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For immediate release

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Notice Concerning Filing of Revised Shelf Registration Statement for Green Bond Issuance

ITOCHU Advance Logistics Investment Corporation (“IAL”) announces that it filed a Revised Shelf Registration Statement (which revises the original Shelf Registration filed on October 31, 2019) with the Director General of the Kanto Local Finance Bureau today, for future issuance of green bonds (unsecured investment corporation bonds) (titled “IAL Green Bonds”; hereinafter referred to as the “Green Bonds”) (Note 1) under domestic public offering, as follows:

(Note 1) Green bonds refers to bonds which are issued by companies, local government, or other organizations to raise funds for domestic and overseas green projects, and which have characteristics that: the proceeds are allocated exclusively to green projects; the proceeds are tracked and managed in a reliable manner; and transparency is ensured by reporting after the issuance of the bonds.

1. Content of the Revised Shelf Registration Statement

IAL filed the Revised Shelf Registration Statement with the Director of the Kanto Local Finance Bureau today, for future issuance of the Green Bonds. IAL plans to appoint Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc., and Daiwa Securities Co., Ltd., as the lead managers for the issuance of the Green Bonds and plans to determine the viability of issuance and detailed terms of issuance, including interest rates, in consultation with them.

2. Purposes of and background leading to the issuance of the Green Bonds

IAL and its asset manager, ITOCHU REIT Management Co., Ltd. (“IRM”), constitute a part of the ITOCHU Group, which considers addressing global environmental and social issues as one of its top management priorities. In line with such philosophy, the ITOCHU Group has established the Basic Policy on Promotion of Sustainability with an aim to extend sustainability-related initiatives across the group.

IAL and IRM embrace the group’s vision, and IRM, specifically, set out the “Basic Sustainability Policy” and established the Sustainability Committee for executing such policy as early as less than six months after IAL’s listing, for the purpose of achieving environmental, social, and governance (ESG) -focused asset management and thereby increasing unitholders’ value over the mid- to long-term. In accordance with such policy, IRM sees to it that sustainability-related initiatives are practiced organizationally, and has been investing in and managing logistics facilities that excel in environmental footprint reduction and disaster resilience. In addition, IAL and IRM deems it important to acquire third-party environmental certifications for its properties, and in fact, 5 out of 8 properties currently held by IAL (representing 86% of the total floor area) has been awarded the “DBJ Green Building Certification” by the Development Bank of Japan Inc. (with all ratings above 4 stars, including the highest rating of 5 stars). These initiatives have also been highly recognized by third party assessment agencies, and in 2019 GRSB Real Estate Assessment (Note 2), IAL was awarded the “Green Star” (with GRESB rating being “three stars”) within just over a year after its public listing.



Looking at the broader picture, as ESG-focused investments continue to expand globally, there has also been a growing movement in Japan to facilitate issuance of green bonds, as can be seen in the “Financial Support Program for Green Bond Issuance” (Note 3) promoted by the Ministry of the Environment. It is therefore expected that bond investors in Japan will continue to have strong demand for green bonds.

Against such backdrop, IAL has 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 its asset management strategy.

(Note 2) GRESB is a benchmark launched in 2009 by a group of large European pension funds and assesses the Environmental, Social and Governance (ESG) performance of property companies and funds on an annual basis. More than 100 institutional investors use GRESB data and analytical tools to engage with investment managers on their sustainability performance. GRESB Investor Members represent over USD 22 trillion in institution capital. For more details, please refer to GRESB website: <https://gresb.com/>

(Note 3) For details of the “Financial Support Program for Green Bond Issuance,” please refer to the website of the Green Bond Issuance Promotion Platform operated by the Ministry of the Environment of Japan: <http://greenbondplatform.env.go.jp/en/>

3. Scheme for issuance of the Green Bonds (green financing framework)

(1) 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 4). 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 (as defined in “(2) Eligibility criteria” below).

(Note 4) “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/>

(2) Eligibility criteria

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 5);
- and



(iii) 5 or 4 stars of BELS (Building-Housing Energy-efficiency Labelling System) (Note 6)

(Note 5) 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>

(Note 6) BELS is a Japanese third-party certification established in October 2013 for the purpose of ensuring appropriate and accurate third-party evaluation and labelling of energy-efficiency of non-residential buildings under the guideline established by the Ministry of Land, Infrastructure, Transport and Tourism.

(3) Management of proceeds

IAL intends to manage the proceeds from green financing so that the outstanding amount will not exceed the 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).

(3) Reporting

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, 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

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IAL's corporate website: <https://www.ial-reit.com/en/>