committee twice a year, in principle, regarding the objectives and progress achieved in carrying out the implementation plans. It is furthermore subject to a management review by the Asset Management Company, which reports to the Board of Directors of NAF.



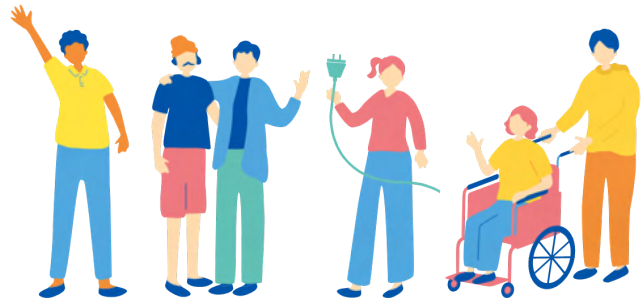
Rules Concerning Promotion of Sustainability

Aiming to increase the effectiveness of the promotion of sustainability, the Asset Management Company has established the “Rules Concerning Structure for Promotion of Sustainability,” which outlines basic policies and specific procedures for the continuous monitoring and reduction of energy consumption, CO2 emissions, water consumption, and waste quantities, as well as basic policies and specific procedures for cooperation (green procurement, etc.) with external parties.

Sustainability Risk Evaluation

The sustainability risks of the Asset Management Company are periodically evaluated with the purpose of appropriately identifying and understanding the sustainability risks of the Asset Management Company. If significant sustainability risks are discovered based on the evaluation results, the Office will propose improvement measures aimed at reducing such risks.

MATERIALITY



The Asset Management Company established the “Sustainability Policy” in April 2016, under the recognition that promotion of sustainability is the important topic in its asset management business. Our CEO, who is also the most senior decision maker on sustainability issues made a statement that the organization will commit to the sustainability issues especially the material issues identified above.

Process for Identifying Material Topics

We identified our material topics through discussion at the Office of the Asset Management Company. The topics identified were approved by the Investment Committee, which is the highest-level decision maker of the Asset Management Company.

Step1

We gathered information to identify the issues that NAF might have a significant impact on sustainable growth of the environment, society and economy, by referring to the following:

- Mitsui Fudosan Group's long-term vision, “VISION 2025”
- UN Sustainable Development Goals (SDGs)
- Global Reporting Initiative Index
- External ESG evaluation such as GRESB real estate assessment and MSCI ESG rating
- Interim summary issued by ESG real estate investment investigate committee, Ministry of Land, Infrastructure and Transport, Japan

Step2

We assessed and prioritized each issue by using 2 axes of impacts: on our investment policy and on our stakeholders, environment and society. Then, we identified material topics that NAF should strategically allocate its resources.



Step3








The material topics were discussed and approved at the Investment Committee, which includes the President & CEO of the Asset Management Company who is a member of the Committee and the highest-level decision maker of the Asset Management Company.


Step4








The material topics have been communicated to all employees in the Asset Management Company as well as board members in the investment committee. The topics are subject to periodical review and update to reflect changes in society and environment.



Materiality


Materiality and status of initiatives		Applicable SDGs
Promote Energy Efficiency and CO2 Emissions Reduction (Act against Climate Change)		
Environment	Why this topic is material	<ul style="list-style-type: none"> We recognize that greenhouse gas (including CO2) emissions from the real estate assets of our investment corporation have a significant impact on the environment. We understand the importance of learning the impact of physical and transitional risks of climate change on our asset to pursue sustainable growth of our investment corporation. We support the international goals set forth by the Paris Agreement, and continuously promote initiatives for realizing net-zero greenhouse gas emissions by 2050 in order to contribute to mitigating climate change.
	How the organization manages the topic	<ul style="list-style-type: none"> We monitor and manage energy consumption and CO2 emissions in the common areas of our residential assets by setting reduction target.
	 	

Materiality and status of initiatives		Applicable SDGs	
Environment	How the organization manages the topic	<ul style="list-style-type: none"> ● We install equipment for energy efficiency, such as LED lighting. ● We pursue further understanding and managing physical and transitional risks of climate change. <p>【Environmental Targets】</p> <ul style="list-style-type: none"> ● Energy-oriented CO2 emissions (based on intensity): With actual consumption of 2015 as the base, 50% decrease in amount used ● Water consumption (based on intensity): With actual consumption of 2015 as the base, no increase in amount used ● Green Building certified percentage (based on total floor space) : 40% 	 
	Acquire External Certification and Assessment on Sustainability		
	Why this topic is material	<ul style="list-style-type: none"> ● We recognize promoting green building in our property would have certain impact to environment and it is one of a major concerns of our stakeholders that whether we make commitment to. ● By participating external ESG assessment such as GRESB and referring to ESG ratings such as MSCI ESG Ratings, we are able to assess our initiatives and improve our sustainability-related activities. 	   
How the organization manages the topic	<ul style="list-style-type: none"> ● We proactively acquire and update external green building certifications such as DGB Green Building Certification. ● We have been participating GRESB real estate assessment since 2017. ● Using GRESB assessment, we review sustainability initiatives and plan actions for improvement each year. 		

Materiality and status of initiatives		Applicable SDGs
Environment	Build Partnership with Property Companies and Operators	
	<p>Why this topic is material</p> <p>We consider that cooperating with property management companies and operators that manage our asset is essential to promote our sustainability initiatives.</p>	
<p>How the organization manages the topic</p> <ul style="list-style-type: none"> ● We engage property management companies and operators to share our ESG policy and goals. ● We assess and monitor sustainability initiatives conducted by property management companies and operators. ● We share energy consumption and CO2 emissions data from the common area of the building with property management companies to discuss the increases/decreases and work on improvement measures together. 		

Materiality and status of initiatives		Applicable SDGs
Society	Develop Human Capital and Raise Sustainability Awareness among our Employees	
	<p>Why this topic is material</p> <p>We understand that providing a working environment, in which employees of the Asset Management Company can maximize their capability, contributes to improving their productivity and attracting new talents. This will eventually benefit the investment corporation.</p>	
	<p>How the organization manages the topic</p> <p>We provide the following programs and benefits to our employees in the Asset Management Company.</p> <ul style="list-style-type: none"> ● Career-building support for employees by implementing regular interviews to help them set their career goals and objectives ● Performance evaluation program which includes their commitment to sustainability initiatives ● Regular training on compliance and sustainability ● Financial and non-financial support for the acquisition of certifications/qualifications and the participation in external training programs. ● Monetary support for annual health checkups, thorough medical checkups and vaccinations. ● Regular employee’s satisfaction surveys to improve their working environment. 	   
Enhance Tenant Satisfaction, Safety and Comfort		
	<p>Why this topic is material</p> <p>We recognize that our asset, residential or accommodation facilities, have a substantial impact on safety and comfort of our tenant. Therefore, it is highly important to maintain and improve them.</p>	
	<p>How the organization manages the topic</p> <ul style="list-style-type: none"> ● We offer a high-quality rental apartment series, the Park Axis, which assures the tenants safety and comfort. ● We upgrade common / tenant-owned area of the properties to increase our tenants safety and comfort. ● We provide our tenants with holistic services such as house cleaning, through an exclusive membership program, “Mitsui Sumai Loop” to enhance tenants satisfaction. ● We perform continuous tenant satisfaction survey. 	  

Materiality and status of initiatives		Applicable SDGs
Contribute to Community Development		
Society	Why this topic is material	We consider that developing local community will have an impact on maintaining and increasing competitiveness of our properties.
	How the organization manages the topic	<ul style="list-style-type: none"> ● At the Okawabata Apartment Communities, NAF has proactively cooperated in activities of the management association and strives to contribute to formation of a local community. ● We provide a space for regional bicycle sharing and encourage community residents to use at the Okawabata Apartment Communities.
		 

Materiality and status of initiatives		Applicable SDGs
Ensure Fairness and Transparency of Corporate Governance		
Governance	Why this topic is material	We understand that complying with laws and regulations and having organization process that embraces fair transactions will have a significant impact on trust and confidence from stakeholders.
	How the organization manages the topic	<p>The asset management company of NAF has established the following governance structure.</p> <ul style="list-style-type: none"> ● We have a code of conduct on compliance. Following the code, we develop an action plan and implement the plan in our daily operation. ● We have Chief Compliance Officer (CCO) who is in charge of assuring internal audit. ● We have an established standard procedure in transaction with our stakeholders to prevent a conflict of interest. ● We perform an internal audit on a regular basis.
		

STAKEHOLDER ENGAGEMENT



As a member of society that interacts with various stakeholders, NAF recognizes that we can conduct our own sustainable business activities by fulfilling our social responsibilities.

NAF will continue to promote ESG management while valuing the trustworthy relationships we have established with our stakeholders and meeting their expectations.

Diverse Affiliation and Collaborations with Various Internal and External Entities

- Unitholders and investors

NAF strives to promote timely and appropriate information disclosure and dialogue with unitholders and investors to foster mutual understanding and trust through disclosure documents such as securities reports and press releases, briefings for analysts, and briefings for individual investors, etc. In addition, NAF also makes efforts to disclose information concerning sustainability management in response to environmental certification systems, etc.

* Please see [“Policies on Customer-Oriented Business Conduct”](#) [□] established by the Asset Management Company.

- Tenants

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- Officers and employees

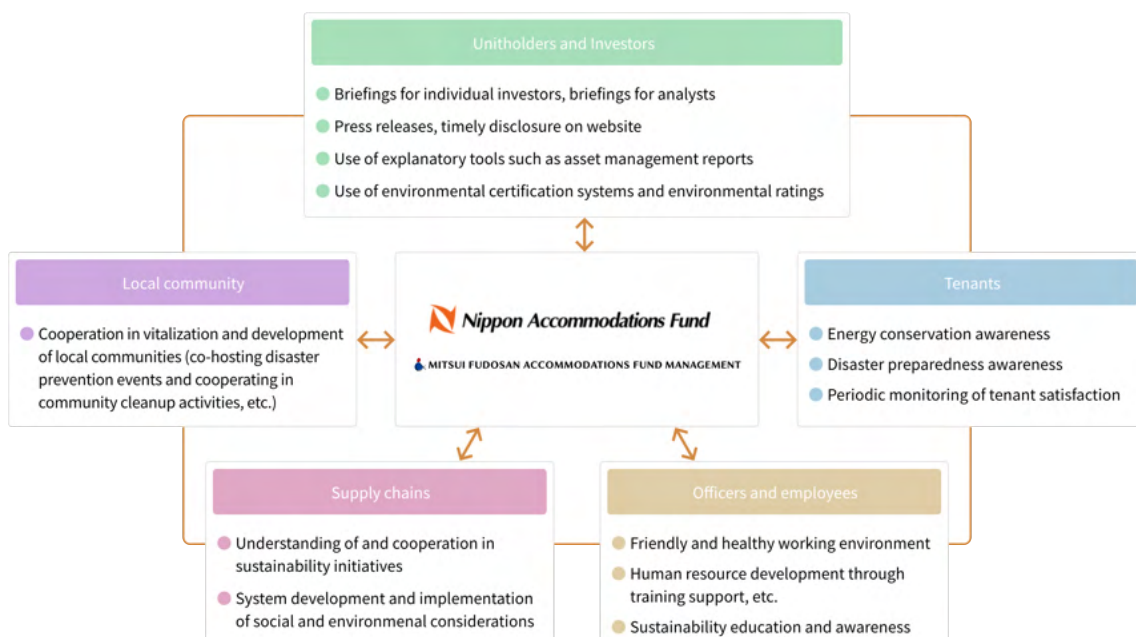
The Asset Management Company recognizes that human resources are its most valuable assets and strives to create a comfortable and friendly working environment that takes into consideration the health of officers and employees in order for them to fully exert their capabilities as well as promote initiatives for skill development support through training and other measures. In addition, the Asset Management Company aims to improve the awareness of its officers and employees by continuously conducting educational activities on compliance and sustainability.

