SUSTAINABILITY-RELATED DISCLOSURE

Product name: Mitsui Fudosan Accommodations Fund Inc.

Mitsui Fudosan Accommodations Fund Inc. ("MAF") promotes environmental or social characteristics, but does not have as its objective a sustainable investment within the meaning of Article 9(1) of Regulation (EU) 2019/2088 ("SFDR"). MAF has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan and relies on Mitsui Fudosan Accommodations Fund Management Co., Ltd. (the "Asset Manager"), to manage and operate the properties in MAF's portfolio. MAF and the Asset Manager are hereinafter referred to collectively as "we," "us" or "our."

Summary

No sustainable investment objective	The financial products offered by MAF promote environmental or social characteristics, but do not have as their objective sustainable investment.
Environmental or social characteristics of the financial product	As we increasingly confront environmental issues such as climate change and socio-structural changes in Japan such as a shrinking and rapidly-aging population due to declining birthrates, ESG initiatives have become essential to our asset management activities and achieving sustainable growth. In April 2016, we established a Sustainability Policy in line with the environmental policy and policy for social contribution initiatives of the Mitsui Fudosan Group, to which we belong. Since then, we have implemented various environmental, social and governance ("ESG") initiatives. In addition, to contribute to the United Nations' Sustainable Development Goals ("SDGs"), in February 2020, we identified for ourselves a set of material ESG issues that we believe must be addressed to meet global standards. Accordingly, we implement various environmental or social initiatives, as further described below.
Investment strategy	MAF invests directly or indirectly through trust beneficiary interests in real estate and real estate-related assets. Therefore, investment strategy and due diligence review (including the assessment of good governance practices) in relation to investee companies are not applicable. The investment strategy and due diligence policies as described below are related to real estate and real estate-related assets. MAF invests in "accommodation assets", which include rental apartments, dormitories, serviced apartments, senior residential properties, corporate housing and hotels(including private lodging); in particular, MAF's current investments are focused on newly developed residential properties that address ongoing social and lifestyle changes. We believe that being responsive to the diverse needs and desires of residents and others users of MAF's properties, and their satisfaction with the space and time of their stay, contributes to maximizing the value of MAF's properties. As further described below, we give significant consideration to ESG factors in our investment and asset management processes, and have established a green finance framework.
Proportion of investments	MAF offers financial products which promote environmental or social characteristics but does not have sustainable investments as its objective. As of August 31, 2026, 33.5 % of the properties in the portfolio were qualified as "eligible green assets" (as defined below), and 66.5 % were not, in each case based on gross floor area. Our target is to increase the number of eligible green assets by one each year. We have set a goal of increasing the percentage of

	eligible green assets in MAF's portfolio to 40% based on gross floor area by 2030.
Monitoring of environmental or social characteristics	In order to periodically monitor and track our performance on environmental or social characteristics, we use the initiatives and indicators such as (i) environmental certification of properties.; (ii) tracking of environmental performance data; (iii) ESG assessment; and (iv) assurance of environmental performance data, each as further described below.
Methodologies	The Asset Manager has established internal rules for promoting sustainability for the sake of implementing the Sustainability Policy. Based on these rules, the President & CEO of the Asset Manager 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 Manager has established the Sustainability Promotion Office, which is composed of four general managers from each team of the Asset Manager and personnel appointed by the four general managers. It serves as a body for setting objectives and formulating implementation plans concerning MAF's promotion of sustainability. Objectives and implementation plans are initially formulated by the Sustainability Promotion Office, and deliberated and decided upon at the Investment Committee, which includes the Asset Manager's President & CEO serving as the ultimate decision maker. Once finalized, the objectives and implementation plans are shared by the Sustainability Promotion Office with all of the officers and employees of the Asset Manager. The Sustainability Promotion Office reports to the Investment Committee once a year, in principle, regarding the objectives and progress achieved in carrying out the implementation plans. In addition, the objectives and progress of the implementation plans are subject to a management review by the Asset Manager, which in turn is reported to the Board of Directors of MAF. The Asset Manager used the methodologies as described below to monitor and track our key ESG indicators such as (i) environmental certification of properties.; (ii) tracking of environmental performance data; (iii) ESG assessment; and (iv) assurance of environmental performance data, each as further described below.
Data sources and processing	As further described below, the Asset Manager obtains certain ESG-related data from tenants, property management companies, third-party consulting firms and issuers of environmental certifications, depending on the type of data. In addition, the Asset Manager seeks to ensure data accuracy and quality by coordinating with relevant departments within the Asset Manager and obtaining an assurance report regarding certain ESG data from an independent third-party accounting firm.
Limitations to methodologies and data	As further described below, the primary limitation to the methodology or data source is the necessity of our reliance on the tenants and property management companies for raw data at the property level. Data at the portfolio level are compiled internally at the Asset Manager. To ensure the accuracy of compiled data at the portfolio level, we have engaged an independent third-party accounting firm which has provided an assurance report regarding the accuracy and quality of certain parts of the compiled annual data at the portfolio level in accordance with our own criteria and methodologies. However, the assurance report does not provide independent verification of accuracy of raw data at the property level and the challenges associated with our reliance on the tenant and property management companies for raw data at the property level remain.

