

STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Product name: Japan Logistics Fund, Inc.

Legal entity identifier: 3538004KZWISCQO70151

The following is the adverse sustainability impact statement of Japan Logistics Fund, Inc. (“JLF”) pursuant to Regulation (EU) 2019/2088 (“SFDR”). JLF 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 & Co., Logistics Partners Ltd. (the “Asset Manager”), to manage and operate the properties in JLF’s portfolio. JLF and the Asset Manager are hereinafter referred to collectively as “we”, “us” or “our”. References to “fiscal year” or “FY” are to the 12 months began or beginning April 1 of the year specified in line with the fiscal year of the Asset Manager, unless noted otherwise.

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

1. Summary

Pursuant to Article 4 of the Delegated Regulation C(2022)1931 supplementing SFDR (the “SFDR Delegated Regulation”), JLF is required to publish on its website the information referred to therein covering the period of one calendar year. JLF is a Japanese real estate investment trust, commonly known as J-REIT, and has no employees, relying on the Asset Manager for the management and operation of its properties. The Asset Manager does not operate based on a calendar year, but operates based on fiscal year ending in March of every year. A recalculation and translation of the data into the reference period of one calendar year would most likely lead to inaccuracies and would therefore provide a potentially less accurate overview of the required information than using the approved and validated data for the period from April 1, 2024 to March 31, 2025. This reference period is sufficiently compatible with, and shows results that do not materially differ from, those that would be produced using the calendar year-based reference period noted in the SFDR Delegated Regulation.

We consider principal adverse impacts of our investment decisions on sustainability factors. The present statement is our consolidated statement on the principal adverse impacts on sustainability factors (“PAI”). This statement on PAI covers the reference period from April 1, 2024 to March 31, 2025. The statement will be reviewed at least once during every twelve-month period ending on March 31 of each year.

We believe that our sustainability initiatives are essential for our sustainable growth. We improve long-term returns of investors and contribute to the realization of sustainable society and urban development by implementing initiatives that address social issues. Under our sustainability policies and framework, we, in collaboration with the Asset Manager, take actions on climate change, including energy conservation, use of renewable energy, and being resilient in times of disasters.

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

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

2. Description of principal adverse sustainability impacts

Nearly all types of economic activity have the potential to impact various PAI indicators, both positively and adversely. We aim to manage the risk connected to PAI from our investment decisions in several ways, including general screening criteria, due diligence and our ESG initiatives. Some of the PAI indicators listed below are currently already being monitored and reported. As the availability of data improves, it is our intention that more indicators will be added.

Table 1

Principal adverse sustainability impacts statement

JLF does not invest in investee companies, but invests in real estate. As adverse sustainability indicators 1-16 as contained in Table 1 of Annex 1 of the SFDR Delegated Regulation pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.

		Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact in FY2024	Impact in FY2023	Impact in FY2022	Impact in FY2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	N/A	JLF does not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.	N/A
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	As of March 31, 2025, 1.1% of JLF's properties did not qualify as Eligible Green Assets (as defined to the right) based on leasable area. We consider properties other than Green	As of March 31, 2024, 11.7% of JLF's properties did not qualify as Eligible Green Assets (as defined to the right) based on leasable area. We consider properties other than Green	As of March 31, 2023, 21.3% of JLF's properties did not qualify as Eligible Green Assets (as defined to the right) based on leasable area. We consider properties other than Green	As of March 31, 2022, 31.1% of JLF's properties did not qualify as Eligible Green Assets (as defined to the right) based on leasable area. We consider properties other than Green	To track the environmental performance of JLF's properties, we use certifications issued by third-party organizations such as the Development	We adopt environmental measures such as LED installation and solar panel installation, and aim to acquire more certifications accordingly. We aim to increase the percentage of JLF's properties with environmental certifications based on leasable area to 90% by the end of FY2025.