- Supply chains

As part of monitoring property management companies (“PM companies”) and other business partners concerning the execution status of operations that are carried out on a regular basis, NAF confirms the status of sustainability-related initiatives of the PM companies and other business partners, and by requiring them to be understanding and cooperative with respect to sustainability, promotes initiatives in its supply chains.

- Local community

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INTERNATIONAL INITIATIVES AND EXTERNAL CERTIFICATIONS



International Initiatives

Support for Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations

In September 2021, the Asset Management Company endorsed the recommendations of the TCFD, and joined the TCFD Consortium, which is a group of domestic companies that support TCFD recommendations.

The Asset Management Company will declare its support for the recommendations of the TCFD, and promote initiatives based on these recommendations.



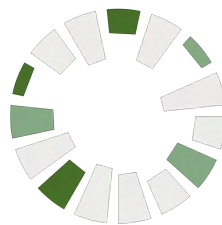
External Certifications

| GRESB Real Estate Assessment

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.

NAF has received a "Green Star" rating since it is highly evaluated in both areas "Management Component" and "Performance Component" with regards to activities for environmental consideration and sustainability.

Moreover, NAF has received "Two Stars" in "GRESB Rating" by relative evaluation of total scores.



G R E S B
★ ★ ☆ ☆ ☆ 2022

| SMBC Environmental Assessment Loan

NAF has received an “A” rating for the SMBC Environmental Assessment Loan from Sumitomo Mitsui Banking Corporation, as asset management is carried out with proper consideration for the environment and it was deemed in an assessment of environmental initiatives that NAF is at a high level in terms of “understanding environmental impact,” “environmental business,” and the “status of efforts for environmental conservation measures.”








DBJ Green Building Certification

DBJ Green Building Certification Program was launched by the Development Bank of Japan Inc. ("DBJ") in April 2011 for the purpose of supporting the properties which give proper care to environment and society (Green Building). The program evaluates and certifies properties which are required by society and economy. It makes comprehensive assessment of properties, while evaluating various factors which range from properties' environmental features to their communication with stakeholders, such as disaster prevention and proper care for surrounding communities.

For information on the Certification System for CASBEE for Real Estate, please refer to the following website.

Please click here for details of the [DBJ Green Building Certification](#) 

Certification rank

★★★★★	★★★★	★★★	★★	★
Properties with the best class environment & social awareness	Properties with exceptionally high environment & social awareness	Properties with excellent environment & social awareness	Properties with high environment & social awareness	Properties with satisfactory environment & social awareness
				

Properties with DBJ Green Building certification (As of April 19, 2023)

Name of property	Location	Certification rank	Date of Certification
Okawabata Apartment Communities (River Point Tower)	Chuo-ku, Tokyo	★★★★★	2022.2.28
Okawabata Apartment Communities (Park Side Wings)	Chuo-ku, Tokyo	★★★★★	2022.2.28
Park Axis Toyosu	Koto-ku, Tokyo	★★★★★	2021.8.25
Park Cube Nishigahara Stage	Kita-ku, Tokyo	★★★★★	2021.2.16
Park Cube Meguro Tower	Meguro-ku, Tokyo	★★★★★	2023.2.24
Shibaura Island Air Tower	Minato-ku, Tokyo	★★★★★	2021.2.15
Park Cube Atagoyama Tower	Minato-ku, Tokyo	★★★	2022.2.10
Park Axis Toyochō Shinsui Koen	Koto-ku, Tokyo	★★★★★	2022.2.10

CASBEE Certification

CASBEE is an evaluation system for rating the environmental performance of buildings, developed under the auspices of the Ministry of Land, Infrastructure, Transport and Tourism. The system rates the overall quality of buildings based on consideration for the environment, such as the use of energy-saving materials or equipment or those with a low environmental impact, as well as consideration for the comfort inside the buildings, landscaping and other factors.

Certification for CASBEE for Real Estate is rated in four scales: rank S, rank A, rank B+ and rank B.

Certification rank

Rank	Assessment	Scores for additional points
S	Excellent	78 points or more
A	Very Good	66 points or more
B+	Good	60 points or more
B	Satisfies Criteria	50 points or more

Properties with CASBEE Certification (As of April 19, 2023)

Name of property	Location	Certification rank	Date of Certification
Park Cube Meguro Tower	Meguro-ku, Tokyo	 S	2023.2.24
Park Axis Ochanomizu Stage	Bunkyo-ku, Tokyo	 A	2023.4.6

Initiatives for Green Building Certification

Green building certifications are granted by third parties regarding initiatives for the reduction of environmental load of buildings, improvement of comfort of users, etc. to assure high performance.

In an aim to increase the credibility and objectivity of its efforts to reduce environmental load as well as increase the value of its buildings in the mid-to-long-term, NAF endeavors to utilize green building certifications from third parties.

Status of External Certification

[Green Building Certification](#)

ESG-RELATED INFORMATION DISCLOSURE POLICY AND REPORTING FRAMEWORK



Information Disclosure Policy

NAF and the Asset Management Company endeavor to disclose information on the status of their sustainability initiatives to their investors and other stakeholders.

Scope of Report, Period Covered by the Report, Updates

Scope of Report	Nippon Accommodations Fund Inc. and Mitsui Fudosan Accommodations Fund Management Co., Ltd.
Period Covered by the Report	<p>Nippon Accommodations Fund Inc. From March 1 to the end of February of the following year (The report may also contain information for other fiscal years.)</p> <p>Mitsui Fudosan Accommodations Fund Management Co., Ltd. From April 1 to the end of March of the following year (The report may also contain information for other fiscal years.)</p>
Updates	Updated in May every year, in principle

Reference Guidelines

NAF will make reference to the Global Reporting Initiative (GRI) in releasing a variety of information regarding sustainability.

Contact regarding ESG

Please contact the following for inquiries regarding ESG

Contact:	Mitsui Fudosan Accommodations Fund Management Co., Ltd.
Tel:	+81-3-3246-3677
Business Hours:	Monday through Friday 9.00 a.m. - 17.00 p.m. (Excluding public holidays and days designated by the Asset Management Company)

ENVIRONMENTAL PERFORMANCE



Basic Philosophy on Environmental Consideration

Mitsui Fudosan Accommodations Fund Management Co., Ltd., the asset management company of NAF, provides its basic philosophy on environmental consideration below as described in its Sustainability Policy.

Promoting Energy Saving and Reduction of CO2 Emissions

By promoting efficient use of energy in asset management activities and pursuing introduction of energy-saving facilities, etc., the Company endeavors to reduce CO2 emissions through energy saving.

Preserving Water Environment and Promoting Resource Saving and Waste Reduction

The Asset Management Company aims to preserve the water environment by initiatives for saving water and introduction of water-saving devices. The Company also pursues efforts to promote reduction of harmful substances, resource saving, and waste reduction.

Environmental Management System/PDCA Cycle

The Asset Management Company established its own Environment Management System (EMS) and implements a PDCA cycle every year in order to manage the environmental load of its real estate portfolio such as energy consumption, CO2 emissions, water consumption, etc., and achieve its targets.

Environmental Targets

We continuously monitor the amount of energy used in the common areas of the portfolio and continue to implement initiatives to achieve the targets.

Indicator	Target (Target year : 2030)
Energy-oriented CO2 emissions (based on intensity)	With actual consumption of 2015 as the base, 50% decrease in amount used
Water consumption (based on intensity)	With actual consumption of 2015 as the base, no increase in amount used
Green Building certified percentage (based on total floor space)	40%

※ The Asset Management Company, while achieving the above medium-term targets, supports the international goals set forth by the Paris Agreement over the long term, and will continuously promote initiatives for realizing net-zero greenhouse gas emissions by 2050 in order to contribute to mitigating climate change.

Environmental Performance

Indicator/Unit		Base year (2015)	2016	2017	2018	2019	2020	2021	2022	Change (vs FY2015)
Energy consumption	Total (1000 kWh)	10,544	10,387	9,895	9,580	9,406	9,001	9,064	9,129	-13.42%
	Intensity (1000 kWh/m ²)	52.05	50.93	48.32	46.55	45.38	43.23	42.44	42.13	-19.05%
Electricity consumption	Total (1000 kWh)	9,800	9,650	9,111	8,839	8,659	8,434	8,414	8,440	-13.88%
	Intensity (1000 kWh/m ²)	48.38	47.32	44.49	42.95	41.78	40.52	39.40	38.95	-19.48%
CO2 Emission	Total (t-CO ₂)	5,038	4,958	4,509	4,183	3,297	2,646	3,356	3,542	-29.69%
	Intensity (t-CO ₂ /m ²)	0.0249	0.0243	0.0220	0.0203	0.0159	0.0127	0.0157	0.0163	-34.26%
Water consumption	Total (m ³)	24,273	23,836	23,811	24,055	22,811	19,996	20,078	20,180	-16.86%
	Intensity (m ³ /m ²)	0.1198	0.1169	0.1163	0.1169	0.1101	0.0961	0.0940	0.0931	-22.27%



※ Results are actual figures for the common areas in "rental apartments" among assets under management. For co-ownership properties, the figures are according to the ownership ratio.

※ Each of the intensity figures are calculated upon adjustment with the ownership period of each asset.

Independent Practitioner's Review about Environmental Performance

NAF has received assurance by a third party organization (Deloitte Tohmatsu Sustainability Co., Ltd.) in order to enhance the reliability of the disclosed Environmental Performance data.

Independent Practitioner's Assurance Report

- [Issue date: 2021/6/23](#) 
- [Issue date: 2022/6/24](#) 

Green Building Certification

	No. of properties	Total floor space (㎡)	Acquisition rate (%)
Total number of certified buildings	8	247,503.99	32.6
DBJ Green Building Certification	6	211,635.61	27.9
CASBEE Certification	2	35,868.38	4.7

ADDRESSING CLIMATE CHANGE



Awareness of Climate Change

The Earth is undergoing global warming amid a scenario where concentrations of carbon dioxide (CO₂) and other greenhouse gases in the atmosphere have been increasing as a result of escalating energy consumption since the Industrial Revolution. Meanwhile, actions to address climate change now constitute key challenges worldwide amid a scenario where the environment, society, the economy, and corporate activities are being gravely affected by intensifying storms, heat waves, droughts, rising sea levels and other such weather-related catastrophes. The member states at the 2015 Conference of the Parties to the United Nations Framework Convention on Climate Change (COP) adopted the Paris Agreement, which aims to limit global warming to below 2°C, and preferably to 1.5°C, relative to levels prior to the Industrial Revolution.

Mitsui Fudosan Accommodations Fund Management Co., Ltd. (the “Asset Management Company”), the asset management company of Nippon Accommodations Fund Inc. (“NAF”), recognizes that climate change is a key challenge that will substantially affect NAF’s asset management and the Asset Management Company’s business activities over the medium to long term. Meanwhile, NAF will actively pursue opportunities while appropriately addressing risks associated with climate change in conjunction with the Asset Management Company.

Support for Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations

The Asset Management Company expressed its support for the recommendation of the Task Force on Climate-Related Financial Disclosures in September 2021.



The Asset Management Company takes appropriate action and actively promotes information disclosure upon having analyzed and assessed effects of climate change on operations based on the TCFD disclosure recommendations.