	Limitations to the methodology and data are not expected to affect the attainment of the environmental or social characteristics promoted by MAF in any material way.
Due diligence	Prior to our investment in a property, the Asset Manager conducts due diligence on the property, including not only profitability but also ESG-related features. With each acquisition opportunity, we review findings of due diligence on the property and take into account the acquisition of environmental certifications or future potential to obtain them and energy efficiency assessment.
Engagement policies	We do not generally consider investing in properties that are designated as contaminated areas that require government notification under the Soil Contamination Countermeasures Act of Japan or that do not otherwise meet our environmental standards based on their history of land usage and soil contamination assessment by experts and examination of presence of harmful substances, unless appropriate measures are taken under the Soil Contamination Countermeasures Act or we conclude, after appropriate due diligence review, that any health or other ESG risk is limited. We also review whether the property we may acquire is compliant with applicable law. When investing in properties using proceeds from our ESG financing, we do not consider properties that do not meet the criteria under our Green Finance Framework and do not qualify as eligible green assets for MAF's investment. We have set a goal of increasing the percentage of eligible green assets in MAF's portfolio to 40% based on gross floor area by 2030.
Designated reference benchmark	MAF has no benchmark index designated as a reference benchmark to meet the environmental or social characteristics promoted by MAF.

No sustainable investment objective

The financial products offered by MAF promote environmental or social characteristics, but do not have as their objective sustainable investment.

Environmental or social characteristics of the financial product

MAF invests in "accommodation assets", which include rental apartments, dormitories, serviced apartments, senior residential properties, corporate housing and hotels(including private lodging); in particular, MAF's current investments are focused on newly developed residential properties that address ongoing social and lifestyle changes. By region, approximately 80 percent of MAF's properties are in the 23 wards of Tokyo.

As we increasingly confront environmental issues such as climate change and socio-structural changes in Japan such as a shrinking and rapidly-aging population due to declining birthrates, ESG initiatives have become essential to our asset management activities and achieving sustainable growth. In April 2016, we established a Sustainability Policy in line with the environmental policy and policy for social contribution initiatives of the Mitsui Fudosan Group, to which we belong. Since then, we have implemented various environmental, social and governance ("ESG") initiatives. In addition, to contribute to the United Nations' Sustainable Development Goals ("SDGs"), in 2020, we identified for ourselves a set of material ESG issues that we believe must be addressed to meet global standards.

MAF has no benchmark index designated as a reference benchmark to meet the environmental or social characteristics promoted by MAF.

We implement various environmental initiatives at MAF's properties including the following.

- *Addressing climate change.* We aim to reduce CO_2 emissions intensity of common areas of MAF's properties by 50% by 2030 from the level in 2015. We also aim to maintain water consumption intensity of common areas of MAF's properties at the level in 2015 through 2030.

- *Energy saving and reduction of CO_2 emissions.* We seek to reduce CO_2 emissions with measures that promote efficient use of energy in asset management activities, including installment of energy-saving equipment at MAF's properties. These measures include monitoring and management of energy consumption (including electricity consumption) and CO_2 emissions in the common areas of our residential properties, installment of energy-efficient equipment, such as LED lighting in the common areas of MAF's properties, and improvement of air-conditioning systems. We have steadily installed LED lighting in the common areas of MAF's properties to promote energy-saving and reduce CO_2 emissions.

- *Preserving water environment and promoting resource saving and waste reduction.* We aim to preserve our water environment with water saving initiatives and water-saving devices. We also promote reduction of harmful substances, resource saving, and waste reduction. We are trying to reduce water usage in common areas and provide tenants with information on waste separation rules set by the government so that resources can be recycled efficiently.

- *Introduction of renewable energy.* We utilize renewable energy from solar panels.

- *Collaboration with the Asset Manager and tenants.* We outsource property management of MAF's properties to Mitsui Fudosan Residential Lease Co., Ltd. (the "Property Manager"), which observes the Mitsui Fudosan Group's environmental policy and collaborates with us in implementing environmental initiatives. Through this collaboration, we have raised tenants' awareness of environmental issues by providing tenants with energy saving techniques with guidebooks and other information available on our website, and have implemented other measures to reduce the environmental load of MAF's properties. Also, under lease agreements with our tenants of rental apartments, we require the tenants to save energy and water to mitigate the burden on the environment.

- *Environmental consideration in supply chain.* We promote sustainability throughout our supply chain by reviewing our suppliers' environmental and social initiatives and conduct periodic review of the status of such initiatives. Specifically, we evaluate the Property Manager once a year to confirm if the Property Manager has an organizational structure to carry out its property management business appropriately. We review our business partners once a year to ensure that they are not using any child labor and that they are not engaged in any unfair transaction.

- *Rules concerning structure for promotion of sustainability.* To make sustainability efforts practicable, the Asset Manager has established basic policies and specific procedures for continuous monitoring and reduction of energy consumption, greenhouse gas emissions, water consumption and waste, as well as basic policies and specific procedures for cooperation (e.g., green procurement) with third parties on sustainability matters.

