

———— JCR Green Loan Evaluation by Japan Credit Rating Agency, Ltd. ————

Japan Credit Rating Agency, Ltd. (JCR) announces the following Green Loan Evaluation Results.

JCR Assigned Green 1 to Short-term and Long-term loan borrowed by SOSiLA Logistics REIT, Inc.

Subject	:	Short-term and Long-term loans borrowed by SOSiLA Logistics REIT, Inc.
Type	:	(1)Short-term and (2)Long-term loan
Lender	:	Syndicated loans
Borrowing Amount	:	(1) JPY 2.1 billion (2) a. JPY 8.0 billion, b. JPY 9.1 billion, c. JPY 6.8 billion, d. JPY 3.5 billion
Interest Rate	:	(1) Benchmark rate + 0.150% (2) a. Benchmark rate + 0.190%, b. Benchmark rate + 0.290%, c. Benchmark rate + 0.390%, d. Benchmark rate + 0.490%
Execution Date	:	December 10, 2019
Maturity Date	:	(1) December 10, 2020 (2) a. December 11, 2023, b. December 10, 2025, c. December 10, 2027, d. December 10, 2029
Repayment Method	:	Lump-sum repayment at maturity
Use of Proceeds	:	Fund for new acquisition of green eligible assets

<Green Loan Evaluation Results>

Overall Evaluation	Green 1
Greenness Evaluation (Use of Proceeds)	g1
Management, Operation and Transparency Evaluation	m1

Chapter 1: Evaluation Overview

SOSiLA Logistics REIT, Inc. ("SOSiLA") is the first J-REIT sponsored by Sumitomo Corporation. SOSiLA focuses on logistics facilities as the main investment target. Established in June 2019, SOSiLA plans to be listed on the Tokyo Stock Exchange (Real Estate Investment Trust securities market) in December. Sumisho Realty Management Co., Ltd. (the Asset Management Company) is in charge of the asset management business of the Investment Company, and the Asset Management Company is 100% subsidiary of Sumitomo Corporation. At the time of listing, SOSiLA's portfolios consist of seven properties (five of which are "SOSiLA" series developed by Sumitomo Corporation, and

the remaining two properties are base lands related to industrial real estate), with assets of JPY 76.6 billion (based on acquisition prices).¹

SOSiLA seeks to maximize investment value by utilizing the knowledge and development capabilities of the Sumitomo Corporation Group in the real estate business and the know-how accumulated through the operation of private placement funds and private placement REITs. The Investment Corporation also seeks to develop the logistics real estate market and create a rich society by investing in logistics real estate that connects people and societies, such as the "SOSiLA" series. The basic philosophy of SOSiLA is to provide opportunities for ESG investments to a wide range of investors, and efforts such as the formulation of the Green Finance Framework from the beginning of the IPO and the implementation of Green Finance are regarded as part of this.

As a member of the Sumitomo Corporation Group together with the Asset Management Company, SOSiLA engages in ESG. The Asset Management Company has established a system to tackle environmental issues throughout the company. For Example, the ESG Task Force, which aims to promote ESG initiatives across internal departments, and the technical center established within the Business Planning Department to support environmental initiatives from a professional perspective. The Asset Management Company actively reflects its expertise, which is accumulated not only within the Company but also outside the Company, such as the Sumitomo Corporation Sustainability Promotion Department and the Consultant Company, in its business operations.

The subject of evaluation is SOSiLA's syndicated Short-term and Long-term loans with Sumitomo Mitsui Banking Corporation as the arranger and the agent. The Short-term and Long-term loans are financed to four logistics facilities that are newly acquired by SOSiLA at the time of their listing.

In the "Eligibility Criteria" of the Green Finance Framework of SOSiLA, the Asset Management Company stipulates that the level of environmental certification for acquiring buildings is a property that has acquired or is expected to acquire any of three stars or more of DBJ Green Building certification, B+ rank or higher of CASBEE real estate certification, or three stars or more of BELS evaluation. As a result of evaluating the above framework, JCR evaluates that the above eligible criteria has environmental improvements, and JCR assigns "Green 1 (F)" to the framework. All four properties covered by this proceeds meet the eligibility criteria set by the Asset Management Company. JCR confirmed that the environmental performance of the four buildings have environmental improvement effects. The Investment Corporation properly understands the negative risks to the environment that are anticipated when acquiring properties, and takes appropriate measures as necessary. Based on the above, JCR evaluates that the eligible criteria have an environmental improvement effect.