TCFD recommended disclosure items

Disclosure items	Disclosure details
Governance	The organization’s governance concerning climate-related risks and opportunities
Strategy	The actual and potential impacts of climate-related risks and opportunities on the organization’s business, strategy and financial planning
Risk Management	The processes for identifying, assessing and managing climate-related risks
Metrics and Targets	Metrics and targets to assess and manage climate-related risks and opportunities

Governance and Risk Management

For the Asset Management Company’s internal system for promoting sustainability, including the response to climate change, please refer to [“Internal System for Promoting Sustainability”](#).

As a rule, the Sustainability Promotion Office monitors climate change-related risks and opportunities, metrics and targets, etc. once a year, and these are discussed and assessed by the Investment Committee, whose members include the President & CEO of the Asset Management Company. At the same time, the progress status of applicable initiatives is reported to NAF’s Board of Directors. The system also integrates company-wide risk management.

Strategy

With respect to this scenario analysis, NAF and the Asset Management Company reference the following scenarios.

Scenario	1.5°C/2°C scenario	4°C scenario
Illustrative worldview	Progress is being made toward achieving a decarbonized society for the sake of combating climate change. This calls for measures to respond to various environmental laws and regulations, as well as real estate with excellent environmental performance.	Insufficient progress made to combat climate change is culminating in escalating severity of natural disasters, thereby giving rise to the need for society as a whole to strengthen measures for preventing disasters.
Reference sources	IPCC Fifth Assessment Report (AR5) RCP 2.6 International Energy Agency (IEA) World Energy Outlook 2020 (NZE2050)	IPCC Fifth Assessment Report (AR5) RCP 8.5 International Energy Agency (IEA) World Energy Outlook 2020 (SPS)

※ IEA: International Energy Agency *IPCC: Intergovernmental Panel on Climate Change

Examination of Financial Impact Based on Scenario Analysis

NAF and the Asset Management Company examined the financial impact of identified risks and opportunities in terms of their qualitative magnitude with respect to the aforementioned 1.5°C/2°C, and 4°C scenarios, as follows.

※ “Medium term” refers to the outlook for 2030, and “long term” refers to the outlook for 2050.

Risk Type	Risk and Opportunity Factors in Real Estate Management	Recognized Issues and Potential Financial Impact	Category	Timeframe	Degree of Impact		Strategies to Address Risks
					1.5°C/2°C	4°C	
Transition risks and opportunities							
Policy and legal	Increased GHG emission costs (Note 1) due to introduction of carbon tax	<ul style="list-style-type: none"> Increased operating costs due to introduction of carbon tax and increased carbon reduction costs to meet emission quotas 	Risk	Medium term Long term	Medium	Small	<ul style="list-style-type: none"> Setting GHG emission intensity reduction targets and disclosing achievement status Considering energy-saving upgrades for properties Procuring renewable energy Acquiring ZEH (Note 2) properties and considering retrofitting of existing properties
		<ul style="list-style-type: none"> Steep rise in current electricity prices due to carbon tax hikes 					
	Tightening of environmental standards	<ul style="list-style-type: none"> Increased procurement and repair costs for buildings and equipment 	Risk	Medium term Long term	Medium	Small	<ul style="list-style-type: none"> Sharing expertise across the Mitsui Fudosan Group

Risk Type	Risk and Opportunity Factors in Real Estate Management	Recognized Issues and Potential Financial Impact	Category	Timeframe	Degree of Impact		Strategies to Address Risks
					1.5°C/2°C	4°C	
Transition risks and opportunities							
Technology	Evolution and spread of renewable energy and energy-saving technologies	<ul style="list-style-type: none"> Increased costs of adapting to changing building specification requirements/standards as products created by technological revolution become more widespread 	Risk	Long term	Medium	Small	<ul style="list-style-type: none"> Gathering information about new technologies and services and considering implementation policy Sharing expertise across the Mitsui Fudosan Group
		<ul style="list-style-type: none"> Reduced environmental footprint and energy costs due to the installation of LED lighting, high-efficiency A/C equipment, etc. and introduction of renewable energy facilities 	Opportunity	Medium term	Large	Small	<ul style="list-style-type: none"> Setting GHG emission reduction targets and disclosing progress status Considering the introduction of renewable energy-generating facilities Considering and pursuing planned energy-saving upgrades Sharing expertise across the Mitsui Fudosan Group

Risk Type	Risk and Opportunity Factors in Real Estate Management	Recognized Issues and Potential Financial Impact	Category	Timeframe	Degree of Impact		Strategies to Address Risks
					1.5°C/2°C	4°C	
Transition risks and opportunities							
Markets	Impact on real estate transaction markets	<ul style="list-style-type: none"> Lower values for properties with poor environmental performance (stranding of assets) 	Risk	Short term	Large	Medium	<ul style="list-style-type: none"> Striving to gather information on real estate assessment trends and either improving properties' environmental performance or disposing of them Setting GHG emission intensity reduction targets and disclosing achievement status Considering energy-saving upgrades for properties Procuring renewable energy
	Impact on funding markets	<ul style="list-style-type: none"> Worse funding conditions due to climate change response being perceived as insufficient 	Risk	Short term	Medium	Small	<ul style="list-style-type: none"> Comprehensive climate-related financial information disclosure Ongoing implementation of green financing
		<ul style="list-style-type: none"> Improved funding conditions due to proactive climate change response 	Opportunity	Medium term	Large	Small	<ul style="list-style-type: none"> Pursuing the acquisition of environmental certifications (green building certifications, etc.)

Risk Type	Risk and Opportunity Factors in Real Estate Management	Recognized Issues and Potential Financial Impact	Category	Timeframe	Degree of Impact		Strategies to Address Risks
					1.5°C/2°C	4°C	
Transition risks and opportunities							
Markets	Impact on rental housing markets	<ul style="list-style-type: none"> Avoidance of properties with poor environmental performance, leading to decreased demand 	Risk	Medium term	Large	Small	<ul style="list-style-type: none"> Monitoring needs through tenant satisfaction surveys, etc. Considering energy-saving upgrades
		<ul style="list-style-type: none"> Improved competitiveness for properties with excellent environmental performance 	Opportunity	Medium term	Large	Small	<ul style="list-style-type: none"> Pursuing the acquisition of environmental certifications (green building certifications, etc.)
	Impact on operating costs	<ul style="list-style-type: none"> Increased running costs due to steep rise in energy prices Increased renewable energy costs due to changing energy mix 	Risk	Medium term	Medium	Small	<ul style="list-style-type: none"> Purchasing renewable energy (green power certificates, etc.)
Reputation	Reduced brand reputation on financial and capital markets	<ul style="list-style-type: none"> Decreased investment unit value due to perceived passive response to climate change 	Risk	Medium term Long term	Large	Small	<ul style="list-style-type: none"> Maintaining brand image by proactively pursuing initiatives aimed at a decarbonized society and robustly addressing climate change

Risk Type	Risk and Opportunity Factors in Real Estate Management	Recognized Issues and Potential Financial Impact	Category	Timeframe	Degree of Impact		Strategies to Address Risks
					1.5°C/2°C	4°C	
Physical risks and opportunities							
Acute	Torrential rainfall, flooding due to nearby rivers overflowing, inland flooding	<ul style="list-style-type: none"> Reduced rental income due to lower occupancy rates Increased flood countermeasure costs 	Risk	Short term Medium term	Small	Large	<ul style="list-style-type: none"> Monitoring physical risks, identifying high-risk properties, and either taking preventive measures or disposing of them Reflecting physical risk information in the assessment process when acquiring new properties
	Damage to properties from typhoons	<ul style="list-style-type: none"> Increased repair costs and insurance premiums 	Risk	Medium term	Medium	Large	
Chronic	Flooding of low-elevation properties, etc. due to rising sea level	<ul style="list-style-type: none"> Increased costs of countermeasures for high-water damage 	Risk	Medium term Long term	Small	Large	<ul style="list-style-type: none"> Managing A/C equipment maintenance and operation costs
	Increase in high-water damage due to rise in abnormal weather, such as extremely hot or cold days	<ul style="list-style-type: none"> Increased A/C equipment maintenance and operation costs 	Risk	Medium term Long term	Medium	Large	

(Note 1) GHG refers to greenhouse gases.

(Note 2) ZEH is an abbreviation for net-zero energy home.

Metrics and Targets

Environmental Targets

For information on metrics and targets, please refer to [“Environmental Targets”](#) and [“Environmental Performance.”](#)

INITIATIVES TO ADDRESS ENVIRONMENTAL CHALLENGES

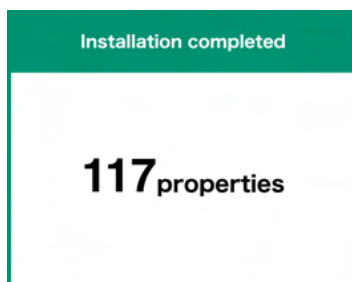


Energy consumption/CO2 emission volume

Improvement of Environmental Performance Through Building/Facility Renovations/Retrofits

Promotion of energy-saving through installation of LED lighting in common areas

Promoting energy-savings for the portfolio and initiatives such as the conversion to LED lighting and air-conditioning repair works at assets under management.

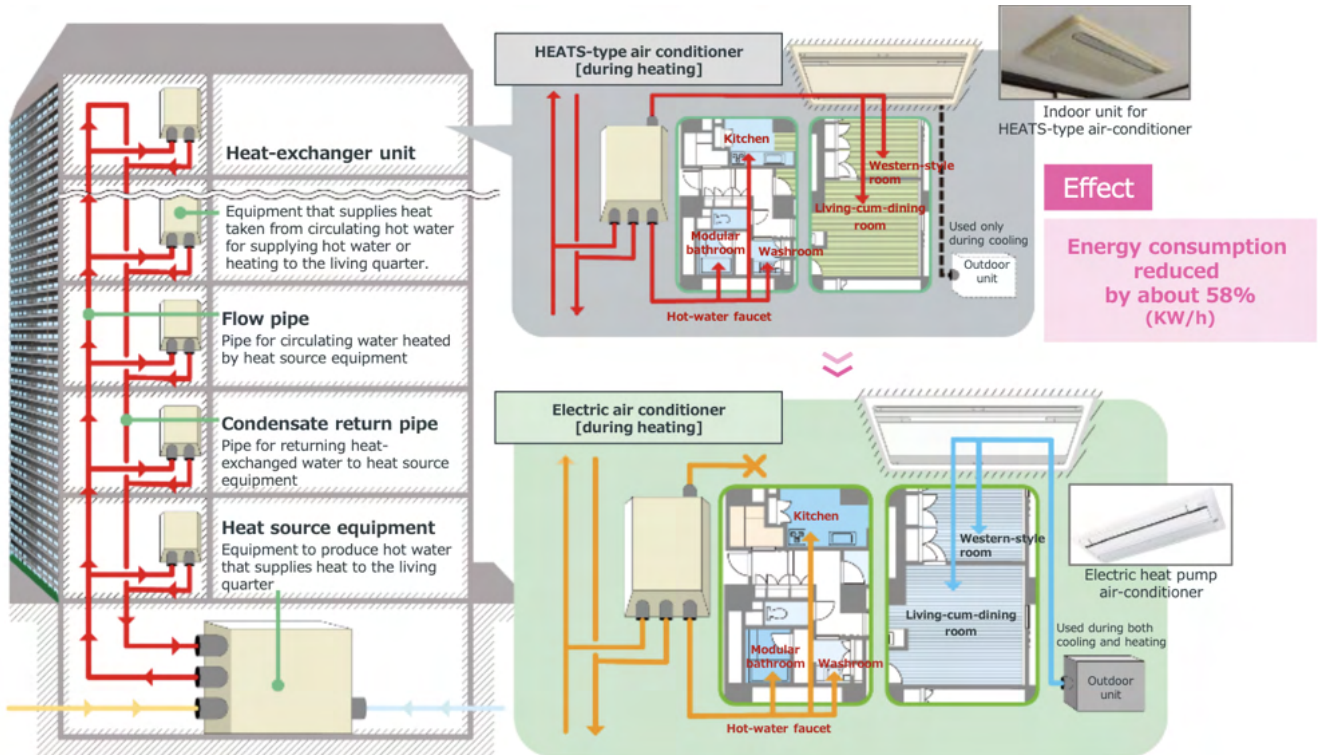


As of February 28, 2023



River Point Tower Replacement of air-conditioners/Reduction of CO2 emissions

Worked to reduce energy consumption of each housing units by changing the air-conditioning system from Housing Heating Total System (HEATS) to electric heat pump air-conditioners.