- *Purchase of Non-Fossil Fuel Energy Certificates*. During the fiscal period ended August 31, 2026, we purchased the non-fossil fuel energy certificates through ITOCHU ENEX CO., LTD. in order to offset electricity consumption from non-renewable sources in common areas of MAF's properties.

We implement various social initiatives at the Asset Manager and MAF's properties including the following.

- *Initiatives for the Asset Manager's employees.* The Asset Manager recognizes the value of its human resources and has implemented initiatives for its employees:

- *Support for acquisition of qualification*: The Asset Manager encourages acquisition of various qualifications related to its business (related to real estate, accounting, and securitization) and offer subsidies to its employees to help them acquire qualifications;

- *Support for education and training*: The Asset Manager encourages and supports its employees to participate in a variety of internal and external education and training sessions;

- *Goal-setting and performance evaluation*: During each fiscal year, the Asset Manager works with each employee to help them set their goals, check on progress from time to time during the year, and evaluates them against those goals at the end of the year. The transparency of this system has contributed to effective communication between supervisors and subordinates. The Asset Manager's performance evaluation system evaluates each employee from a range of perspectives, including their sustainability efforts;

- *Periodic physical examinations*: The Asset Manager requires and pays for its employees' periodic physical exams, and subsidize influenza vaccinations. It has also established a program for older employees that allows them to take time off from work for comprehensive physical exams, which it subsidizes;

- *Supporting employees to achieve work-life balance*: Every month, managers have a debriefing session to report the paid holiday acquisition rate of each department to make it easier to take a paid holiday. The Asset Manager also has adopted childcare leave, nursing care leave and other special leave to ensure that employees can take time off for reasonable personal reasons;

- *Support for childcare and nursing care*: The Asset Manager has established the following benefits to support the work-life balance for employees with children or employees who are caregivers for family members: childcare/caregiver leave programs, time off for sick/injured children or those being cared for, and reduced working hours during childcare and nursing care.

- *Introduction of system for remote work:* The Asset Manager has introduced flexible work schedule and remote work policy to support the work-life balance of individual officers and employees, and to improve the work level and productivity of the organization and each individual so that it can make further progress as an asset management company.

- *Introduction of Cumulative Investment Program:* A cumulative investment program was introduced to further raise awareness of the need to improve the performance of MAF, contribute to the improvement of medium- to long-term unitholder value of MAF, and enhance the welfare of the employees of the Asset Manager by having employees of the Asset Manager hold the investment units of MAF,

- *Periodic employee survey*: The Asset Manager conducts an employee survey every year to measure employees' satisfaction levels with respect to their office environment, including amenities, and to maintain and enhance their health. The Asset Manager has implemented the following measures to address issues raised by employees in the survey:

    - Shared office usage system: The Asset Manager has partnered with Mitsui Fudosan Co., Ltd. to enable its employees to use the shared offices operated by Mitsui Fudosan Co. to create a suitable environment for work outside the head office at any time. The shared offices are not only in Tokyo but all over Japan, and our employees can choose any offices;

    - Digitization of certain accounting-related work to make it easier to work from home; and

- Increasing the number of internet providers to stabilize our online work environment;
- Introduction of defined contribution pension plan (DC) system
- Collaboration with companies providing employee benefit services

  - *Establishing rules on respect for human rights, anti-discrimination and anti-harassment*: All of the Asset Manager's employees are required to watch a human rights training video every year to enhance their understanding of human rights;

  - *Consultation with the Compliance Officer*: The Asset Manager allows employees to consult directly with the Chief Compliance Officer directly or outside consultants when they become aware of any compliance problem. The Chief Compliance Officer or the outside consultants, as the case may be, are required to keep such communication confidential, except that they are allowed to consult each other. They investigate the facts of each case, report to the President, responsible officers and/or report to the Compliance Committee as needed, and give feedback to the employee. Employees are protected under the Whistleblower Protection Act of Japan, and may not be treated unfavorably by the Company for the fact of making such consultations; and

- *Improving tenant satisfaction.* The Asset Manager strives to improve the security, safety, and comfort of MAF's properties and continuously improve tenant satisfaction by investing in high-quality rental apartments, renovating common areas, providing security and safety and conducting tenant satisfaction surveys. For example, we collaborate with the Property Manager in the following initiatives to improve security and safety for tenants.

  - An around-the-clock, toll-free number exclusively for tenants to report problems regarding buildings such as water leakage; and

  - Proactively providing security and safety information to tenants with disaster-response handbooks and a website with information on local governments and disaster prevention measures to help tenants them prepare for earthquakes and other disasters.

- *Supply chain initiatives.* We promote sustainability throughout our supply chain by reviewing our suppliers' environmental and social initiatives and conduct periodic review of the status of such initiatives. Furthermore, the Property Manager, with a strong sense of social responsibility, has a basic policy of prioritizing business continuity and fast restoration of buildings in times of disasters. In August 2016, the Property Manager received the "Resilience Certification" from the Japanese Cabinet Secretariat, which was awarded to us for (i) having a business continuity plan; (ii) having had no scandals; and (ii) promotion of employee social contribution activities.