The selection of the eligible projects is decided by the Listed REIT Investment Committee and the Board of Directors regardless of the method of financing. Proceeds raised by green finance are managed based on portfolio management until the green finance is redeemed or repaid. The reporting plans including allocation status and the key performance impacts are also appropriate. Based on the above, JCR evaluates that the management and administration system of SOSiLA has been established and that it is transparent.

Based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1" for the evaluation of the "Greenness (Use of Proceeds)" and "m1" for the evaluation of the "Management, Operation and Transparency ". Consequently, JCR assigns "Green 1" for overall "JCR Green Loan Evaluation" to the Borrowing. Detailed evaluation results are discussed in the next chapter. JCR has also evaluated that the Borrowing meets the standards for the Green Loan Principles and the Green Bond Guidelines of the Ministry of the Environment of Japan.²³

¹ Real estate used or available for data centers, communications facilities, research facilities, factories, materials and vehicle yards, airports and port facilities, energy facilities, water facilities, automobile transportation facilities, distribution and processing facilities, recycling facilities, etc.

² LMA (Loan Market Association), APLMA(Asia Pacific Loan Market Association (Green Loan Principles)

³ Ministry of the Environment Green Bond Guidelines 2017

Chapter 2: Current Status of the Project on Each Evaluation Factor and JCR's Evaluations

Evaluation Phase 1: Greenness Evaluation

JCR assigns "g1", the highest grade, to "Evaluation phase 1: Greenness Evaluation".

Rationale: 100% use of proceeds for the Borrowing will be allocated to green projects based on the current situation described in detail below.

(1) JCR's Key Consideration in This Factor

In this section, JCR first assesses whether the proceeds will be allocated to green projects that have explicit improvement effects on environment. Next, JCR assesses whether an internal department/division which is exclusively in charge of environment issues or a third party agency prove it sufficiently and have taken necessarily workaround or mitigation measures, in case of possibility on use of proceeds have negative impact on the environment. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

(2) Current Status of Evaluation Targets and JCR's Evaluation

Overview of Use of Proceeds

a. On the environmental improvement effects of the project

- i. **100% of proceeds are new investment in the acquisition of " the Green Eligible Assets" and has high environmental improvement effects.**

<Green Finance Framework of SOSiLA (excerpt)>

Proceeds procured through Green Finance are used for repayment and redemption of existing or new assets (including scheduled acquisition) of Eligible Green Assets that satisfy any of the following eligible criteria, used for the renovation of Eligible Green Assets, or loans (including Green Loan) and Investment Corporation Bonds (including Green Bonds) required for these.

- **Eligibility Criteria (Green Building)**

Any of the following items that have been or will be certified

- B+ rank, A rank, or S rank in CASBEE certification
- Three-star, four-star, or five-star DBJ Green Building certification
- Three-star, four-star, or five-star BELS certification
- Silver, Gold or Platinum in LEED certification

- **Eligibility Criteria (Renovation of existing buildings)**

Renovation of the owned assets which meet the following;

- i. To aim for improving environmental benefits such as reducing CO2 emission, energy consumption or water consumption (more than 10% decrease in its volume)
- ii. To improve the certification level by one rank, acquisition or reacquisition of the certifications

- **Eligibility Criteria (Energy Conservation Equipment)**

Costs related to renewal of air-conditioning equipment, conversion of lighting fixtures to LEDs, and introduction of power storage systems (expected energy savings of 10% compared with conventional systems)

- **Eligibility Criteria (Renewable Energy)**

Acquisition or installation of renewable energy power generation facilities (installed on the premises or on the rooftop of the property)

The proceeds of this loan are to make new investments in funds for the acquisition of eligible green assets as set forth in the Green Finance Framework above. JCR evaluated that the eligible criteria are for buildings that have environmental improvements, and JCR assigns "Green 1 (F)" to the framework.

The proceeds of this loan will be allocated as part of the funds to acquire four of the seven properties newly acquired by SOSiLA at the same time as listed (the "SOSiLA Yokohama Kohoku" is ranked A in CASBEE Yokohama, the "SOSiLA Sagamihara" and the "SOSiLA Kasukabe" are ranked A in CASBEE Building (New Building), and the "SOSiLA Nishi-Yodogawa I" is ranked B+ in CASBEE Osaka Mirai). JCR confirmed that all facilities subject to the use of proceeds met the "Selection Criteria" stipulated in the SOSiLA's Green Finance Framework, and that the environmental improvement effect was high.