			Eligible Assets to be “energy-inefficient real estate assets”.	Eligible Assets to be “energy-inefficient real estate assets”.	Eligible Assets to be “energy-inefficient real estate assets”.	Eligible Assets to be “energy-inefficient real estate assets”.	Bank of Japan’s Green Building Certification (“DBJ Certification”), Building Energy-efficiency Labeling System certification (“BELS Certification”), SMBC Sustainable Building Assessment Loan Program, Certification for Comprehensive Assessment System for Built Environment Efficiency (“CASBEE”) for Real Estate and Certification for CASBEE for New Construction. With respect to DBJ Certification, we consider a property to have sufficient environmental certification if it	
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							<p>received a 3-star ranking or higher out of DBJ certification's 5-star ranking system. With respect to BELS Certification, we consider a property to have sufficient environmental certification if it received a 3-star ranking or higher out of BELS Certification's 5-star ranking system and after April 2024, Levels 4 or higher out of BELS Certification's seven levels (levels 0-6) system. With respect to CASBEE, we consider a property to have sufficient environmental certification if it received a Rank B+ or higher out of the CASBEE</p>	
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							<p>ranking system for Real Estate or New Construction featuring Rank S (excellent), Rank A (very good), Rank B+ (good), Rank B- (slightly inferior) and Rank C (inferior). We consider JLF's properties that receive any such sufficient environmental certifications or equivalent level of environmental certifications, or have energy reduction rate of 30% or higher as "Green Eligible Assets".</p>	
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Table 2

Additional climate and other environment-related indicators

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

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)					Metric
Indicators applicable to investments in real estate assets						
Greenhouse gas emissions	18. GHG emissions					Scope 1 GHG emissions generated by real estate assets
	We monitor and track GHG emissions of the properties in JLF’s portfolio by estimating GHG emissions based on the energy consumption (including fuel and electricity consumption) of JLF’s properties (including properties that were sold or acquired during the relevant period) and the adjusted emissions coefficients published by the Ministry of the Environment of Japan, which we regularly check for updates. In addition, we started purchasing non-fossil fuel certificates in FY2022 in order to offset the estimated GHG emissions of JLF’s properties.					Scope 2 GHG emissions generated by real estate assets
						Scope 3 GHG emissions generated by real estate assets
						Total GHG emissions generated by real estate assets
	Based on this method, Scope 1, Scope 2, Scope 3 and total GHG emissions of the properties in JLF’s portfolio during FY2024, FY2023, FY2022 and FY2021 were:					
	GHG emissions	Unit	FY2024 ¹	FY2023 ¹	FY2022 ¹	FY2021 ¹
	Scope 1	(t-CO ₂)	0	0	0	0
	Scope 2	(t-CO ₂)	650	623	753	792
	Scope 3	(t-CO ₂)	25,496	24,360	27,205	28,400
	Total	(t-CO ₂)	26,146	24,983	27,958	29,192
(Note)						
(1) As noted above, we have purchased non-fossil fuel certificates to offset GHG emissions starting in FY2022. After offsetting the non-fossil fuel certificates purchased during FY2022, Scope 2 and Scope 3 GHG emissions for FY2022 were 0 t-CO ₂ and 27,195 t-CO ₂ , respectively. After offsetting the non-fossil fuel certificates purchased during FY2023, Scope 2 and Scope 3 GHG emissions for FY2023 were 0 t-CO ₂ and 24,359 t-CO ₂ , respectively. After offsetting the non-fossil fuel certificates purchased during FY2024, Scope 2 and Scope 3 GHG emissions for FY2024 were 0 t-CO ₂ and 25,496 t-CO ₂ , respectively						

