



December 6, 2019

For immediate release

Real Estate Investment Trust Securities Issuer:
ITOCHU Advance Logistics Investment Corporation
3-6-5 Kojimachi, Chiyoda-ku, Tokyo, Japan
Representative: Junichi Shoji, Executive Director
(Securities Code: 3493)

Asset Management Company:
ITOCHU REIT Management Co., Ltd.
Representative: Junichi Shoji, Representative Director,
President & CEO
Inquiries: Keiichi Yoshida, Director and CFO
TEL: +81-3-3556-3901

Amendment: Notice Concerning Amendment to “Notice Concerning Issuance of Investment Corporation Bonds (Green Bonds) and Prepayment of Loan”

ITOCHU Advance Logistics Investment Corporation (“IAL”) announces that there has been certain information not indicated in the “Notice Concerning Issuance of Corporation Bonds (Green Bonds) and Prepayment of Loan” released today, and hereby amends the previous release by adding such information as indicated below (with amended portions underlined). Please refer to attachment hereof for the full version of the amended release

Details of Amendment

<Before amendment>

- (12) Interest payment date : June 12 and December 12 of each year, or if such date falls on a bank holiday, the immediately preceding bank business day
- (13) Credit rating : A+ (Japan Credit Rating Agency, Ltd. (JCR))
- (14) Financial covenant : Negative pledge clause is attached.
- (15) Fiscal agent, issuing agent and paying agent : Sumitomo Mitsui Trust Bank, Limited.
- (16) Underwriters : Mizuho Securities Co., Ltd.
SMBC Nikko Securities Inc.
Daiwa Securities Co., Ltd.,

<After amendment>

- (12) Redemption method and date : The total amount of the Green Bonds will be redeemed on December 12, 2024. Redemption by purchase will be available any time on and after the following days of the payment dates except for the case separately determined by the depository.
- (13) Interest payment date : June 12 and December 12 of each year, or if such date falls on a bank holiday, the immediately preceding bank business day
- (14) Credit rating : A+ (Japan Credit Rating Agency, Ltd. (JCR))
- (15) Financial covenant : Negative pledge clause is attached.
- (16) Fiscal agent, issuing agent and paying agent : Sumitomo Mitsui Trust Bank, Limited.
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IAL’s corporate website: <https://www.ial-reit.com/en/>



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Notice Concerning Issuance of Investment Corporation Bonds (Green Bonds) and Prepayment of Loan

ITOCHU Advance Logistics Investment Corporation (“IAL”) announces that it resolved today to issue investment corporation bonds (green bonds; hereinafter referred to as the “Green Bonds”) as notified in the “Notice Concerning Filing of Revised Shelf Registration Statement for Green Bond Issuance” dated November 22, 2019, and to prepay a portion of its loans using proceeds from the Green Bonds and cash on hand (“Prepayment”), as follows:

1. Details of the Green Bonds

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|------|--|---|--|
| (1) | Name of the Green Bonds | : | ITOCHU Advance Logistics Investment Corporation 1st Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds) (titled “IAL Green Bonds”) |
| (2) | Total issue amount | : | JPY 1,500 million |
| (3) | Form of bond certificate | : | In accordance with the provisions of the Act on Book Entry of Corporate Bonds and Shares of Japan, bond certificates will not be issued for the Green Bonds. |
| (4) | Issue price | : | 100 yen per face value of 100 yen |
| (5) | Redemption price | : | 100 yen per face value of 100 yen |
| (6) | Interest rate | : | 0.300% per annum |
| (7) | Denomination price | : | JPY 100 million |
| (8) | Offering method | : | Public offering |
| (9) | Subscription date | : | Friday, December 6, 2019 |
| (10) | Payment date | : | Thursday, December 12, 2019 |
| (11) | Collateral | : | The Green Bonds are unsecured and unguaranteed, and there is no asset particularly secured for the Green Bonds. |
| (12) | Redemption method and date | : | The total amount of the Green Bonds will be redeemed on December 12, 2024. Redemption by purchase will be available any time on and after the following days of the payment dates except for the case separately determined by the depository. |
| (13) | Interest payment date | : | June 12 and December 12 of each year, or if such date falls on a bank holiday, the immediately preceding bank business day |
| (14) | Credit rating | : | A+ (Japan Credit Rating Agency, Ltd. (JCR)) |
| (15) | Financial covenant | : | Negative pledge clause is attached. |
| (16) | Fiscal agent, issuing agent and paying agent | : | Sumitomo Mitsui Trust Bank, Limited. |
| (17) | Underwriters | : | Mizuho Securities Co., Ltd.
SMBC Nikko Securities Inc.
Daiwa Securities Co., Ltd., |

2. Reasons for the issuance

IAL and its asset manager, ITOCHU REIT Management Co., Ltd. (“IRM”) aims to achieve environmental, social, and governance (ESG) -focused asset management, thereby increasing unitholders’ value over the mid- to long-term.