Introduction of Renewable Energy

NAF utilizes renewable energy from solar generation at some of its assets under management.

Water resources

Installation of water-saving devices

At Okawabata Apartment Communities, we are seeking to reduce water consumption by installing water-saving showers, sinks, sanitary equipment, and other such amenities when renovating private areas.

Use of rainwater for irrigation

On Shibaura Island, rainwater is stored and utilized to water green spaces, aimed at reducing the amount of water used.

Biodiversity

Habitat Conservation: Sponsoring the “Karugamo Project”

The Karugamo Project started as an initiative of the Minato Ward Bay Area Power Up Project, which serves as a body enlisting involvement of ward residents associated with the Minato Ward Shibaura-konan Regional City Office situated in the vicinity of Shibaura Island. We sponsor their activities to develop an environment that allows karugamo (spot-billed ducks) to rest, as they used to do, in artificial nests placed in the canal. Through these activities, we are making efforts to preserve the ecosystem and biodiversity.



Collaboration with tenants and stakeholders on environmental matters

Environmentally-friendly initiatives through collaboration with property management companies

NAF entrusts the property management of its assets under management to Mitsui Fudosan Residential Lease Co., Ltd. (“Mitsui Fudosan Residential Lease”), which has proactively worked on environmental consideration, etc. under the Group Environmental Policy set forth by the Mitsui Fudosan Group and promoted initiatives for environmental consideration in collaboration with NAF.

[Social Contribution and Environmental Initiatives](#) [☞] (Mitsui Fudosan Residential Lease Co., Ltd. website)

Japanese only

Initiatives for Environmental Consideration in Collaboration with Tenants

Collaborating with Mitsui Fudosan Residential Lease Co., Ltd., the PM company, NAF has raised tenant awareness to save energy by distributing a guidebook to tenants upon their move-in, providing information through its website, and other measures to promote reduction of environmental load in exclusive areas at NAF's portfolio properties.

[A Guide to Housing and Daily Living](#) [☞] Japanese only

[There Go the Specially Assigned Investigators Eco-G-Men!](#) [☞] Japanese only

*Mitsui Fudosan Residential Lease Co., Ltd. website

Initiatives for Environmental Consideration in Supply Chain

Upon selecting/evaluating a supplier, which is important in NAF's asset management, NAF keeps in mind to promote sustainability throughout its supply chain by confirming the supplier's initiatives on environment/social consideration, etc. as well.

SOCIAL AND LOCAL COMMUNITY INITIATIVES



Basic Philosophy on Social Considerations

As a member of society that interacts with various stakeholders, NAF recognizes that we can conduct our own sustainable business activities by fulfilling our social responsibilities. NAF will continue to promote ESG management while valuing the trustworthy relationships we have established with our stakeholders and meeting their expectations.

For details, see [Stakeholder Engagement](#).

Initiatives to Improve Tenant Satisfaction

The Asset Management Company strives to improve the security, safety, and comfort of NAF's assets under management and to improve tenant satisfaction.

| Investment in High-Quality Rental Apartments

With regard to rental apartments, NAF's primary assets under management, we build our portfolio by placing the Park Axis series planned and developed by the Mitsui Fudosan Group at the core of brand strategy along with the Park Cube series which is similar in quality with the Park Axis series.

In order to enhance recognition and familiarity of the Park Axis and Park Cube series as high-quality residence brands in the rental apartment market, the Asset Management Company develops its brand strategy, including provision of superior quality over the long term to tenants, by collaborating with the Mitsui Fudosan Group.

[Mitsui Rental Housing Park Axis Series](#) [□] (RESIDENT FIRST CO., LTD. website) Japanese only

Renovation of Common Areas

In order to maintain the asset value of assets under management over the long term, upgrading and renovations are implemented as necessary.



Provision of Security and Safety

NAF entrusts the property management of its assets under management to Mitsui Fudosan Residential Lease Co., Ltd. NAF collaborates with the company in conducting the following initiatives to improve security and safety for tenants.

- We have set up an around-the-clock, toll-free number exclusively for tenants for responding to problems regarding building facilities such as water leakage.

[Mitsui customer support center C-desk](#) ☐ (Mitsui Fudosan Residential Lease Co., Ltd. website) Japanese only

- We strive to provide information for security and safety to tenants by distributing disaster-response handbooks to tenants, in addition to opening a website offering information on local governments and disaster prevention to help them prepare for earthquakes and other disasters in advance.

[Information for Security and Safety](#) ☐ (Mitsui Fudosan Residential Lease Co., Ltd. website) Japanese only

※Mitsui Fudosan Residential Lease Co., Ltd. website

Tenant Satisfaction Surveys

Mitsui Fudosan Residential Lease Co., Ltd, the property management company, conducts periodic tenant satisfaction surveys in the form of questionnaires to improve management operations.

Survey design

Objective	Administered to assess tenant satisfaction, needs, etc.
Method	Online survey
Administered to	Number of tenants in properties managed by Mitsui Fudosan Residential Lease Co., Ltd.: 26,798 Includes all 10,587 tenants (as of the time of the survey) of assets under management by Nippon Accommodations Fund Inc.
Administration dates	February 19 to March 6, 2022
Organization administering survey	Commissioned to external research firm

Survey findings

Tenants occupying 2,251 units of the 10,587 units constituting properties owned by NAF replied to the survey.
(Response rate: 21.3%)

Profile of survey content (examples)

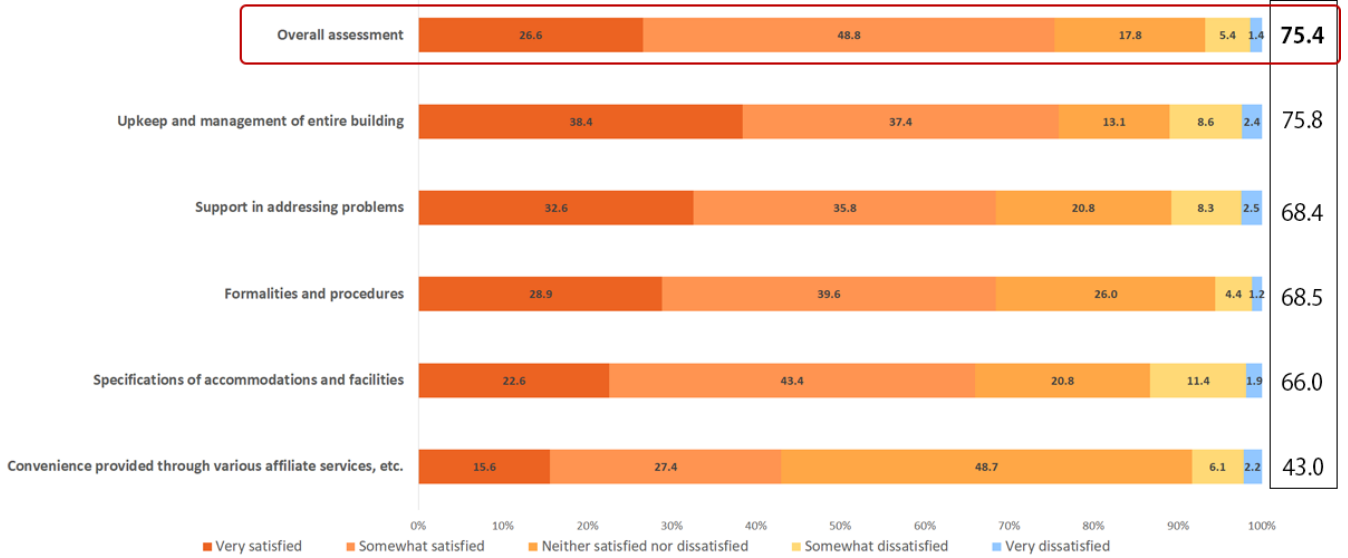
- Satisfaction survey (ex. I): Satisfaction with the property management company (Mitsui Fudosan Residential Lease Co., Ltd.)

Some 75.4% of those responding to the survey selected one of the top two multiple choice options (1. Very satisfied or 2. Somewhat satisfied) with respect to their overall assessment of the quality of customer support provided by Mitsui Fudosan Residential Lease Co., Ltd. serving as the property management company.

Findings regarding quality of customer support with respect to “upkeep and management of entire building,” “support in addressing problems,” and “formalities and procedures” indicate no significant disparity between tenant expectations prior to taking up residence and tenant satisfaction subsequent to taking up residence.

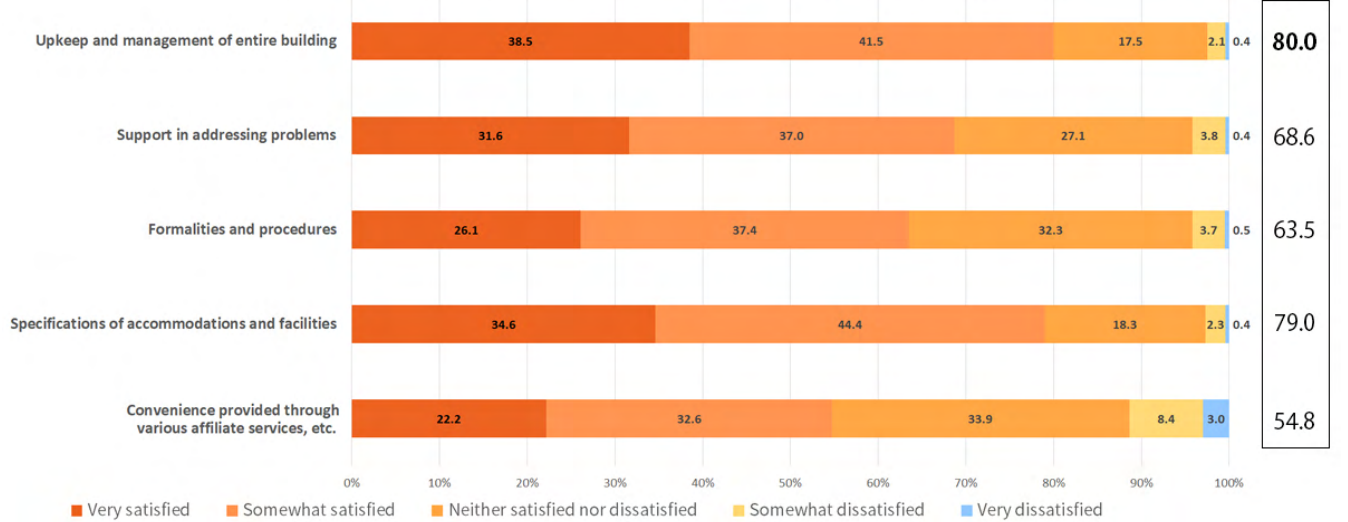
Satisfaction with property management company after taking up residence (Unit: %)