The concepts of SOSiLA series are designed to aim at the Logistic Aspect of new logistics facilities based on the following three themes: Sociability, Sustainability (consideration of the environment and sustainable development) and Individuality (consideration of the human and labor environment). The four properties, which are the use of proceeds of the loan, are characterized by a highly heat-insulated framework and the introduction of energy-saving equipment. They are highly evaluated in the CASBEE statements for thermal loading of buildings and the improvement of facility systems efficiency, and are superior in energy-saving performance. One of its unique concepts is that many of the facilities are located near consumption areas, which aims to reduce CO₂ emissions during transportation by improving the truck delivery efficiencies. In order to strengthen the resilience in cities, BCP (Business Continuity Plan) measures such as robust framework structure, in-house power generation facilities in case of power outage, and centralized management by disaster prevention center are also sufficiently carried out. In terms of people and the labor environment, there are also properties located close to residential districts as a result of emphasizing good access. For such properties, consideration is given to the surrounding environment and residents by installing noise prevention equipment such as sound insulation panels, planting trees for recommending thermal effects outside the site, and planting for biodiversity. SOSiLA intends to make efforts to acquire properties that satisfy the qualifying criteria of the CASBEE in principle. It is expected that SOSiLA will demonstrate the eligibility criteria of clear green finance to encourage sponsors who develop and provide SOSiLA series to develop and provide highly environmental-friendly properties.

<Green Qualified Asset 1>

Property Name	SOSiLA Yokohama Kohoku
Location	162-1, Kamiyama 1-chome, Midori-ku, Yokohama-City
Principal uses	Logistic facility
Site area	39,041 m ²

Total floor area	83,782 m ²
Number of stories	Four stories above ground
Year of completion	September 2017
Predetermined price	JPY 24.8 billion
Environmental certification	CASBEE Yokohama A Rank (2017)
Characteristics and environmental performance	<ul style="list-style-type: none"> • Among the CASBEE elements, they are excellent in energy saving performance. In particular, by reducing the thermal loads on the outer skin of the building (BPIm=0.63 by using appropriate insulation materials for the outer skin) and increasing the efficiency of facility systems (BEI=0.56), the primary energy consumption is reduced by 44% compared to that of standard buildings. The reduction rate greatly exceeds the 20% reduction, which is the standard for energy conservation guidance.⁴⁵ • As an outdoor environmental measure, efforts are made to improve the temperature environment in the facility, and the ratio of horizontal projected area of mid-to-high wood to 29.19%, the ratio of greenery and water coverage are secured at around 30%. • Effective use of resources and materials is also being promoted by adopting water-saving equipment, reducing the use of non-recycled materials, and reducing the burden of waste treatment by sorting and collecting waste.

<Green Qualified Assets 2>

Property Name	SOSiLA Sagamihara
Location	4086-3, Tanaza Toyohara, Chuo-ku, Sagamihara-City
Principal uses	Logistic facility
Site area	28,576 m ²
Total floor area	53,413 m ²
Number of stories	Four stories above ground
Year of completion	May 2018
Predetermined price	JPY 12.8 billion
Environmental certification	CASBEE-Building (New Building) A Rank (2017)
Characteristics and environmental performance	<ul style="list-style-type: none"> • The metal sandwich panel with high thermal insulation effect on the outer wall is used to reduce the air conditioning load and the installation of facilities with high energy saving performance such as LEDs and total heat exchangers is excellent in energy saving performance. • Efforts are made to protect resources through the use of water-saving equipment and the use of recycled products. • Since there is a residential area in the vicinity, efforts are being made to

⁴ BPIm is the rate of reductions in annual thermal load counts calculated using the model-building method (design-annual load counts/standard annual load counts). The greater the reduction rate relative to the standard annual impact, the smaller the BPIm. The smaller the value, the lower the heat load. The guidance standard for high-performance buildings under the Building Energy Saving Law is 1.0 or less.

⁵ BEI = A measure to achieve energy-saving performance compared to the standard value, with the design primary energy consumption as a numerator and the standard primary energy consumption as a denominator. The smaller the value, the higher the energy efficiency is. The high-performance guidance standard according to the Building Energy Saving Law is 0.8 or less.

	reduce noise by creating a green space for the conservation of the biological environment and examining noise values by sound insulation panels, low-noise type pressure fans, folding half roofs with reduced noise, noise simulation and so on.
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<Green Qualified Assets 3>

Property Name	SOSiLA Kasukabe
Location	1584-1 Shimoyanagiya Katorimae, Kasugabe-City
Principal uses	Logistic facility
Site area	24,395 m ²
Total floor area	48,421 m ²
Number of stories	Four stories above ground
Year of completion	March, 2019
Predetermined price	JPY 10.3 billion
Environmental certification	CASBEE-Building (New Building) A Rank (2017)
Characteristics and environmental performance	<ul style="list-style-type: none"> • The metal sandwich panel with high thermal insulation effect on the outer wall is used to reduce the air conditioning load. The installation of facilities with high energy saving performance such as LEDs and total heat exchangers is excellent in energy saving performance. (BPI=0.84, BEI=0.48) • Efforts are being made to protect resources through the use of water-saving equipment and the use of recycled products. • Consideration is given to the landscape and the creation of a green space environment related to the conservation of the biological environment.