To that end, IAL and IRM has established the “Basic Sustainability Policy” (as announced on IAL’s website on January 24, 2019) as well as the Sustainability Committee for executing such policy, and in accordance with the policy, ensure that sustainability-related initiatives are practiced organizationally, and have been investing in and managing logistics facilities that excel in environmental footprint reduction and disaster resilience.

Against such backdrop, IAL and IRM have decided to issue the Green Bonds with aims to use the proceeds for carrying out sustainability-promoting initiatives in line with the aforementioned “Basic Sustainability Policy,” as well as to proactively recognize the required level of ESG practice through dialogs with various investors and apply such knowledge to asset management strategy.

3. Amount of funds to be raised, use of proceeds and scheduled timing of expenditure

(1) Amount of funds to be raised (estimated net proceeds)

¥1,485 million

(2) Specific use of funds to be procured and scheduled expenditure date

Under the Green Financing Framework (as explained in “4. Eligibility as a green bond” below) , IAL will use the full amount of estimated net proceeds of 1,485 million yen (calculated by deducting roughly-estimated issuance costs of 15 million yen from paid-in amount of 1,500 million yen) on December 12, 2019, for prepayment of its loan (including its refinanced loan) that was borrowed for acquisition of i Missions Park Inzai, which meets the criteria of green eligible assets (as defined in “4. Eligibility as a green bond” below).

Name of property	Obtained certification	Rank
i Missions Park Inzai	DBJ Green Building Certification (Note 1)	Five-star (the highest rank): ★★★★★
	BELS (Note 2)	Five-star (the highest rank): ★★★★★

(Note 1) The DBJ Green Building certification system was established by the Development Bank of Japan Inc. (“DBJ”) in April 2011 to offer support to environmentally and socially conscious real estate properties—Green Buildings. In addition to the environmental performance of the properties covered, the comprehensive evaluation also considers their response to a wide range of stakeholders, including disaster preparedness and support for communities. Based on this evaluation, real estate properties that respond to the needs of society and the economy are evaluated and certified as a way of supporting their initiatives

For more information, please visit the website operated jointly by DBJ and the Japan Real Estate Institute (JREI) (<http://igb.jp/en/>).

(Note 2) BELS, or Building-Housing Energy-efficiency Labeling System, is a Japanese third-party evaluation / labeling system established in October 2013 for the purpose of ensuring appropriate and accurate third-party evaluation and labelling of buildings’ energy-efficiency under the guideline established by the Ministry of Land, Infrastructure, Transport and Tourism.

4. Eligibility as a green bond

In preparation for green financing, including issuance of green bonds, IAL has established a “Green Financing Framework” (“IAL Green Financing Framework”) pursuant to the “Green Bond Principle 2018,” “Green Bond Guideline 2017,” and “Green Loan Principles,” and had the framework evaluated by a third-party institution, the Japan Credit Rating Agency, Ltd. (“JCR”) and received the highest “Green 1 (F)” status in the “JCR Green Finance Framework Evaluation” (Note 3). Furthermore, with respect to IAL’s obtainment of third-party evaluation for IAL Green Financing Framework, JCR, who serves as an issuance supporter for the Green Bonds, has been notified by the Green Finance Organization of its decision to grant subsidy under the “FY2019 Financial Support Program for Green Bond Issuance” promoted by the Ministry of the Environment of Japan.

The proceeds from green financing will be applied, in its entirety, to costs of acquisition of, repayment of loans borrowed for acquisition of, or redemption of investment corporation bonds issued for acquisition of, green eligible assets.

The green eligible assets are selected from assets for which IAL has obtained or plans to obtain one or more of the

following third-party certifications:

- (i) 5 or 4 stars of the DBJ Green Building Certification;
- (ii) S or A rank of CASBEE (Comprehensive Assessment System for Built Environmental Efficiency) (Note 4); and
- (iii) 5 or 4 stars of BELS (Building-Housing Energy-efficiency Labelling System)