TOP2

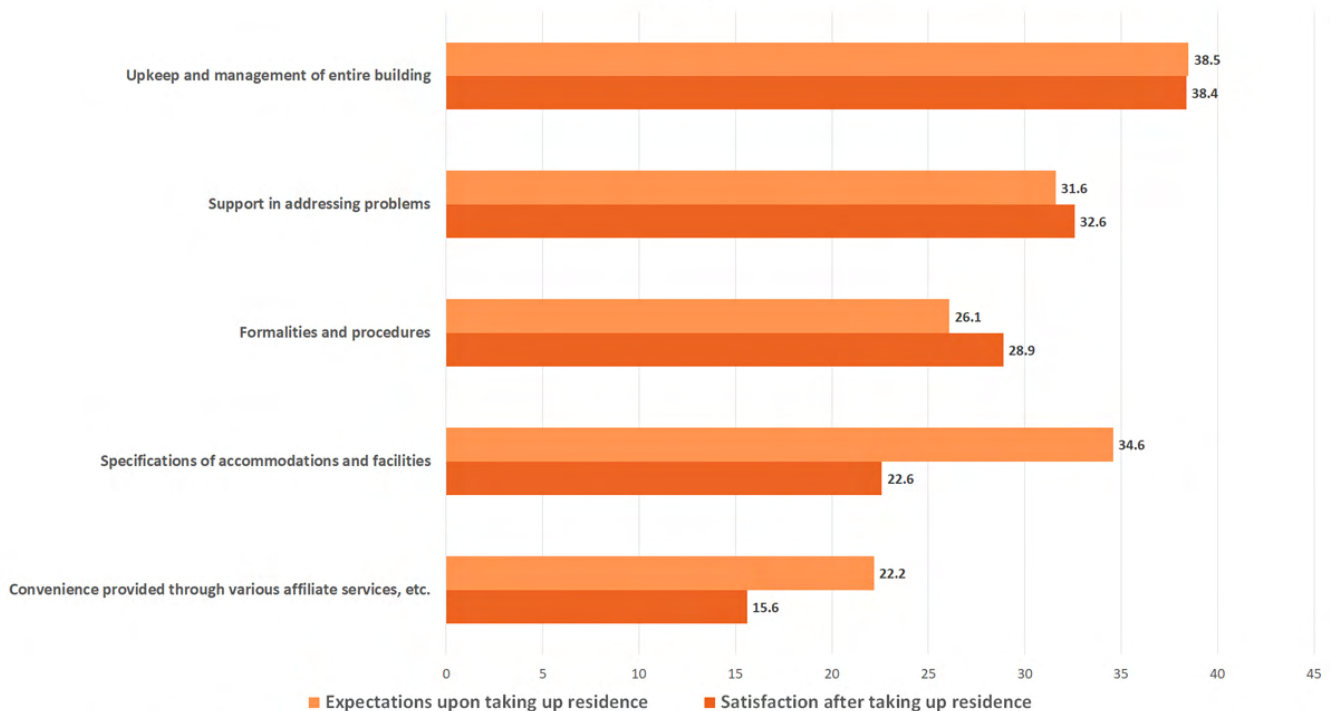


Expectations regarding property management company before taking up residence (Unit: %)

TOP2



Expectations before taking up residence and satisfaction after taking up residence (comparison of "top box" responses*) (Unit: %)



* The "top box" responses are "Very satisfied" and "Very high expectations."

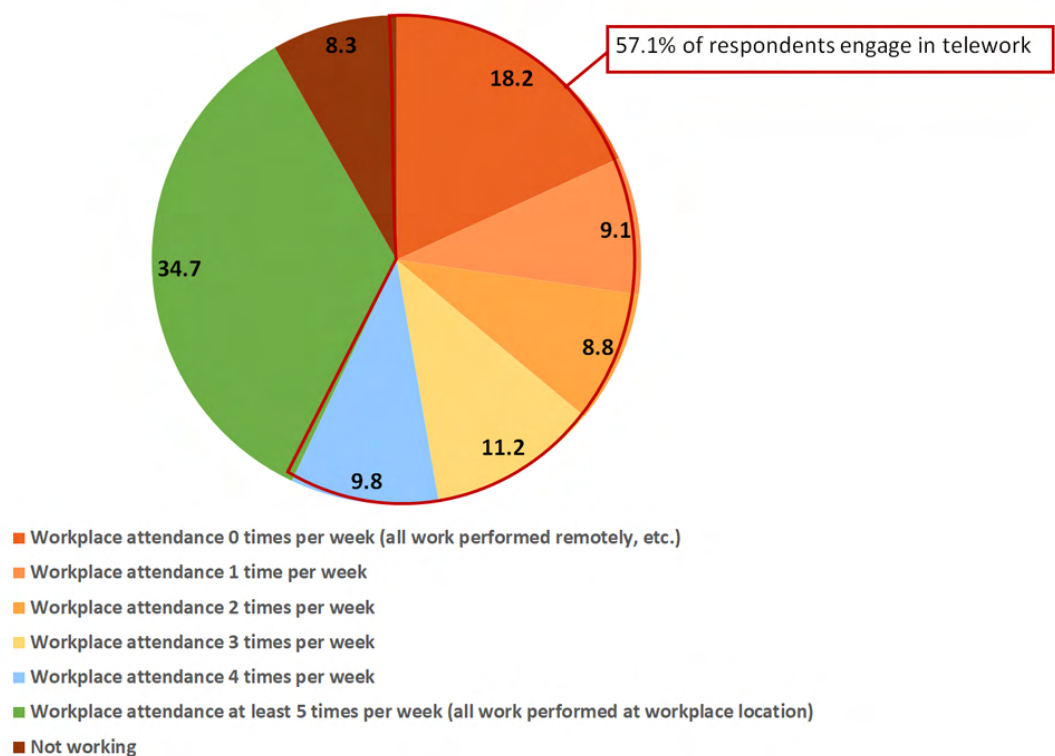
- Satisfaction survey (ex. II): Satisfaction with rental property

Tenants were generally satisfied with the rental properties, but deemed that kitchens and storage spaces are too small. In addition, about 20% of respondents indicated that their Internet connections are unstable or slow.

Lighting	Adequate (86.9%)
Elevator speed	Adequate (78.9%)
Size of kitchen	Adequate (52.3%) + Too small (47.5%) → 66.2% use cupboards
Size of sinks	Adequate (82.2%)
Size of modular bathroom	Adequate (79.9%)
Size of storage space	Adequate (52.4%) + Too small (47.4%)
Internet connection	Unstable (23.9%) / Slow (19.3%)
Bicycle sharing / Car sharing	18.6% use bicycle sharing / 21.0% use car sharing

- Needs survey (ex. I): Tenant engagement in telework (changing tenant needs brought about by the COVID-19 pandemic) Some 57.1% of respondents engage in telework at least once per week.

Telework engagement among lease-signers (Unit: %)



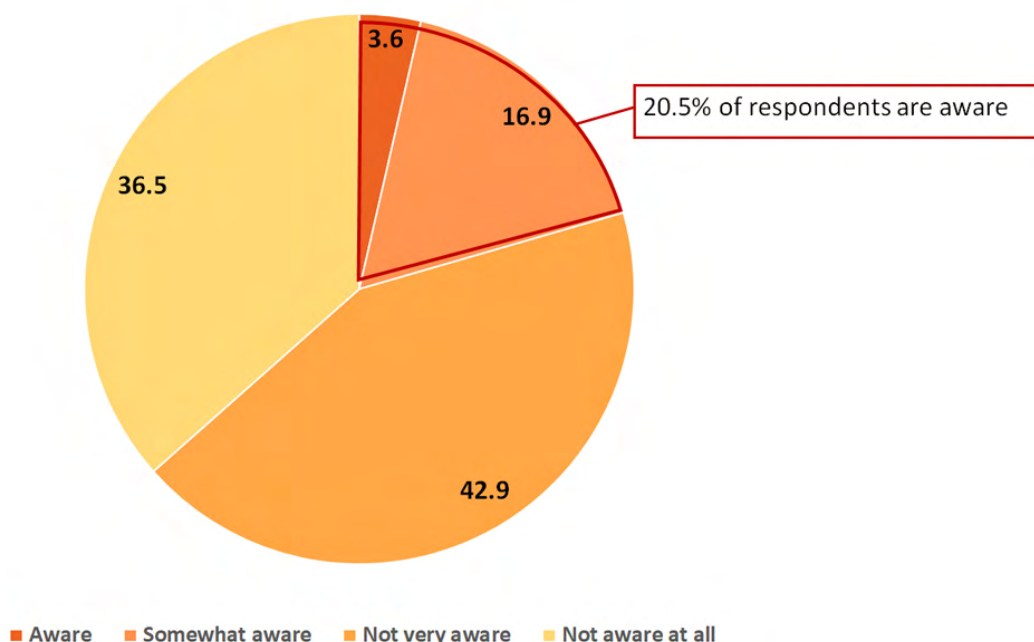
- Needs survey (ex. II): Awareness among tenants regarding their roles in helping to achieve a low-carbon society

NAF's tenants are subject to lease agreements that ask them to make their best efforts to save electricity and reduce waste. In addition, NAF raises awareness regarding the need for tenants to conserve energy in their everyday lives in part by providing tenants with guidebooks distributed to them when they take up residence. Through such initiatives, NAF intends to persistently monitor the extent to which awareness among tenants changes in terms of their role in helping to bring about a low-carbon society.

Findings of the survey indicate that 20.5% of respondents engage in lifestyles attuned to the need for decarbonization.

Moreover, this rate of engagement in environmentally-sound practices appears to be trending higher in step with levels of rents and annual household incomes.

Awareness among tenants regarding their roles in helping to achieve a low-carbon society
(Unit: %)



Supply Chain Initiatives

Upon selecting/evaluating a supplier, which is important in NAF's asset management, NAF keeps in mind the promotion of sustainability throughout its supply chain by confirming the supplier's initiatives on social consideration/environment, etc. as well.

Furthermore, Mitsui Fudosan Residential Lease Co., Ltd. has a basic policy of prioritizing business continuity and early restoration in light of its social responsibility as a company that continually supplies buildings securely and safely. Such stance was recognized, and the company acquired "Resilience Certification" backed by the Japanese Cabinet Secretariat in August 2016.

[News release concerning acquisition of Resilience Certification](#) [□] (Mitsui Fudosan Residential Lease Co., Ltd. website) Japanese only

Initiatives for Local Community

Cooperation in Local Events

At the Okawabata Apartment Communities, NAF has proactively cooperated in activities of the management association and strives to contribute to formation of a local community.



Installation of Share-Bicycle Ports

NAF has cooperated in installing bicycle ports for bicycle-sharing services at some of its assets under management, contributing to reduction of CO2 emissions as well as promoting health in the areas.



Shibaura Sanbashi Canal Cruise (Shibaura Cruise Program)

At Shibaura Island Air Tower, an asset under management, NAF has cooperated in/co-sponsored the "Canal Renaissance Program for Promoting Waterfront Vitalization" by Bureau of Port and Harbor, Tokyo Metropolitan Government, and contributed to revitalization of local communities, etc.