- *Contribution to local community*. We contribute to the vitalization and development of local communities where MAF's properties are located. For example, we have proactively participated in activities organized by MAF's properties' management associations, such as disaster prevention events. We have installed bicycle-sharing ports at some of MAF's properties, thereby contributing to reduction of CO_2 emissions as well as promoting health. We provide financial support every year to the Canal Renaissance Program for Promoting Waterfront Vitalization by the Tokyo Metropolitan Government, in which the participants study the role and history of Shibaura Canal and Tokyo Bay.

- *Utilization of the Regional Revitalization Support Tax System (Corporate Version of the Hometown Tax Donation) by the Asset Manager.* Based on the recognition that the realization of a sustainable society is essential for the sustainable growth of MAF, we have been committed to contributing to the resolution of various social issues we face, including the reduction of

environmental impact, through diverse collaboration and cooperation with various entities in local communities here in Japan. We expect that the Asset Manager's contribution to the following local governments via the Regional Revitalization Support Tax System (Corporate Version of the Hometown Tax) made during the fiscal period ended February, 2026 will support the environmental and social activities promoted by local governments.

- Mikasa City in Hokkaido once prospered as a coal mining town. Today, in order to make effective use of the more than 700 million tons of coal reserves buried beneath the city, Mikasa City is promoting the Hybrid Underground Coal Gasification (H-UCG) Project. Under this project, CO2 generated in the process of burning coal to produce hydrogen is captured and permanently stored underground, thereby enabling the project as a whole to strive for net-zero CO2 emissions. Through this initiative, the city aims to realize a decarbonized society by producing and utilizing blue hydrogen energy that emits no CO2. The Asset Manager made this donation in the belief that these initiatives undertaken by Mikasa City, Hokkaido, would contribute to the SDGs, specifically Goal 7, “Affordable and Clean Energy,” and Goal 13, “Climate Action.”

- Minamisanriku Town in Miyagi Prefecture is a town rich in nature, located in the northeastern part of Miyagi Prefecture adjacent to Shizugawa Bay. The clear streams flowing from the surrounding mountains, most prominently Mt. Tabuse, have nurtured the bay’s rich seaweed beds and supported a diverse fishing industry, including the aquaculture of oysters, coho salmon, and wakame seaweed. However, most of these seaweed beds were washed away by the massive tsunami caused by the Great East Japan Earthquake, and some of them have yet to be restored. Under these circumstances, the town is undertaking a project aimed at restoring the seaweed beds through collaboration among the local fishery cooperative, private companies, students, and other stakeholders. The Asset Manager made this donation in the belief that these initiatives undertaken by Minamisanriku Town, Miyagi Prefecture, would contribute to the SDGs, specifically Goal 13, “Climate Action,” and Goal 14, “Life Below Water.”

Investment strategy

MAF invests directly or indirectly through trust beneficiary interests in real estate and real estate-related assets. Therefore, investment strategy and due diligence review (including the assessment of good governance practices) in relation to investee companies are not applicable. The investment strategy and due diligence policies as described below are related to real estate and real estate-related assets.

As mentioned above, MAF invests in “accommodation assets”, which include rental apartments, dormitories, serviced apartments, senior residential properties, corporate housing and hotels(including private lodging); in particular, MAF’s current investments are focused on newly developed residential properties that address ongoing social and lifestyle changes. We believe that being responsive to the diverse needs and desires of residents and others users of MAF’s properties, and their satisfaction with the space and time of their stay, contributes to maximizing the value of MAF’s properties.

In order to ensure that our asset management is sustainable while meeting the increasingly diverse needs and desires of MAF’s tenants, we established the Sustainability Policy in April 2016 to give significant consideration to ESG factors in our investment and asset management processes. In order to implement the sustainability policy, the Asset Manager has established the Sustainability Promotion Office, which generally holds meetings every quarter to set sustainability objectives and formulate implementation plans. Objectives and implementation plans formulated by the Sustainability Promotion Office are reviewed and

discussed at the Investment Committee, which includes the President & CEO of the Asset Manager, who is the ultimate decision maker on sustainability matters. The Sustainability Promotion Office is responsible for disseminating sustainability objectives and implementation plans throughout the organization. The Sustainability Promotion Office generally reports on the progress of objectives and implementation plans to the Investment Committee once a year and is evaluated by the Asset Manager's management.

We believe that our Green Finance Framework, under which we raise funds to be applied to green assets, strengthens our funding base by expanding the group of investors interested in ESG investments and financing. The key elements of our Green Finance Framework are as follows:

- *Use of proceeds*. We issue green bonds or obtain green loans (collectively referred to as "green finance") when we intend to use the proceeds toward funds for acquisition of an eligible green asset (defined below) or 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 have been or will be obtained ("eligible green assets").