<Green Qualified Assets 4>

Property Name	SOSiLA Nishi-Yodogawa I
Location	13-5 Nakajima 2-chome, Nishiyodogawa-ku, Osaka-City
Principal uses	Logistic facility
Site area	38,024 m ²
Total floor area	71,417 m ²
Number of stories	Four stories above ground
Year of completion	June 2016
Predetermined price	JPY 17.4 billion
Environmental certification	CASBEE-Osaka Mirai B+Rank (2017)

<p>Characteristics and environmental performance</p>	<ul style="list-style-type: none"> • By adopting ALC panel and spray tile which are excellent in heat insulation property for the outer wall, double folding plate which is excellent in heat insulation property for the roof, and LED which is high in thermal efficiency for the electric equipment, the energy saving performance is excellent. Emergency power generation facilities are also installed. (BPI=0.718, BEI=0.64) • Water supply and drainage: Use water-saving equipment (eco-marked products, those certified as "specified procurement parts" under the Green Purchasing Law, or equipment with equivalent performance) • Considering the comfortable working conditions a refreshment space of 1% or more of the work space is secured, and the "Osaka City People-Friendly Town Development Maintenance Guideline" is satisfied, so that the design is also barrier-free.
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ii. The use of proceeds falls under the category of green projects defined in the Green Loan Principles or the Green Bond Guidelines of the Ministry of the Environment of Japan that are “energy efficiency” or “green buildings which meet regional, national or internationally recognized standards or certifications.”

b. Negative impact on the environment

The Asset Management Company implements a due diligence to identify significant environmental risks. If there is a risk of negative environmental impacts, The Asset Management Company intends to avoid or take any mitigation measures against possible risk factors by aborting the acquisition of properties or conducting additional construction work, etc. The implementation of these due diligence and risk response measures helped SOSiLA avoiding and mitigating the negative environmental impacts of green projects.

From the above, JCR confirmed that SOSiLA conducts appropriate risk management for negative environmental impacts.

c. Consistency with SDGs goals and targets

The project is categorized into “energy conservation” and “regional/national or internationally recognized standards and certification green buildings”. With reference to ICMA's SDGs mappings, JCR evaluates that the project contributes to the following SDGs goals and targets:



Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

Target 7.3. By 2030, double the global rate of improvement in energy efficiency.



Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

Target 11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

(i) DBJ Green Building Certification

A certification system provided by DBJ (Development Bank of Japan) that evaluates properties with environmental and social considerations. The evaluation results are expressed as the number of stars, and the evaluation axis is "Buildings with consideration for the environment and society." Each is represented by five stars (the best class in Japan), four stars (exceptionally high), three stars (excellent), two stars (high), and one star (satisfactory). Although it is not an environmental performance-specific evaluation, it is highly recognized in Japan and has a certain evaluation item regarding environmental performance. Therefore, JCR has evaluated this certification as equivalent to "Green buildings with regional, national or internationally recognized standards and certifications" in the category of green projects as defined in Green Loan Principle. However, since the certification is not limited to environmental performance, JCR believes that it is desirable to confirm the evaluation of environmental performance individually.

(ii) CASBEE

CASBEE is an acronym for the English name of Comprehensive Assessment System for Built Environment Efficiency.

This is a method for evaluating and rating the environmental performance of buildings. In April 2001, the Comprehensive Environmental Evaluation Research Committee for buildings was established as a joint project with industry, government, and academia with the support of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. Since then, the committee has been continuously conducting development and maintenance. In addition to CASBEE for Buildings and CASBEE for Urban Development, assessment tools include CASBEE for Real Estate developed to provide easy-to-understand environmental performance to the real estate market.

The evaluation results are divided into five grades: Rank S (Excellent), Rank A (Very Good), Rank B+ (Good), Rank B (Slightly Poor), and Rank C (Poor) (CASBEE-real estate scoring has four grades: Rank S (Excellent), Rank A (Very Good), Rank B+ (Good), and Rank B (Satisfaction of mandatory items)).

(iii) BELS

"BELS" is an acronym for the English name of Building-housing Energy-efficiency Labeling System.