[Shibaura Cruise Program](#) (external website) Japanese only

HUMAN RESOURCE DEVELOPMENT



Personnel and Human Resources Strategy

Having set its basic policy for its personnel and human resources strategy as “We will help to maximize unitholder value by having every officer and employee enhance their expertise, as well as by elevating our organizational strengths by putting each and every officer and employee on a trajectory that aligns with corporate policy,” the Asset Management Company carries out human resource management by breaking its activities down into the following three organizational and human resource aims.

1. We seek to serve as a group of specialists equipped with sophisticated expertise in specific domains and also with knowledge of general corporate affairs encompassing a wide-ranging perspective.
2. We seek to serve as a group of early-career, mid-career, and veteran professionals who work passionately toward fulfilling their respective roles.
3. We seek to serve as a group that gives rise to an organizational culture characterized by active engagement in work.

To achieve these aims, we implement respective initiatives of the asset management company encompassing recruitment, personnel allocation, training, personnel evaluations, and promotion and remuneration.

Capacity Development

As part of developing the capabilities of officers and employees, company-wide group training is implemented, and participation in the system for taking external training and various other types of internal and external training, seminars, etc. is recommended and promoted.

Company-wide Group Training

The Asset Management Company carries out group training regarding themes such as compliance four or more times per year.

- Compliance training
- Training regarding the Act on Protection of Personal Information
- Information security training
- Human rights education training
- ESG training

System for taking external training & Seminar participation and support

- SMBC business seminars
- Association for Real Estate Securitization & Investment Trusts Association, Japan seminars
- Mitsui Fudosan Group training
- Other training/seminars

Training data

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Annual total of hours spent for education and training (*1)	42.2 hours	100.4 hours	206.6 hours	215.8 hours	279.2 hours	230.3 hours	283.6 hours	398.4 hours
Hours of training per officer and employee(*2) (hours/year)	1.7 hours/year	4.0 hours/year	8.6 hours/year	8.6 hours/year	12.1 hours/year	9.6 hours/year	11.8 hours/year	15.3 hours/year

(*1) :Hours spent for education and training, etc. for full-time employees, contract employees and employees seconded from other companies, excluding officers.

(*2) : Calculated by dividing the total hours spent for education and training in each fiscal year by the number of employees (full-time employees, contract employees and employees seconded from other companies) enrolled as of the end of each fiscal year, excluding officers.

Support for Education and Training

The Company encourages and supports its employees to participate in a variety of internal and external education and training sessions, etc. as part of the efforts to foster their capabilities.

Support for Acquisition of Qualification

as of the end of March 2023

Qualifications, etc.	No. of holders (*)
ARES (The Association for Real Estate Securitization) certified master	14
Real estate broker	19
First-class registered architect	1
Second-class registered architect	2
Interior coordinator	3
Licensed representative of condominium management company	6
Licensed strata management consultant	2

Qualifications, etc.	No. of holders (*)
First-class building operation and management engineer	2
Condominium renovation manager	1
First-class renovation stylist	1
Certified property manager	6
Condominium maintenance and repair technician	1
Real estate Consulting Master	2
Urban Renewal Planner	1
Certified tax accountant	1
Chartered member of The Securities Analysts Association of Japan	2
ECO kentei	6
Information Security Management Examination	1
Career consultant	1
Housing Environment Coordinator	2
administrative scrivener	1

※Represents the sum total of the qualification holders among full-time employees, contract employees and employees seconded from other companies, excluding officers.

※Includes persons who have passed the examinations but have not yet registered.

Support for Education and Training

The Company encourages and supports its employees to participate in a variety of internal and external education and training sessions, etc. as part of the efforts to foster their capabilities.

Personnel evaluations and remuneration

We have adopted a personnel evaluation system under which we assess the implementation of tasks by employees in terms of their performance and capabilities, from a multi-faceted perspective including their endeavors on sustainability. To help employees improve their capabilities, we provide them with feedback on their evaluation every year, thoroughly focusing on informing them of the details in an accurate and specific manner.

Evaluation scheme

Evaluation components	Description	Evaluation period	Effect on promotion and remuneration				
			Pay increase	Bonus	Promotion and demotion		
Performance appraisal	Assessment of implementation process and extent of execution with respect to the priorities, roles, and other assumed duties of the employee set at the beginning of the fiscal year	<First half of fiscal year> April 4to September 30 <Second half of fiscal year> October 1 to March 31	○	Pay adjusted to reflect average of first half appraisal and second half appraisal	○	Bonus adjusted to reflect semi-annual appraisals	○ Determined based on pay increase review across multiple fiscal years
Behavioral appraisal	Assessment regarding the extent to which the employee has engaged in actions desired based on our corporate values	April 1to March 31	○	Pay adjusted to reflect appraisal results	—	○	

Elements of the performance appraisal

Component	Appraisal element	Definition
Performance	Contribution to organizational results	The extent to which the employee has contributed to organizational results by carrying out his or her priorities and assuming his or her roles
Process	Productivity	Efficiency in carrying out professional duties
	Level of difficulty	Level of difficulty of priorities and roles, and level of difficulty inherent to internal and external environmental factors, etc.

Leveraging the Expert Abilities of External Human Resources from the Sponsors, etc.

The Asset Management Company takes in human resources with high expertise from its sponsors and other sources, leverages their expert abilities and strives to realize sophisticated asset management operations. The number of human resources taken in from the sponsor and other sources is as follows.

as of the end of March 2023, including officers

Company name	No. of people
Mitsui Fudosan Co., Ltd.	7
Mitsui Fudosan Residential Lease Co., Ltd.	2
Sumitomo Mitsui Banking Corporation	1
RWA Accounting Holdings Co., Ltd.	1
Total	11

Data on Human Resources

	Item	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Number of full-time employees (*1)	Male	8	8	8	8	8	7	7	8
	Female	5	6	6	7	7	8	7	7
Number of contract employees (*1)	Male	0	0	0	0	0	0	0	0
	Female	2	2	1	1	0	1	2	3
Number of employees seconded from other companies (*1)	Male	9	9	9	9	8	7	7	7
	Female	1	0	0	0	0	1	1	1
Total number of employees (*2)	Male	17	17	17	17	16	14	14	15
	Female	8	8	7	8	7	10	10	11
Ratio of female employees (*2)		32%	32%	29.2%	32%	30.4%	41.7%	41.7%	42.3%
Average length of service at the Company (*3)	Male	—	—	6.9years	7.9years	8.9years	10.2years	10.1years	9.7years
	Female	—	—	7.9years	7.6years	8.6years	7.6years	7.8years	8.2years
	Overall	—	—	7.3years	7.8years	8.8years	8.7years	8.8years	8.9years
Number employees newly hired by the Company (*4)	Male	0	0	0	0	0	0	1	1
	Female	0	1	0	1	0	2	0	1
Ratio of female employees newly hired by the Company (*4)		—	100%	—	100%	—	100%	—	50%
Number of persons who left the Company (*4)		0	0	0	0	1	1	2	0
Ratio of the used portion of employees' paid leave (*5)		56.3%	77.0%	83.0%	88.0%	96.4%	65.3%	79.6%	79.7%

	Item	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
	Ratio of employees undergoing medical examinations (*6)	100%	92.9%	100%	100%	100%	100%	100%	94.4%
	Number of employees taking childcare leave, etc. (*7)	1	1	1	1	1	1	0	0
	Number of employees taking caregiver leave, etc. (*8)	0	0	0	0	0	0	0	0
	Number of employees with reduced working hours	0	1	1	1	1	1	1	1

During the past three years, the Asset Management Company has not conducted any acquisitions or mergers that resulted in personnel reductions, or implemented any large-scale personnel reductions, etc.

※1: Figures are as of the end of each fiscal year. Employees seconded do not include officers.

※2: Figures are the total of the number of full-time employees, contract employees, and employees seconded from other companies (excluding officers). Figures are as of the end of each fiscal year.

※3: Figures are average length of services of employees hired at the Company as of the end of March. Figures are calculated by dividing the total length of services by the number of the employees, based on the calendar year.

※4: Figures are compiled for the employees hired at the Company.

※5: Figures represent the ratio of employees, based on the calendar year (i.e. fiscal 2022 in this case is from January 1, 2022 to December 31, 2022). Ratio of the used portion of employees' paid leave is calculated by dividing the number of days of paid leave taken by employees by the number of paid leave days initially granted to employees at the beginning of the year. (excluding new hired employees and resignees)

※6: Figures represent the cumulative number of full-time employees and contract employees undergoing medical examinations/health screening within the fiscal year.

※7: Figures represent the cumulative number of full-time employees and contract employees who have utilized either one of the time off for childcare leave program, sick/injured childcare program, program for reduced working hours during childcare or program for taking measures to reduce working hours during childcare.

※8: Figures represent the cumulative number of full-time employees and contract employees who have utilized either one of the caregiver leave program, time off for caregiver leave program or program for reduced working hours during nursing care.

EMPLOYEE HEALTH AND SAFETY



Implementation of Periodic Medical Examinations, etc

Putting officers' and employees' health first, the Asset Management Company obliges them to undergo medical examinations and works to increase the rate at which they are conducted.

Moreover, the Company has established a program for employees older than a certain age to take leave to undergo thorough health screening and provide them with subsidies for undergoing such health screening and other examinations, in an effort to support and promote proactive health management of employees.

Furthermore, the Company subsidizes influenza vaccinations for employees.

Please refer to [“Data on Human Resources”](#) to access the ratio of employees undergoing medical examinations.

Special Leave Program

In addition to annual paid leave, the Asset Management Company has set up a special leave program that includes such leave as indicated below:

Summer leave, marriage leave, leave for thorough health screening, paternity leave, menstrual leave, prenatal checkup and pregnancy disability leave, maternity leave, caregiver leave and time off for sick/injured childcare

Questionnaire on Employees' Satisfaction of Office Environment

To maintain and enhance officers' and employees' health and amenity of the office during working hours, the Asset Management Company carries out annual survey on their satisfaction of office environment. The Company takes in consideration of the survey results and comments from our officers and employees when planning improvement in office environment.

Introduction of system for remote work




The Asset Management Company supports the work-life balance of each employee, and has established a flextime system and remote work system to enhance the organization, level of each person's work and productivity, and to play an even more active role as a company.

HUMAN RIGHTS



Human rights and accordingly engage in endeavors to form a workplace environment premised on our belief that unitholder value is enhanced through initiatives that entail prohibiting discrimination based on such factors as belief, religion, age, sex, origin, mental and physical disorder, as well as sexual orientation and gender identity (LGBT), as well as establishing a workplace environment that values diversity and empowers a variety of human resources. Moreover, we do not engage in practices that involve child labor, forced labor, unjust wage reductions or unfairly prolonged work hours.

Mitsui Fudosan Group Human Rights Policy

Seeking to coexist in harmony with society, link diverse values, and help build a sustainable society, as symbolized by its “” corporate logo, the Mitsui Fudosan Group strives to help build a society of abundance for both people and the planet. In order to live up to the philosophy symbolized by our “” corporate logo, we believe that it is of the utmost importance to ensure that our business always gives due consideration to human rights, so we have established [the Mitsui Fudosan Group Human Rights Policy](#)  (hereinafter this Policy). This Policy is based on the Guiding Principles for Business and Human Rights advocated by the United Nations.

| Human rights training

Please refer to [“Company-wide Group Training” of “Human Resource Development.”](#)

| Prohibition of harassment


The Asset Management Company explicitly prohibits any and all forms of harassment (sexual harassment, power harassment, maternity harassment, paternity harassment, LGBT discrimination, etc.), premised on the notion that creating and maintaining business environments where all officers and employees are respected as individuals and are able to work in a spirit of mutual trust is of great importance.