    - 3, 4, or 5 Stars under the Development Bank of Japan's ("DBJ") Green Building certification,

    - 3 Stars, 4 Stars, or 5 Stars under the Building Energy-efficiency Labeling System ("BELS") certification＊,

    - B+, A, or S rank under the Comprehensive Assessment System for Built Environment Efficiency ("CASBEE") certification for Real Estate, or

    - Rating of an equivalent level to the above under another environmental certification

    ＊

    i）Heisei 28th standard: 3 Stars～5 Stars（Excludes existing nonconforming）

    ii) Reiwa 6th standard:

    ・Non-residential: level 4～ level 6

    ・Residential with renewable energy facilities: level 3～level 6

    ・Residential without renewable energy facilities: level 3～level 4

- *Process for project evaluation and selection*. The eligibility criteria are drafted by the Sustainability Promotion Office, which is made up of members from across different department of the Asset Manager, and are determined by the Investment Committee, the members of which include the President & CEO, the Chief Investment Officer, and the Chief Financial Officer of the Asset Manager. Projects for green finance are selected by the Sustainability Promotion Office based on the eligibility criteria followed by deliberation and approval by the Investment Committee.

- *Management of proceeds.* The upper limit for green finance is set at an amount calculated by multiplying total acquisition price of eligible green assets in MAF's portfolio by the ratio of interest-bearing debt to total assets ("eligible green debt") so that the total amount invested in eligible green assets does not exceed the amount of eligible green debt.

- *Reporting*. The following items will be disclosed on our website as at the end of February of each year so long as any amount raised through green finance has been invested in eligible green assets, and such assets remain in MAF's portfolio.

    - Total acquisition price of eligible green assets

- Ratio of interest-bearing debt to total assets
- Amount of eligible green debt
- Total amount invested in eligible green assets

Our Green Finance Framework received the highest rank "Green 1(F)" by Japan Credit Rating Agency, Ltd. ("JCR") on June 18, 2020 and on July 22, 2024. JCR evaluates green bond issuance or green loan borrowing policies for the purpose of ensuring compliance with the International Capital Markets Association's (ICMA) International Green Bond Principles, the Loan Market Association's Green Loan Principles or the Guidelines for Green Bonds established by the Ministry of the Environment of Japan.

We do not invest in investee companies and have therefore opted to provide information on the governance policies adopted by us and the Asset Manager. While there is no third-party rating used to assess our governance practices, we, along with the Asset Manager, have introduced the following measures to assess and enhance our governance systems:

- *Compliance.* In order to establish an appropriate management structure, the Asset Manager has appointed a full-time Chief Compliance Officer to head compliance operations and has also established a Compliance Committee, which, with the Chief Compliance Officer as its chairperson, deliberates on and approves conflict-of-interest transactions as well as important legal and other compliance matters.

- *Internal audits.* The Asset Manager's Chief Compliance Officer conducts internal audits throughout the company and its businesses to confirm whether the business and operation of each department is carried out appropriately and efficiently in accordance with applicable law as well as internal rules. The audit results are reported to the relevant departments audited and to the Compliance Committee and the Board of Directors.

- *Transparent and appropriate disclosure*. We make efforts to make our disclosure transparent to enable our unitholders to understand our businesses. We hold meetings with institutional investors using financial results briefing materials, and provide appropriate information to retail investors through seminars and other means to seek their understanding.

We also make the following ongoing disclosures related to our Green Finance Framework and Eligible Green Projects:

- We disclose the following information as of the end of each February on our website, as long as the any amount raised through green finance has been invested in eligible green assets, and such assets remain in MAF's portfolio.
    - Total acquisition price of eligible green assets
    - Ratio of interest-bearing debt to total assets
    - Amount of eligible green debt
    - Total amount invested in eligible green assets
- We also disclose the following matters on our website, as long as any amount raised through green finance has been invested in eligible green assets, and such assets remain in MAF's portfolio.
    - Green building certification (number of properties, floor area, and ratio of such assets based on floor area)

- Each eligible green asset's property name, certification type, rating, and green building certification (renewal) date
- Energy (electricity) consumption volume and intensity
- Energy-originated CO_2 emissions volume and intensity
- Water consumption volume and intensity

Proportion of investments

MAF offers financial products which promote environmental or social characteristics, but does not have sustainable investments as its objective. As of August 31, 2026, 33.5 % of the properties in the portfolio were qualified as eligible green assets, and 66.5 % were not, in each case based on gross floor area. Our target is to increase the number of eligible green assets by one each year. We have set a goal of increasing the percentage of eligible green assets in MAF's portfolio to 40% based on gross floor area by 2030.

Monitoring of environmental or social characteristics

We use the following indicators to measure the attainment of the environmental and social characteristics we promote.

- *Environmental certification of properties*. To track the environmental performance of MAF's properties, we rely on environmental certifications issued by third-party organization, such as the DBJ Green Building Certification, BELS certification, CASBEE certification and other equivalent environmental certifications. With respect to DBJ certifications, we consider a property to have sufficient environmental certification if it received three stars rating or higher out of DBJ's five-star ranking system. With respect to BELS certifications, we consider a property to have sufficient environmental certification if it received three stars rating or higher out of BELS' five-star ranking system. With respect to CASBEE certifications, we consider a property to have sufficient environmental certification if it received B+ Rank or higher out of the CASBEE ranking system featuring Rank S (excellent), Rank A (very good), Rank B+ (good), Rank B- (slightly inferior) and Rank C (inferior). As noted above, we consider MAF's properties that receive any such sufficient environmental certifications as "eligible green assets".