In October 2013, the Ministry of Land, Infrastructure, Transport and Tourism formulated the "Guidelines for Labeling Energy Conservation Performance for Non-Residential Buildings (2013)." Based on these guidelines, a third-party organization was established with the purpose of properly evaluating and labeling the energy-saving performance of non-residential buildings. Subsequently, in July 2015, the Act on Improvement of Building Energy Consumption Performance (Building Energy Conservation Act) was promulgated, and Article 7 of the Act stipulates that business owner of housing business and other businesses selling or leasing buildings must make efforts to indicate the energy consumption performance of buildings. Along with the enforcement of the Act on the Rational Use of Energy in Buildings, BELS is positioned as a third-party certification system for the guideline for energy conservation performance labeling based on Article 7 of the Act. From April 2016, housing was added to the scope of evaluation and currently all new and existing buildings are subject to evaluation.

The evaluation results are expressed in stars by the achievement values of the energy efficiency standards.

They are represented by five stars, four stars, three stars (guidance criteria), two stars (energy efficiency criteria), and one star (existing energy efficiency criteria).

Evaluation Phase 2: Management, Operation and Transparency Evaluation

JCR assigns "m1", the highest rating on JCR Evaluation Phase 2: Management, Operation and Transparency Evaluation.

Rationale: The projects will be allocated the funding and implemented the businesses as planned through a firmly equipped management and operation system and high transparency as described below.

1. Appropriateness and Transparency Concerning Selection Standard and Processes of the Use of Proceeds

(1) JCR's Key Consideration in This Factor

In this section JCR confirms that the objectives to be achieved through the green loan, the criteria for selecting green projects, the appropriateness of the process, and the series of processes are appropriately disclosed to investors.

(2) Current Status of Evaluation Targets and JCR's Evaluation

a. Goal

SOSiLA set the following policy and goals in the Green Finance Framework to implement Green Finance.

Investment policy based on long-term vision

SOSiLA aims to achieve business development based on the six materialities for sustainable growth together with society, which the Sumitomo Corporation Group regards as an important element in the formulation of business strategies and the decision-making process of individual businesses. Specifically, the real estate business of Sumitomo Corporation is a business that contributes to "Contributing to the Development of Local Communities and Industries," "Establishing a Foundation for Comfortable and Enriching Lifestyles," and "Providing Diverse Accessibility," out of the six materialities. SOSiLA series invests mainly in real estates developed under its philosophy. Sumitomo Corporation's cutting-edge logistics facility, "SOSiLA series", has been developed based on these concepts under the following three keywords: Sociability, Sustainability (consideration of the environment and sustainable development), and Individuality (consideration of the human and labor environment). SOSiLA will invest heavily in the series in order to realize "logistics facilities connecting people and society".

The use of proceeds is expected to be allocated for new investments in funds to acquire "SOSiLA Yokohama Kohoku," "SOSiLA Sagamihara," "SOSiLA Kasukabe," and "SOSiLA Nishi-Yodogawa I." SOSiLA will operate a portfolio objective at Sustainability through green finance as set forth in the Green Finance Framework, and will meet the goal of promoting the operation of the green portfolio. JCR has confirmed that the use of proceeds is consistent with SOSiLA's Green Finance Framework and with the series of ESG-related initiatives promoted by them.

b. Selection Criteria

The eligibility criteria of the Framework are set out in Evaluation Phase 1 of this report.

JCR evaluates the selection criteria for green projects as appropriate.

c. Processes

In the Asset Management Company, the J-REIT Business Dept., which proposes the acquisition of assets or the implementation of renovation work, or the REIT Management Dept., which has jurisdiction over the financial management of SOSiLA, proposes eligible assets or projects to be use of proceeds and after verification and evaluation of conformity to qualified criteria by the department, etc. promoting ESG initiatives, the president shall be the chairman of the Asset Management Company, and the Listed REIT Investment Committee, which is composed of the head of the J-REIT Dept. and the head of the REIT Management Dept., etc., shall deliberate and resolve, and the content of the resolution shall be reported to the Board of Directors. From this above, the process of this loan is considered to be properly engaged and appropriate by management.

SOSiLA plans to disclose green financing Goal, selection criteria, and processes in press releases, prospectuses, etc. at the time of borrowing, and it is considered that transparency to investors is ensured.

2. Appropriateness and Transparency of Management of the Proceeds

(1) JCR's Key Consideration in This Factor

The management of the proceeds is usually assumed to be diverse by the borrower. JCR assesses whether the proceeds are firmly allocated to the green project, the project has internal systems to easily track the allocation of the proceeds and the money funded by the loan will be allocated to the green project at once. JCR also considers the evaluation of asset management of unallocated money. JCR also attaches importance to evaluating the management and operation of the unallocated funds, as well as to confirming that the funds procured from the loan will be allocated to the green projects at an early stage.