We seek to enlist the efforts of all officers and employees in creating workplace environments that are free of harassment, premised on our understanding of the views of the Asset Management Company regarding prohibition of harassment.

DIVERSITY & INCLUSION (D&I)



Diversity & Inclusion Declaration

The “” logo adopted by Mitsui Fudosan Group as a management philosophy represents the principles of coexisting in harmony with society, linking diverse values, and achieving a sustainable society.

As an asset management company that operates as a group entity of Mitsui Fudosan Group, the driver of our efforts to continuously provide new value is a major asset of ours—our people. Therefore, we have positioned the promotion of diversity and inclusion as one of our most vital management strategies, and the Group is coming together as one to create an organization in which personnel with diverse values, capabilities, and lifestyles can demonstrate each to the best of their abilities.

Diversity & Inclusion Initiative Policy

Our passionate, capable employees have a diverse range of skills, experiences, and values; as such, we are working to ensure an environment where each officer and employee can demonstrate their individual abilities to the utmost, and recognize one another as individuals, evaluated fairly regardless of their race, nationality, religion, sex, age, presence or not of disability, gender identity, sexual orientation, or other characteristics. To this end, we are promoting workstyle reforms and enhancing our human resources system so as to raise organizational productivity and our officers' and employees' work-life balance.

Initiative Policy to Introduce Diverse Workstyles

We seek to maintain and promote good health of each officer and employee, embrace diversity of values and lifestyles, and strive to help our employees achieve work-life balance such that enables them to work with peace of mind aligned with their individual circumstances.

Promoting empowerment of women

We work to create a workplace environment that is friendly for female workers, in an effort to realize a workplace in which each officer and employee can exert their capabilities to the fullest.

Moreover, on top of adopting a childcare leave program, we promote flexible work hours with reduced working hours and encourages employees to proactively take paid leave.

Support for childcare

We have established the following programs to support work balance for officers and employees involved in childcare:

Childcare leave program, time off for sick/injured childcare program, program for reduced working hours during childcare and program for taking measures to reduce working hours during childcare

Support for nursing care

We have established the following programs to support work balance for officers and employees involved in nursing care:

Caregiver leave program, time off for caregivers program and program for reduced working hours during nursing care

Introduction of system for remote work

The Asset Management Company supports the work-life balance of each employee, and has introduced a flextime system and remote work system to enhance the organization, level of each person's work and productivity, and to play an even more active role as a company.

NAF'S CORPORATE GOVERNANCE



Executive Directors and Supervisory Directors


4 in total (1 Executive Director and 3 Supervisory Directors)


Ratio of female directors: **25%**


Criteria for Election of Directors


Selection of candidates for Director is premised on the notion that they are not subject to grounds for disqualification as stipulated in the Act on Investment Trusts and Investment Corporations and other laws and regulations (Article 98 and Article 100 of Act on Investment Trusts and Investment Corporations and Article 244 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations). They are accordingly elected by resolution of the General Meeting of Unitholders based on the reasons for their election set forth below. There are no special interests whatsoever between the Directors currently serving on the Board of Directors and NAF.

- Reasons for election of Executive Director: An Executive Director must have extensive experience and knowledge of the real estate business.
- Reasons for election of Supervisory Director: A Supervisory Director must be an attorney at law, certified public accountant, real estate appraiser, or other such external expert, and must be capable of supervising Executive Directors in executing their duties and performing a checking function.

Position Name	year and month	Brief personal history
 Executive Director Takashi Ikeda	April 1972	Joined Mitsui Fudosan Co., Ltd.
	April 2003	Appointed as Group Officer of Mitsui Fudosan Co., Ltd. Appointed as Vice President & Representative Director of Mitsui Real Estate Sales Co., Ltd.c (current Mitsui Fudosan Realty Co., Ltd.)
	April 2006	Appointed as CEO of Mitsui Fudosan Housing Service Co., Ltd. (current Mitsui Fudosan Residential Service Co., Ltd.)
	April 2011	Appointed as Advisor of Mitsui Fudosan Co., Ltd. Appointed as Chairman of Mitsui Fudosan Housing Service Co., Ltd. (current Mitsui Fudosan Residential Service Co., Ltd.)
	May 2017	Appointed as Executive Director, Nippon Accommodations Fund Inc. (current)

Position Name	year and month	Brief personal history
 Supervisory Director Mika Etoh	September 2008	Appointed as Director, Etoh Real Estate Appraisal Co., Ltd. Real Estate Appraiser (current)
	May 2021	Appointed as Supervisory Director, Nippon Accommodations Fund Inc. (current)

Position Name	year and month	Brief personal history
 Supervisory Director Eiki Enomoto	January 2019	Established ENOMOTO&FUJIMOTO LAW OFFICE Attorney at Law (current)
	May 2021	Appointed as Supervisory Director, Nippon Accommodations Fund Inc. (current)

Position Name	year and month	Brief personal history
 Supervisory Director Seiji Iwatani	June 2001	Established Iwatani CPA Office CPA (current)
	May 2023	Appointed as Supervisory Director, Nippon Accommodations Fund Inc. (current)

Remuneration of the Independent Auditor

The amount of remuneration of the Independent Auditor is set by the Board of Directors with a cap of 20 million yen for each operating period, paid in 3-month installments by the last day of February, May, August and November each year by bank transfer to the account stipulated by the Independent Auditor.

Name	Details of remuneration	Total remuneration	
		33rd Period (ended August 31, 2022)	34nd Period (ended February 28, 2023)
KPMG AZSA LLC	Audit-based remuneration	12,690 thousand yen※	12,480 thousand yen

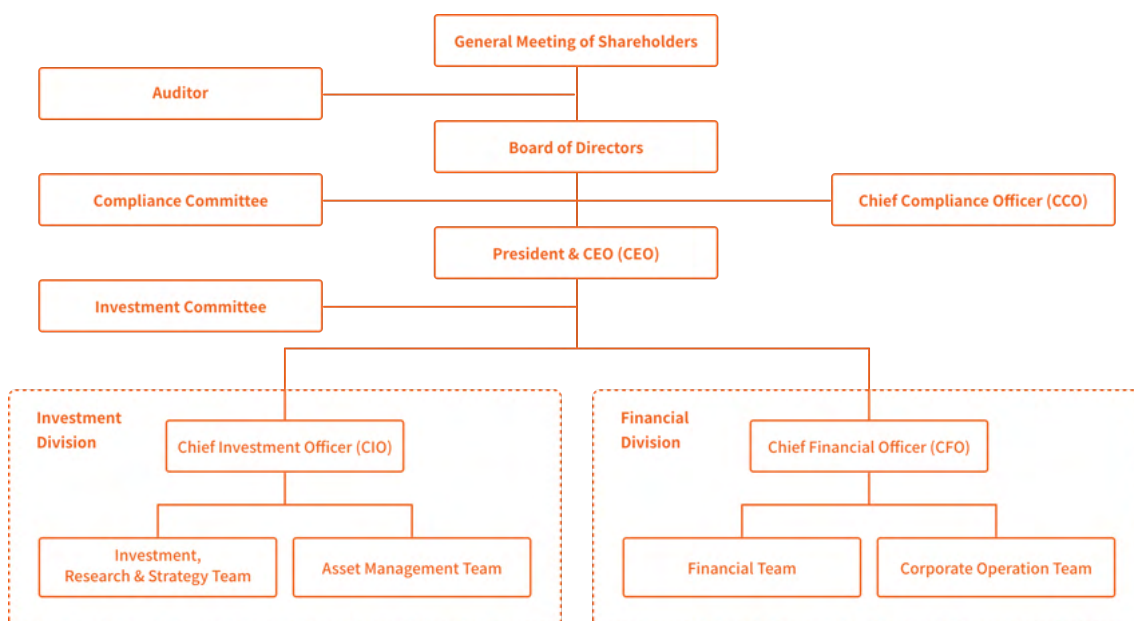
※The total amount of remuneration paid to KPMG AZSA LLC includes remuneration (150 thousand yen) for services other than those stipulated in Article 2, paragraph (1) of the Certified Public Accountants Act.

MANAGEMENT STRUCTURE



Management Structure

NAF's asset management is consigned to the Asset Management Company. The Asset Management Company conducts operations under the following organizational structure based on the REIT Management Agreement entered into with NAF.

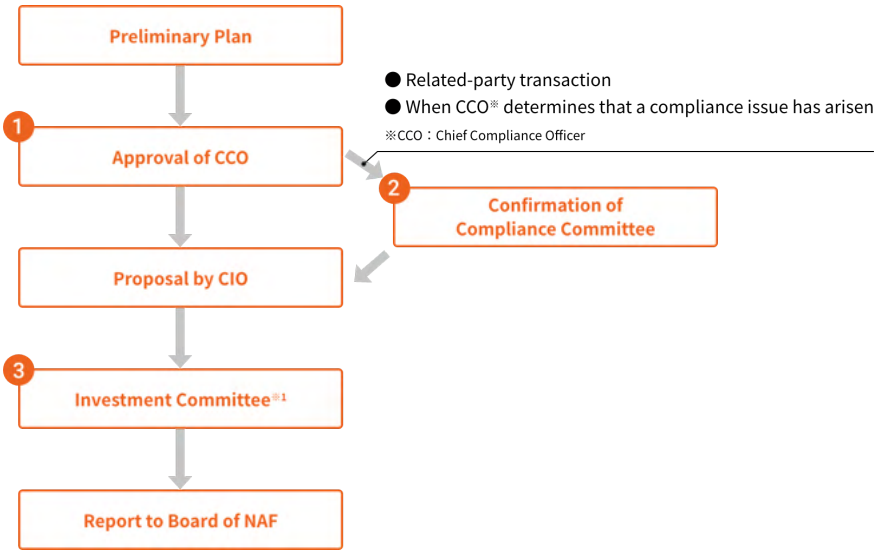


For details of Management Structure, please refer to

[Corporate Structure, 3\) Management Structure of NAF \(Excerpts from the Securities Report\)](#).

The Asset Management Company’s Decision-Making Process Flow for Acquiring or Selling Investment Assets

The Asset Management Company’s Decision-Making Process Flow for Acquiring and Selling Assets Under Management



*1 When NAF acquires or sells of assets in transactions with related parties as defined by the Investment Trust and Investment Corporation Act of Japan, the Asset Management Company must obtain consent from NAF based on the approval of NAF’s Board of Directors prior to the deliberations of the Investment Committee. However, such consent is not required for property or other real estate acquisitions stipulated by Article 245-2-1 of the Investment Trust and Investment Corporation Act as having immaterial impact on NAF’s assets because the acquisition cost represents less than 10 percent of the book value of NAF’s investment properties.

Compliance Checking System

1 Approval by Chief Compliance Officer (CCO)

The following require approval of the Compliance Committee

- Related-party transactions*2
- When CCO determines that a compliance issue has arisen

*2 Property acquisition price from sponsor-related parties is below appraisal value

2 The Compliance Committee

The Compliance Committee

Members: CCO (Chairperson),

CEO, 2 external professionals (Currently 1 lawyer and 1 CPA)

External professionals: Appoint professionals independent from sponsor-related parties

Resolution: Requires the votes of 2/3 or more members and at least 1 of the 2 independent external professionals

3 Functions as a Check on the Investment Committee

CCO can suspend discussion when he sees any problem in the discussion process

COMPLIANCE STRUCTURE



Nippon Accommodations Fund Inc. (“NAF”) and have adopted a basic policy whereby they have established an organizational structure for invariably engaging in fair business transactions acting in compliance with laws and regulations and strive to earn the trust of investors by engaging in behavior that reflects high ethical standards. In addition, the Asset Management Company strives to establish an appropriate management structure given that it recognizes that the management operations it carries out on behalf of NAF are important in that they involve management of unitholder funds.