	Our key performance indicator (“KPI”) target is to reduce Scope 1 and 2 GHG emissions by 42% by FY2030 compared to the levels in FY2021 and to achieve carbon neutrality by FY2050.																			
Energy consumption	<p>19. Energy consumption intensity</p> <p>We monitor and track energy consumption (including fuel and electricity consumption) of JLF’s properties (including properties that were sold or acquired during the relevant period). We also monitor and track energy consumption intensity based on gross floor area of JLF’s properties by factoring in the annual average occupancy rate.</p> <p>Based on this method, energy consumption and energy consumption intensity of the properties in JLF’s portfolio during FY2024, FY2023, FY2022 and FY2021 were:</p> <table><tr><th>Item</th><th>Unit</th><th>FY2024</th><th>FY2023</th><th>FY2022</th><th>FY2021</th></tr><tr><td>Total energy consumption</td><td>(MWh)</td><td>61,519</td><td>62,610</td><td>64,231</td><td>68,894</td></tr><tr><td>Energy consumption intensity</td><td>(MWh/m²)</td><td>0.041</td><td>0.041</td><td>0.043</td><td>0.046</td></tr></table>	Item	Unit	FY2024	FY2023	FY2022	FY2021	Total energy consumption	(MWh)	61,519	62,610	64,231	68,894	Energy consumption intensity	(MWh/m ²)	0.041	0.041	0.043	0.046	Energy consumption in MWh of owned real estate assets per square meter
Item	Unit	FY2024	FY2023	FY2022	FY2021															
Total energy consumption	(MWh)	61,519	62,610	64,231	68,894															
Energy consumption intensity	(MWh/m ²)	0.041	0.041	0.043	0.046															

Table 3

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

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

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to the Asset Manager or tenants		
Social and employee matters	<p>5. Lack of grievance/complaints handling mechanism related to employee matters</p> <p>The Asset Manager has a grievance/complaints handling mechanism for all employees.</p> <p>The Asset Manager has established a hotline for employees which allows them to consult not only with a compliance officer, but also anonymously with outside counsel. All employees of the Asset Manager can report through the hotline a range of matters such as legal violation, violation of human rights, corruption, bribery and harassment through the hotline. Reported matters are promptly addressed and measures are taken to prevent recurrence under the CEO's supervision.</p> <p>At all of our properties, a grievance/complaints handling system has been established to allow tenants to report their complaints to the Asset Manager through the property manager. More Specifically, under consignment contract made between the Asset Manager and the property manager, the property manager is responsible for acting as a contact point for daily complaints from tenants and reporting such complaints to the Asset Manager, and is obliged to submit a monthly report regarding tenant management to the Asset Manager.</p>	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters

For descriptions of actions which JLF takes and will take with respect to the PAI indicators, please refer to our ESG website with respect to JLF: <https://8967.jp/en/esg/index.html>

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

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

Prior to our investment in a property, we conduct due diligence review of the property, including ESG due diligence, which includes selected PAI indicators. The due diligence findings related to selected PAI indicators are reported and reviewed prior to the investment decision.

The Asset Manager tracks and monitors on an ongoing basis consumption of energy, greenhouse gas emission and water consumption at our portfolio properties. The Asset Manager's Sustainability Promotion Liaison Meeting uses the data to assess progress made on against targets, discuss with President, Representative Director and CEO and the Board of Directors of the Asset Manager, and deliberate on necessary action plans every year.

For further information, please refer to our ESG website: <https://8967.jp/en/esg/index.html>

4. Engagement policies

Due diligence and screening

The Asset Manager considers principal adverse impacts of its investment decisions on sustainability factors, including those listed above. JLF and the Asset Manager believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact to risk and value creation for our unitholders. To this end, JLF and the Asset Manager consider the principal adverse impacts of our investment decisions on sustainability factors throughout all major steps of the investment decision and management process throughout the lifecycle of our portfolio properties.

At the properties we operate, we set numerical targets and monitor the amount of greenhouse gas emissions within the property in order to reduce our environmental burden.

Engagement

We have entered into “green leases” with some tenants, which require tenants to cooperate with us on taking environmentally-friendly actions. 73.3% of JLF's properties (by leasable area) were subject to green leases as of March 31, 2025. We aim to increase the proportion of JLF's properties covered by green leases, based on leasable area, to 75% or higher by the end of FY2025 as the short-term target KPI and by the end of FY2030 as the mid-term target KPI.

We have established requirements for property managers in areas such as corporate ethics, human rights, and industrial health and safety, and we monitor their compliance with these requirements.

5. References to international standards

The Asset Manager has adopted the recommendations of the Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board.

6. Historical comparison

See Table 1 and Table 2 above.