(Note 3) “JCR Green Finance Framework Evaluation” is a third-party evaluation which is carried out by JCR on the issuer’s or borrower’s policy for green financing (i.e., issuance of green bonds or receipt of green loans) in light of the Green Bond Principles established by the International Capital Market Association (ICMA), the Green Bond Guidelines 2017 established by the Ministry of the Environment of Japan, and the Green Loan Principles established by the Loan Market Association (LMA) and the Asia Pacific Loan Market Association (APLMA). In the evaluation, JCR evaluates the greenness of a given finance by judging whether the use of proceeds as described in the issuer’s or the borrower’s green financing policy qualifies as a green project, as well as evaluates the management, operation and transparency of the issuer or the borrower. The results of the JCR Green Finance Framework Evaluation are determined by comprehensively taking into account these evaluations, and are indicated with (F) at the end to distinguish themselves from evaluation results on individual bonds and loans. The result of the JCR Green Finance Framework Evaluation for IAL Green Financing Framework is disclosed on the JCR website: <https://www.jcr.co.jp/en/greenfinance/>

(Note 4) CASBEE is a set of tools to evaluate and rate buildings and built environments, which is widely applied in Japan and supported by national and local governments. For more details, please refer to CASBEE website: <http://www.ibec.or.jp/CASBEE/english/index.htm>

5. Investors who declared intention to invest in the Green Bonds

Listed below are investors to date who have declared their intention to invest in the Green Bonds and agreed to disclose their names (listed in alphabetical order):

- Daitokyo Shinyokumiai
- GUMMAMIRAI Shinkumi Bank
- KANONJI SHINYO KINKO
- LIFENET INSURANCE COMPANY
- TETSUDOKOSAIKAI FOUNDATION
- The Sugamo Shinkin Bank
- The Toa Reinsurance Company, Limited.

6. Details of the Prepayment

- (1) Date of the Prepayment : December 12, 2019
- (2) Amount of the Prepayment : 1,500 million yen
- (3) Source of the funds for the Prepayment : Funds procured by issuance of the Green Bonds as well as cash on hand

7. Details of bank loans subject to the Prepayment

Category (Note 5)	Lender	Borrowing Amount (Millions of yen)	Interest Rate	Borrowing Date	Borrowing Method	Repayment Date	Repayment Method	Collateral
Short-term	Sumitomo Mitsui Banking Corporation	500	Base interest rate + 0.15%	Sept. 9, 2019	Loan agreements executed on Sept. 5, 2019, with the lenders shown at left	Aug. 31, 2020	Full payment upon maturity	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.	500						
	Sumitomo Mitsui Trust Bank, Limited	500						
Total		1,500	—	—	—	—	—	—

(Note 5) “Short-term” refers to debt maturing within one year from the borrowing date.

(Note 6) For details of the bank loans, please refer to our press release entitled “Notice Concerning Borrowing of Funds and Repayment of Debt” dated September 5, 2019.

8. Loan status after the issuance of the Green Bonds and the Prepayment

(Millions of yen)

	Before execution	After execution	Increase/Decrease
Short-term debt	1,500	0	(1,500)
Long-term debt	22,440	22,440	0
Total amount of debt	23,940	22,440	(1,500)
Investment corporation bonds	0	1,500	1,500
Total interest-bearing debt	23,940	23,940	0

(Note7) “Short-term loans” refers to loans with a maturity of no more than one year from today, and “long-term loans” refers to loans with a maturity of over one year from today.

9. Reporting concerning the Green Bonds

IAL will disclose the status of use of the proceeds from green financing on its website and update the status on an annual basis until the entire amount of proceeds are applied, or so long as any of the proceeds are outstanding. In addition, IAL will report, on an annual basis, the total value of green assets, amount of green eligible liabilities (which is calculated by taking (i) the total amount of green eligible assets and multiplying the same by (ii) loan to value (LTV) ratio of IAL as the end of the immediately preceding fiscal period), and outstanding amount of the proceeds from green financing as of the end of January each year.

Furthermore, as environmental impact reporting, IAL will annually disclose following metrics on its website:

- The number of, level of environmental certifications awarded on, and total floor area of green eligible assets; and
- Following performance data (IAL will not disclose such data separately for green eligible assets, and will make disclosure on entire portfolio, with ratio of covered assets):
 - (i) Total energy consumption;
 - (ii) Total Co2 emissions;
 - (iii) Total water consumption; and
 - (iv) Total waste generation

10. Future outlook

Because the impact caused by the issuance of the Green Bonds and the Prepayment on IAL’s operations are not material, there are no revisions to the forecast of financial results for the fiscal period ending January 2020 (from August 1, 2019 to January 31, 2020) and for the fiscal period ending July 2020 (from February 1, 2020 to July 31, 2020), as disclosed in IAL’s “Summary of Financial Results for the Second Fiscal Period Ended July 31, 2019” dated September 13, 2019.

11. Other matters necessary for investors to appropriately understand and evaluate the above information

With respect to the risks associated with the issuance and redemption of the Green Bonds, as well as the Prepayment, there are no revisions to the matters set forth in the “Investment Risks” section of the Shelf Registration Supplements filed on December 6, 2019.

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