(2) Current Status of Evaluation Targets and JCR's Evaluation

The funds will be promptly fully allocated to funds for the new acquisition of the four logistics facilities described in Phase 1 of this Report, and will not be allocated for any other purpose. Until the repayment of the green loan, it is planned to confirm that the sum of the allocated amount and the unallocated amount matches the procured amount, or that the total amount has been allocated once a year until the allocation is completed. Should unallocated funds arise by the post-allocation repayment deadline, SOSiLA will be managed in cash or cash equivalents until they are allocated to other projects that meet the eligible criteria.

The state of allocation of loans to the green projects shall be tracked and managed by the REIT Management Dept., which has jurisdiction over financial management, using electronic files, and regularly reported to the supervisor. Submit to the audit corporation, etc. as necessary. Regarding fund allocation, the Internal Audit Office is to check whether it complies with the investment and fund management system of SOSiLA at the time of periodic internal audits.

Documents and electronic files are retained for redemption and repayment of green finance and for a sufficient period of time thereafter.

The maximum amount of Green Finance (Eligible Green Liabilities) will be the sum of the acquisition prices of assets that satisfy the eligibility criteria and the expenditures of construction and renovation projects that satisfy the eligibility criteria among the assets held, and the total amount of funds procured by Green Finance will be managed so as not to exceed the Eligible Green Liabilities.

JCR considers that the amount of Eligible Green Liabilities should be "the sum of the acquisition prices of assets that satisfy the eligibility criteria and the sum of expenditures for repairs, etc. that satisfy the eligibility criteria" multiplied by LTV (Loan to Value). However, in other respects, SOSiLA's fund management system is evaluated as appropriate.

3. Reporting

(1) JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the disclosure system for investors, etc. before and after the execution of green loans is planned in a detailed and effective manner at the time of the execution of green loans.

(2) Current Status of Evaluation Targets and JCR's Evaluation

a. Reporting on the fund allocation

SOSiLA will disclose the allocation of green financing procurement funds on its website annually. In the event of a change in Green Qualified Assets and the occurrence of unallocated funds, the details of such changes and the methodology of managing unallocated funds will be disclosed in the same manner. JCR evaluates reporting of fund availability to be appropriate.

b. Reporting on environmental improvement effects

SOSiLA will disclose the following key performance indicators (KPIs) on its website, etc. annually as a report on the environmental improvement effects of the Loans.

- Name of subject property
- Status of acquisition of environmental certification (type of certification and level of certification acquired)
- Electricity usage (*)
- CO₂ emissions (*)
- Water consumption (*)

(*) Disclosed to the extent that SOSiLA has the privilege to manage energy

JCR evaluates that the disclosure items and disclosure frequency are appropriate in light of the impact reporting standards for green buildings by the ICMA.

4. Environmental Initiatives of the Organization

(1) JCR's Key consideration in This Factor

In this section JCR evaluates whether the borrower's management positions environmental issues as a highpriority management issue, and whether green loan borrowing policy, process and the criteria for selecting green projects are clearly defined through the establishment of a department specializing in the environmental field or through the assistance of external organizations.

(2) Current Status of Evaluation Targets and JCR's Evaluation

The Investment Corporation has established portfolios centered on the "SOSiLA" series of logistics real estate developed by Sumitomo Corporation. The "SOSiLA" series aims to realize "logistics facilities connecting people and society," and the concept of "consideration of the environment and sustainable development (Sustainability)" and "sociability with society (Sociability)" and "consideration of the human and labor environment (Individuality)."

The concept of the "SOSiLA" series is integrated into the entire business management from the development stage of the Sumitomo Corporation Group, and the portfolios of SOSiLA reflect the environmental friendly business operation of them. Considering the strong integration of the Sumitomo Corporation Group and SOSiLA, which are centered on these "SOSiLA" series, JCR will examine the organizational environmental efforts of the Sumitomo Corporation Group and SOSiLA, respectively.

a. Sumitomo Corporation Group's Environmental Initiatives

The Sumitomo Corporation Group's business activities are based on the business philosophy of Sumitomo. It has been cultivated in about 400 years of history based on the Monjuin Shiigaki written by Sumitomo Masatomo, the founder of the Sumitomo family. The Sumitomo Corporation Group's business philosophy is based on the concept of "Benefit for self and others, private and public interests are one and the same" (Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society.) It simply expresses the Sumitomo Corporation Group's approach to society and the environment.