- *Tracking of environmental performance data.* The Asset Manager tracks and monitors data on energy consumption (including electricity consumption), CO_2 emissions and water consumption of the common areas of the residential properties in MAF's portfolio.

- *ESG assessment.* To track our ESG performance, we obtain third-party assessments, such as GRESB Real Estate Assessment ("GRESB"), which is an annual benchmarking assessment to measure the level of ESG integration achieved by real estate companies and funds. Launched in 2009 by a group of major European pension funds that played leading roles in launching Principles for Responsible Investment (PRI), the GRESB framework looks at the sustainability efforts of real estate companies and REITs, rather than at the property level.

- *Assurance of environmental performance data.* We have received an assurance report by Deloitte Tohmatsu Sustainability Co., Ltd., an independent third-party accounting firm, with respect to our environmental performance data, which include energy consumption, CO_2 emissions from energy consumption and water consumption, confirming that such data were prepared in accordance with our calculation and reporting standards and therefore that such data were reliable.

Methodologies

The Asset Manager has established internal rules for promoting sustainability for the sake of implementing the Sustainability Policy (https://www.naf-r.jp/english/esg/concept/sustainability-

management.html). Based on these rules, the President & CEO of the Asset Manager 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 Manager has established the Sustainability Promotion Office, which is composed of four general managers from each team of the Asset Manager and personnel appointed by the four general managers. It serves as a body for setting objectives and formulating implementation plans concerning MAF's promotion of sustainability. Objectives and implementation plans are initially formulated by the Sustainability Promotion Office, and deliberated and decided upon at the Investment Committee, which includes the Asset Manager's President & CEO serving as the ultimate decision maker. Once finalized, the objectives and implementation plans are shared by the Sustainability Promotion Office with all of the officers and employees of the Asset Manager. The Sustainability Promotion Office reports to the Investment Committee once a year, in principle, regarding the objectives and progress achieved in carrying out the implementation plans. In addition, the objectives and progress of the implementation plans are subject to a management review by the Asset Manager, which in turn is reported to the Board of Directors of MAF.

- *Environmental certification of properties*. In principle, the Financial Team under the Financial Division of the Asset Manager reports matters related to environmental certifications of properties to the Sustainability Promotion Office on a quarterly basis. The Sustainability Promotion Office is responsible for reviewing MAF's existing properties and selecting candidate properties for acquisition of environmental certifications. The Financial Team prepares, and the Sustainability Committee reviews and discusses, the reports on environmental certification documents and supporting materials to be submitted to the third-party issuer of the relevant environmental certification.

- *Tracking of environmental performance data.* The Asset Management Team under the Investment Division of the Asset Manager annually compiles and tracks data on energy consumption (including electricity consumption), CO_2 emissions and water consumption of the common areas of the residential properties at the portfolio level. At the property level, the property management companies monthly collect and report relevant data for each property, which are reviewed and compiled by the Asset Management Team, which in turn is reported to the Sustainability Promotion Office. The compiled annual data is disclosed on the website and our annual ESG Report we publicly disclose.

- *ESG assessment.* The Financial Team under the Financial Division of the Asset Manager oversees the assessment process for the GRESB Real Estate Assessment. The assessment process for the GRESB Real Estate Assessment involves submission of questionnaires by GRESB by July 1 of each year. The Financial Team oversees preparation of our responses to the GRESB questionnaires by engaging a third-party consulting firm. Based on the final results, the public disclosure report and other reports regarding the GRESB Real Estate Assessment issued by the GRESB secretariat, the Asset Manager analyzes the details of the final results, evaluates any room for future improvements and other data and formulates action plans for progressing sustainability and ESG targets with the assistance from a third-party consulting firm. In addition, MAF's GRESB rating and final results are disclosed on the website.

- *Assurance of environmental performance data.* To ensure data quality, the Asset Manager also obtains an assurance report regarding environmental performance data at the portfolio level from Deloitte Tohmatsu Sustainability Co., Ltd., an independent third-party accounting firm. Deloitte Tohmatsu Sustainability Co., Ltd. conducts onsite monitoring and checks the accuracy and reasonableness of data collection and aggregation methods.

Data sources and processing

We use the following data sources:

- *Environmental certification of properties*. At the property level, the property management companies initially collect and report relevant environmental performance data and supporting materials for each property that we target for obtaining environmental certification prior to our engagement with the third-party issuer of the relevant environmental certification at the request of the Asset Management Team under the Investment Division of the Asset Manager. The Asset Management Team reviews and compiles the relevant data and materials required by the third-party issuer of the relevant environmental certification both internally and externally by engaging a third-party consulting firm. The Financial Team under the Financial Division of the Asset Manager is in charge of submitting the relevant data and materials to the third-party issuer of the relevant environmental certification and implementing follow-up actions, if any.

- *Tracking of environmental performance data.* At the property level, the property management companies monthly collects and reports data on energy consumption (including electricity consumption), CO_2 emissions and water consumption of the common areas of the residential properties in MAF's portfolio to the Asset Management Team under the Investment Division of the Asset Manager, which in turn confirms the accuracy of the reported data internally. At the portfolio level, the Asset Management Team annually compiles and discloses the compiled annual data on the website.