Thorough Compliance

The Company has established an organizational structure that should secure compliance with laws and regulations and implement fair transactions at any time. At the same time, the Company works to ensure that its officers and employees will act based on high ethical values and win the trust of its stakeholders.

[Mitsui Fudosan Group Compliance Policy](#) 

Compliance Structure

Organizational components relevant to compliance are as follows.

| Board of Directors

The Board of Directors makes decisions on matters of fundamental importance to management including those involving management strategies, and also resolves matters with respect to election and dismissal of the Chief Compliance Officer (CCO) and external members of the Compliance Committee.

Compliance Committee

The Asset Management Company has established the Compliance Committee, which deliberates and makes decisions on business transactions potentially subject to conflicts of interest, legal compliance, and other such important matters related to compliance. The committee is composed of the CCO (chairperson), the President & CEO, and two external professionals.

Chief Compliance Officer (CCO)

To establish an appropriate asset management structure for facilitating asset management operations carried out by the Asset Management Company, we have appointed a CCO, who exclusively handles compliance independent from the organization, and ensure effectiveness of the internal check functions with respect to other business units.

Compliance Manual Formulation and Implementation

The Asset Management Company has prepared a compliance manual, which is to serve as a code of conduct on matters of compliance.

We also establish yearly compliance programs, which are to serve as specific action plans regarding compliance. Upon having formulated the preliminary draft of a compliance program, we explain such details to all officers and employees and elicit their feedback. We then formulate the final draft incorporating such feedback as necessary. Next, we have the Compliance Committee and Board of Directors furnish their approval before subsequently taking steps toward putting the program into action.

Internal Audits

CCO conducts internal audits across all organizational units and job categories to confirm whether business and operations of each unit is carried out appropriately and efficiently in accordance with laws and regulations as well as other rules and bylaws, based on the internal audit rules set forth in the internal rules of the Asset Management Company. The results of audits are reported to the audited business units, the Compliance Committee and the Board of Directors.

Training

Please refer to [“Company-wide Group Training”](#)

Responding to Anti-social Forces

The Asset Management Company has established specific procedures for preventing business dealings with anti-social forces and contending with unreasonable demands from anti-social forces in its compliance manual and its internal rules for policy against anti-social forces. These are to serve as guidelines to which all officers and employees must comply.

As part of our efforts to refuse all ties with anti-social forces, we have appointed a CCO as the person in charge, built a centralized management system and strive to prevent prospective harm caused by anti-social forces.

We have also been taking steps to ensure that we do not engage in business transactions with anti-social forces through efforts that involve collecting, amassing, and using information on anti-social forces, liaising with external professional organizations, and implementing stringent screening.

Whistleblowing System

Those who have become aware of an act that may be deemed problematic in terms of legal compliance are generally to report the matter through the usual corporate channels. However, in cases where there may be grounds to believe that such channels may not function appropriately, those with such concerns may seek support outside the scope of such channels by consulting directly with the CCO or with a consultation service office (law firm) established externally.

Those seeking consultation are subject to protection under the Whistleblower Protection Act, and shall not be treated unfavorably by the company on the grounds of having sought consultation. Moreover, the CCO is to provide notification to officers and employees regarding the whistleblowing system twice per year.

Anti-Corruption Policy

To prevent bribery and corruption, the officers and employees of the Asset Management Company are instructed not to engage in illegal acts including bribery, embezzlement and money-laundering in the “Compliance Manual” and persons who commit wrongdoing are subject to strict punishment.

| Issues related to fraud and corruption

- Serious violations of laws and regulations and fines, surcharges and financial settlements related to bribery and corruption

There were no serious violations of laws and regulations nor fines, surcharges or financial settlements paid by NAF or the Asset Management Company in relation to non-compliance, etc. with anti-bribery rules during this reporting period(*1).

- Officers and employees subjected to disciplinary action or dismissal related to bribery and corruption

No officers or employees of NAF or the Asset Management Company were disciplined or dismissed in relation to bribery or corruption during the reporting period(*1).

- Political contributions

No political contributions were made by NAF or the Asset Management Company during the reporting period(*1).

*1 Reporting period: Nippon Accommodations Fund Inc.
From March 1 of the previous year to the end of February of the current year
Mitsui Fudosan Accommodations Fund Management Co., Ltd.
From April 1 of the previous year to the end of March of the current year

RISK MANAGEMENT SYSTEM



NAF and the Asset Management Company aim to avoid and minimize investment management related risks concerning NAF's asset management.

For details, please refer to [“Investment Risk, 2\) Risk Management Structure for Dealing with Investment Risk \(Excerpts from the Securities Report\).”](#)

Risk Management

The Asset Management Company draws up risk descriptions, management stances, and monitoring guidelines regarding respective conceivable risks to be comprehensively addressed under its risk management program. We have accordingly established the Risk Management Council, which is chaired by the President & CEO, and serves as a body tasked with comprehensively managing risk and setting basic policies for addressing such risk. At the start of each fiscal year, it formulates basic policy on managing risk and accordingly furnishes approval for the risk management program.

Individual teams are assigned to manage the respective risks, and general managers of each team form risk management working groups. Once every three months, the working groups sum up the status of risk management and report their findings to the Board of Directors.

Information Security

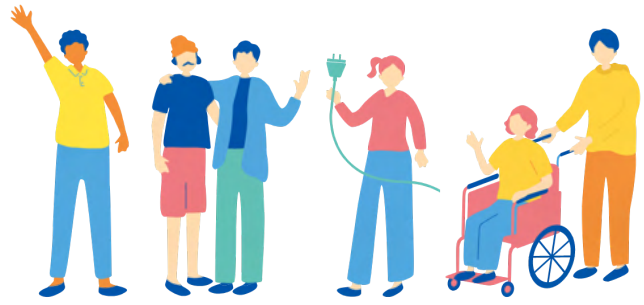
The Asset Management Company has drawn up Information Management Rules for the purpose of appropriately managing information security, and has accordingly established a structure under which the Chief Financial Officer (CFO) is designated to serve as the Chief Investment Officer (CIO). In addition, we seek to educate and raise awareness regarding information management through compliance training, targeted e-mail attack exercises, and other such initiatives for officers and employees.

During the year from April of the previous year to March of the current year, we did not encounter any incidents involving failure or other such issues with significant implications for NAF's operations or society.

Business Continuity

The Asset Management Company has drawn up the Crisis Management Manual stipulating emergency measures and action guidelines for the purpose of enabling a swift and appropriate response in the event of a disaster, data breach, or other such crisis in terms of minimizing the impact of such incidents on business execution and restoring normal business operations subsequent to the occurrence. We furthermore strive to ensure safety and security by regularly conducting safety confirmation drills and other such exercises for officers and employees.

GREEN FINANCE



NAF aims to strengthen the funding base by expanding the group of investors interested in ESG investment and financing, along with promoting initiatives for sustainability even further, by procuring funds through Green Bonds.

Green Finance Framework

NAF has formulated the green finance framework as described below as part of its aim of conducting green finance.

Use of Proceeds

NAF plans to apply the proceeds from green finance to funds for acquisition of eligible green assets (described in “Eligibility criteria” below) and funds for repayment of existing loans or redemption of investment corporation bonds that were procured for acquisition of eligible green assets.

Eligibility Criteria

Assets for which any of the following certifications from a third-party certification body (“green building certification”) has been or will be obtained (“eligible green assets”).

- DBJ Green Building Certification: 3 Stars, 4 Stars, or 5 Stars
- BELS Certification: 3 Stars, 4 Stars, or 5 Stars
- Certification for CASBEE for Real Estate: B+, A, or S Rank
- Other green building certification: Rating of an equivalent level to the above

For details of “eligible green assets”, please see [“International Initiatives and External Certifications”](#) page.

Process for Project Evaluation and Selection

The eligibility criteria are drafted by the Office, which is made up of members from across the Asset Management Company, and decided at the Investment Committee, the members of which include the President & CEO, the Chief Investment Officer (CIO), and the Chief Financial Officer (CFO) of the Asset Management Company.

Green finance projects are selected through examination of eligibility carried out by the Office based on the eligibility criteria followed by deliberation and approval by the Investment Committee.

Management of Proceeds

The amount of debt calculated by multiplying total acquisition price of eligible green assets in NAF's portfolio by the ratio of interest-bearing debt to total assets ("amount of eligible green debt") will be set as the upper limit amount for green finance and managed so that the balance of green finance does not exceed the amount of eligible green debt.

Reporting

The following items will be disclosed on the NAF website as at the end of February of each year so long as the balance of green finance is outstanding.

- Total acquisition price of eligible green assets
- Ratio of interest-bearing debt to total assets
- Amount of eligible green debt
- Balance of green finance outstanding

As of February 28, 2023

Total eligible green assets (billion yen)	81.1
LTV	51.5%
Eligible green debt amount (billion yen)	41.7
Green nance (billion yen)	11.0

Reporting on status of proceed allocation is as follows.

Green finance (billion yen)	11.0
Green bonds (billion yen)	5.0
Green loans (billion yen)	6.0

*For details of green finance, please see [“Investment Corporation Bonds”](#)  • [“Borrowings”](#)  page.

Outline of Green Bond Issues

Name	Issue date	Total Amount (Yen in millions)	Interest Rate(%)	Date of redemption	Notes	Target for funding allocation
3rd Unsecured Investment Corporation Bonds (with special pari passu conditions among specified investment corporation bonds) (green bonds)	July 16, 2020	2,000	0.26%	July 16, 2025	Unsecured, Unguaranteed R&I: AA-	Park Cube Meguro Tower
4th Unsecured Investment Corporation Bonds (with special pari passu conditions among specified investment corporation bonds) (green bonds)	July 16, 2020	2,000	0.52%	July 16, 2030	Unsecured, Unguaranteed R&I: AA-	Park Cube Meguro Tower
5th Unsecured Investment Corporation Bonds (with special pari passu conditions among specified investment corporation bonds) (green bonds)	September 30, 2021	1,000	0.32%	September 28, 2029	Unsecured, Unguaranteed R&I: AA-	Shibaura Island Air Tower

Outline of Green Loans

Name of financial institution	Issue date of loans	Balance (Yen in millions)	Interest rate	Date of maturity	Target for fund allocation
Nippon Life Insurance Company	November 30, 2021	1,000	0.53%	November 28, 2031	Park Axis Toyosu
Mizuho Bank, Ltd.	November 30, 2021	1,000	0.53%	November 28, 2031	Park Axis Toyosu
Nippon Life Insurance Company	May 31, 2022	2,000	0.65%	May 31, 2032	Park Axis Toyosu
Nippon Life Insurance Company	November 30, 2022	2,000	0.80%	November 30, 2032	Park Axis Toyosu

External review

For eligibility of the green finance framework, NAF has been assigned “Green 1 (F),” the highest evaluation grade in the JCR Green Finance Framework Evaluation by Japan Credit Rating Agency, Ltd. (JCR). For the content and other details of the JCR Green Finance Framework Evaluation, please refer to the following website.

[JCR Green Finance Framework Evaluation](#) 

SMBC Environmental Assessment Loan

NAF has received an “A” rating for the SMBC Environmental Assessment Loan from Sumitomo Mitsui Banking Corporation, as it was deemed that NAF is at a high level in terms of “understanding environmental impact,” “environmental business,” and the “status of efforts for environmental conservation measures.”