The Sumitomo Corporation Group has formulated the following basic philosophy and policies as its environmental policy under the business philosophy.

Sumitomo Corporation Group Environmental Policy

I. Basic Policy

The Sumitomo Corporation Group recognizes that environmental issues are global in scale and that they are long-range concerns affecting future generations. As a global organization, the Sumitomo Corporation Group, through sound business activities, will strive to achieve sustainable development aimed at both social and economic progress and environmental preservation.

II. Basic Guidelines

1. Basic stance with regard to the environment

To place great importance on protecting the global environment as a good corporate citizen in accordance with the Sumitomo Corporation's Activity Guidelines.

2. Compliance with environmental legislation

To strictly observe legislation related to environmental matters not only in Japan but also overseas, and to abide by any agreements made.

3. Caring for the natural environment

To place great importance on preserving the environment, including the natural ecosystem and biodiversity.

4. Response to climate change

To place great importance on mitigating climate change and adapting to its impact.

5. Efficient use of resources and energy

To be mindful of the finite availability of resources and energy and strive to use them both efficiently and effectively.

6. Contributing to the building of a recycling-oriented society

To endeavor to help build a recycling-oriented society by reducing waste and reusing and recycling resources.

7. Promotion of businesses that contribute to environmental preservation

To utilize our integrated corporate strength to promote businesses and projects, which contribute to environmental preservation and reduction of the impact of society on the natural environment.

8. Establishment of environmental management

To use an environmental management system to prevent environmental pollution and set environmental objectives and targets which are regularly reviewed and continuously upgraded.

9. Disclosure of the environmental policy

To communicate this Environmental Policy to all people who are working for or on behalf of the Sumitomo Corporation Group, as well as disclosing it externally.

The Sumitomo Corporation Group is engaged in various business activities based on the environmental policy. In particular, in the real estate business, which is a core business, environmental considerations such as the use of heat-insulating outer-wall sandwich panels and LED-lighting, and the introduction of water-saving hygiene equipment have been incorporated in many places based on the spirit of Hands-on based on the "DNAs of Manufacturing" cultivated over the past 100 years. The social and environmental initiatives of the Sumitomo Corporation Group are reflected in the "SOSiLA" Series. SOSiLA takes over through various types of sponsorship support through the Asset Management Company and cooperation in environmental initiatives with the Sumitomo Corporation's Corporate Sustainability Dept.⁶⁷

b. Environmental Initiatives of SOSiLA Logistics REIT

The Asset Management Company is committed to contributing to the development of the logistics real estate markets and the realization of a prosperous society based on the Sumitomo Corporation Group's environmental policy. The Group's basic philosophy is to provide a wide range of investors with opportunities to invest in ESGs by inheriting its concepts through the creation of portfolios centered on the "SOSiLA" series. An initiative such as establishing a green finance framework from the beginning of the IPO and implementing green finance will be part of this effort.

The Asset Management Company has established an ESG task force consisting of ESG managers from all internal offices, and is actively engaged in ESG activities across internal departments. The Business Planning Department, which compiles ESG promotion, has established a Technical Center, which provides technical support for individual properties by persons with specialized knowledge and experience, such as buildings, and has established a system for conducting environmental activities from objective and specialized perspectives. In the acquisition and management of specific assets, a system has been established to tackle environmental issues business, such as actively evaluating real estate, which is assessed to have a relatively low environmental impact from the viewpoint of management, as an investment target, and introducing highly energy-efficient facilities and facilities.

⁶ This expression expresses Sumitomo Corporation's policy on real estate development, which means "to pursue business with a sense of touch without leaving to other people" and emphasizes the field of "proactive involvement and practice" and aims to create products with care from the user's point of view at all times.

⁷ A panel in which a heat insulating material is sandwiched between two pieces of surface material. It has high heat insulation and workability, and is excellent in durability.

In addition to internal initiatives, the Asset Management Company works with Sumitomo Corporation's Sustainability Promotion Department to ensure consistency between the Sumitomo Corporation Group's environmental initiatives and real estate operations at SOSiLA, and to refine its knowledge of environmental initiatives widely through discussions and other means. Specialized expertise is reflected in business operations by utilizing outside consultant companies, etc., depending on the field, such as establishing a company-wide system, acquiring various types of certifications, and improving the performance of individual properties, including energy conservation.

In interviews with the Asset Management Company, JCR confirmed that such collaboration with specialized departments and organizations both inside and outside the Company is also being carried out with regard to the formulation of the Green Finance Framework and the implementation of Green Finance, which are subject to the current evaluation.