- *ESG assessment.* Before we submit the responses to the questionnaires of the GRESB Real Estate Assessment, the property management companies initially collect the environmental performance data and supporting materials used for the responses at the property level. The Asset Management Team under the Investment Division of the Asset Manager reviews and compiles the relevant data and materials at the portfolio level with the assistance from a third-party consulting firm. The consulting firm also advises the Asset Manager on assessing and formulating prospects and action plans for future improvements.

- *Assurance of environmental performance data.* As noted elsewhere, the property management companies initially collect the environmental performance data and supporting materials at the property level. The Asset Management Team under the Investment Division of the Asset Manager reviews and compiles the relevant data and materials at the portfolio level, and submit them to Deloitte Tohmatsu Sustainability Co., Ltd., which in turn reviews and prepare the assurance report.

Limitations to methodologies and data

The primary limitation to the methodology or data source is the necessity of our reliance on the tenants and property management companies for raw data at the property level. Like many other real estate investment corporations and asset managers, we rely on raw data provided by the tenants and property management companies, and independent verification of accuracy of such raw data provided by the tenants and property management companies presents challenges.

Data at the portfolio level are compiled internally at the Asset Manager. To ensure the accuracy of compiled data at the portfolio level, we have engaged an independent third-party accounting firm which has provided an assurance report regarding the accuracy and quality of certain parts of the compiled annual data at the portfolio level in accordance with our own criteria and methodologies. However, the assurance report does not provide independent verification of accuracy of raw data at the property level and the challenges associated with our reliance on the tenant and property management companies for raw data at the property level remain.

Limitations to the methodology and data are not expected to affect the attainment of the environmental or social characteristics promoted by MAF in any material way.

Due diligence

Prior to our investment in a property, the Asset Manager conducts due diligence on the property, including not only profitability but also ESG-related features. With each acquisition opportunity, we

review findings of due diligence on the property and take into account the acquisition of environmental certifications or future potential to obtain them and energy efficiency assessment.

Engagement policies

We do not generally consider investing in properties that are designated as contaminated areas that require government notification under the Soil Contamination Countermeasures Act of Japan or that do not otherwise meet our environmental standards based on their history of land usage and soil contamination assessment by experts and examination of presence of harmful substances, unless appropriate measures are taken under the Soil Contamination Countermeasures Act or we conclude, after appropriate due diligence review, that any health or other ESG risk is limited. We also review whether the property we may acquire is compliant with applicable law.

When investing in properties using proceeds from our ESG financing, we do not consider properties that do not meet the criteria under our Green Finance Framework and do not qualify as eligible green assets for MAF's investment. We have set a goal of increasing the percentage of eligible green assets in MAF's portfolio to 40% based on gross floor area by 2030.

In addition, Mitsui Fudosan Residential Lease Co., Ltd., a property manager of MAF, includes certain information sharing and cooperation clauses in its standard lease agreement that require the tenants to make efforts and cooperate on environmental consideration.

Designated reference benchmark

MAF has no benchmark index designated as a reference benchmark to meet the environmental or social characteristics promoted by MAF.

REMUNERATION AND SUSTAINABILITY RISKS (SFDR ARTICLE 5 DISCLOSURE)

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

- Employees of the Asset Manager receive monthly remuneration based on job rank, and an employee's job rank is determined through a performance evaluation (generally conducted once a year) based on factors including individual performance, skills, ability, and in some cases, contribution to sustainability targets.

- Remuneration, methods of calculation and payment, timing of payment, and increases in remuneration are determined according to the Asset Manager's compensation rules, which are established based on statutory requirements.

- Employees receive remuneration that consists of monthly remuneration based on job rank, overtime allowance, twice-a-year bonus, and other allowances.

- Employees of the Asset Manager may receive twice-a-year bonuses, which are determined based on economic and market circumstances as well as the company's performance, including with respect to sustainability targets.

INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISIONS, AND THE IMPACT OF SUCH RISKS ON THE RETURNS OF MAF(SFDR ARTICLE 6 DISCLOSURE)

As described in further detail above, we have established the Sustainability Promotion Office, which generally meets once every three months to set objectives and formulate implementation plans concerning our promotion of sustainability. We identified for ourselves a set of material ESG issues through discussion at the Sustainability Promotion Office, and the material ESG issues identified were approved by the Investment Committee, which includes the President and CEO of the Asset Manager, who is a member of the Committee and the highest-level decision maker of the company. The material ESG issues have been communicated to all employees in the asset manager as well as board members in the investment committee. The material ESG issues are subject to periodical review and update to reflect changes in society and environment.

We have established an environment management system (EMS) and implements a PDCA (plan, do, check and act) cycle every year to manage the environmental load of MAF's portfolio and achieve our environmental targets. The sustainability risks of MAF's properties are periodically evaluated with the purpose of identifying and understanding the sustainability risks of MAF's properties. If significant sustainability risks are discovered based on the evaluation results, the office will propose improvement measures aimed at reducing such risks

Under this organizational structure, we have instituted a number of initiatives to promote the environmental and social characteristics. Such initiatives include climate change initiatives, initiatives for saving energy and reducing CO_2 emissions, and initiatives for employees' initiatives.

In order to conduct sustainable asset management while maximizing the value of MAF's properties, we have taken into consideration ESG factors in our investment and asset management processes. We also have established the Green Finance Framework in related to fund procurement.

While sustainability issues will severely impact our business activities, we believe that such issues may also become potential business opportunities to create new value for sustainable growth. Accordingly, we position our commitment to sustainability as a top priority in our management strategies. We also believe that integrating sustainability factors alongside traditional financial and operational metrics in our investment decision process helps us make a more holistic assessment of property's risks and opportunities and is commensurate with the pursuit of superior risk-adjusted returns.

Physical risks

The assets in which MAF invests are exposed to physical climate risks. These can manifest themselves through, for example, floods, storms, heat and limited access to natural resources. This can mean that the assets in which MAF invests become worth less. Specifically for MAF, the following risks are particularly relevant. The risks are assessed by the Task Force on Climate-Related Financial Disclosures ("TCFD") 4 ℃ scenario. More information, including risk analysis under different TCFD scenarios, can be found on the website: https://www.naf-r.jp/english/esg/environmental/climate-change.html.

Potential Changes in Business Environment	Emerging Risks	Our Understanding	Potential Countermeasures
Torrential rainfall, flooding due to nearby rivers overflowing and inland flooding	Reduced rental income due to lower occupancy rates Increased flood countermeasure costs	We assess such risk as large because territorial rainfall and flooding occur frequently in Japan and could affect the value of MAF's portfolio.	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	Increased repair costs and insurance premiums	We assess such risk as large because typhoons occur frequently in Japan and could affect the value of MAF's portfolio.	Same as above
Flooding of low-elevation properties, etc. due to rising sea level	Increased costs of countermeasures for high-water damage	We assess such risk as large because rising sea level is occurring and could affect the value of MAF's portfolio.	Same as above
Increase in high-water damage due to rise in abnormal weather, such as extremely hot or cold days	Increased air conditioner equipment maintenance and operation costs	We assess such risk as large because abnormal weather is increasing and could affect the value of MAF's portfolio.	Managing air conditioner equipment maintenance and operation costs

Transition risks

The assets in which MAF invests are exposed to physical transition risks. These can manifest themselves through, for example, changes in regulations, technical developments and/or social developments. Such developments may mean that the assets in which MAF invests become worthless. Specifically for MAF, the following risks are relevant. The risks are assessed by the TCFD 4 ℃ scenario. More information, including risk analysis under different TCFD scenarios, can be found on the website: https://www.naf-r.jp/english/esg/environmental/climate-change.html.

Potential Changes in Business Environment	Emerging Issues and Risks	Our Understanding	Potential Countermeasures
Increased GHG emission costs due to introduction of carbon tax	Increased operating costs due to introduction of carbon tax and increased carbon reduction costs to meet emission quotas Steep rise in current electricity prices due to carbon tax hikes	We assess such risks as small because the effects of such increased costs on MAF's portfolio would be limited.	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

			Sharing expertise across the Mitsui Fudosan Group
Tightening of environmental standards	Increased procurement and repair costs for buildings and equipment	We assess such risk as small because the effects of such increased costs on MAF's portfolio would be limited.	Same as above
Evolution and spread of renewable energy and energy-saving technologies	Increased costs of adapting to changing building specification requirements/standards as products created by technological revolution become more widespread 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	We assess such risk as small because the effects of such increased costs on MAF's portfolio would be limited, and in certain cases, view such risk as an opportunity to make investments in cost reduction.	Gathering information about new technologies and services and considering implementation policy Sharing expertise across the Mitsui Fudosan Group
Impact on real estate transaction markets	Lower values for properties with poor environmental performance (stranding of assets)	We assess such risk as small because decrease in value due to poor environmental performance would be limited.	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	Worse funding conditions due to climate change response being perceived as insufficient	We assess such risk as small because lack of action on climate change unlikely to worsen financing conditions.	Comprehensive climate-related financial information disclosure Ongoing implementation of green financing Pursuing the acquisition of environmental certifications (green building certifications, etc.)
Impact on rental housing markets	Avoidance of properties with poor environmental performance, leading to decreased demand	We assess such risk as small because disfavoring housings due to poor environmental performance is limited in rental housing markets.	Monitoring needs through tenant satisfaction surveys, etc. Considering energy-saving upgrades Pursuing the acquisition of environmental certifications (green building certifications, etc.)
Impact on operating costs	Increased running costs due to steep rise in energy prices Increased renewable energy costs due to changing energy mix	We assess such risk as small because the effects of such increased costs on MAF's portfolio would be limited.	Purchasing renewable energy (green power certificates, etc.)
Reduced brand reputation on financial and capital markets	Decreased investment unit value due to perceived passive response to climate change	We assess such risk as medium because investors increasingly are demanding more active responses to environmental issues and such perception may turn away environmentally focused investors.	Maintaining brand image by proactively pursuing initiatives aimed at a decarbonized society and robustly addressing climate change