From the above, JCR assesses that the Sumitomo Corporation Group and the management of SOSiLA have regarded environmental issues as high priority issues for management, and that green bond procurement policies and processes, green project selection standards, etc. have been clearly identified through cooperation with departments and external organizations with specialized knowledge.

■ Evaluation Result

Based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1" for the evaluation of the "Greenness (Use of Proceeds)" and "m1" for the evaluation of the "Management, Operation and Transparency." Consequently, JCR assigns "Green 1" for overall "JCR Green Loan Evaluation." The Borrowing is considered to meet the criteria for items in Green Loan Principle and MOE's Green Bond Guidelines.

[JCR Green Loan Evaluation Matrix]

		Management, Operation and Transparency Evaluation				
		m1	m2	m3	m4	m5
Greenness Evaluation	g1	Green 1	Green 2	Green 3	Green 4	Green 5
	g2	Green 2	Green 2	Green 3	Green 4	Green 5
	g3	Green 3	Green 3	Green 4	Green 5	Not qualified
	g4	Green 4	Green 4	Green 5	Not qualified	Not qualified
	g5	Green 5	Green 5	Not qualified	Not qualified	Not qualified

■ Scope of Subject

Borrower: SOSiLA Logistics REIT, Inc. (Security Code: 2979)

[Assignment]

Subject	Amount	Execution Date	Maturity Date	Interest Rate	Evaluation
Short-term loan	JPY 2.1 billion	December 10, 2019	December 10, 2020	Benchmark rate + 0.150%	JCR Green Loan Evaluation:Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1
Long-term loan	JPY 8.0 billion	December 10, 2019	December 11, 2023	Benchmark rate + 0.190%	JCR Green Loan Evaluation:Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1
Long-term loan	JPY 9.1 billion	December 10, 2019	December 10, 2025	Benchmark rate + 0.290%	JCR Green Loan Evaluation:Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1
Long-term loan	JPY 6.8 billion	December 10, 2019	December 10, 2027	Benchmark rate + 0.390%	JCR Green Loan Evaluation:Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1
Long-term loan	JPY 3.5 billion	December 10, 2019	December 10, 2029	Benchmark rate + 0.490%	JCR Green Loan Evaluation:Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1

(Responsible analysts for this evaluation) Atsuko Kajiwara and Hiroya Kakiuchi

Important explanation of the Green Loan Evaluation

1. Assumptions, Significance, and Limitations of JCR Green Evaluation

JCR Green Loan Evaluation, which is granted and provided by the Japan Credit Rating Agency (JCR), is a comprehensive expression of JCR's current opinion on the extent to which the funds procured green loans, which are subject to evaluation, are allocated to green projects defined by JCR and the extent to which the management, operation, and transparency of the use of green loans are ensured. The JCR Green Loan Evaluation does not fully indicate the extent to which the funds procured from such green loans are allocated and the management, operation, and transparency of the use of the funds are ensured.

JCR Green Loan Evaluation evaluates the planning and status of the appropriation of funds at the time of the green loan procurement plan or procurement, and does not guarantee the appropriation of funds in the future. In addition, the JCR Green Loan Evaluation does not prove the environmental effects of green loans and is not responsible for their environmental effects. JCR confirms that the effects of the funds procured from the issuance of green loan on the environment are measured quantitatively and qualitatively by the borrower or by a third party requested by the borrower, but in principle it does not directly measure the effects.

2. Methods used in the conduct of this evaluation

The methods used in this evaluation are listed on JCR website (Sustainable Finance and ESG in <https://www.jcr.co.jp/en/>) as JCR Green Finance Evaluation Method.

3. Relationship with Acts Related to Credit Rating Business

The JCR Green Loan Evaluation is determined and provided by JCR as a related business, which is different from the activities related to the credit rating business.

4. Relationship with Credit Ratings

The Assessment differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

5. Third-Party Evaluation of JCR's Green Loan

There are no conflicts of interest related to capital or human resources relationships between the subject of this evaluation and JCR.

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■Glossary

JCR Green Loan Evaluation: The JCR Green Loan Evaluation evaluates the extent to which the funds procured from the Green Loan are allocated to the Green Project as defined by JCR, and the extent to which the management, operation, and transparency of the Green Loan are ensured. Evaluations are graded on a scale of 5, beginning with the top, using the Green1, Green2, Green3, Green4, and Green5 symbols.

■Status of registration as an external assessor of green finance

- Ministry of the Environment's external green bond reviewer registration
- ICMA (registered as an observer with the International Capital Markets Association)
- Members of the Working Group on UNEP FI Positive Impact Finance Principles
- Climate Bonds Initiative Approved Verifier

■Status of registration as a credit rating agency, etc.

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
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