

Green Bond / Green Bond Programme Independent External Review Form

Section 1. Basic Information

Issuer name:	SOSiLA Logistics REIT, Inc.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	Green Finance Framework
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	November 5, 2019
Publication date of review publication:	November 5, 2019

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF Independent External REVIEW PROVIDER

- | | |
|--|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

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 land related to industrial real estate), with assets of JPY 76.6 billion (based on acquisition prices).

SOSiLA seeks to maximize investor 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 expertise 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 scope of evaluation is the Green Finance Framework (the "Framework") established by the Investment Corporation in order to limit proceeds through investment corporation bonds or loans ("Green Finance") to the use of proceeds that have an environmental improvement effect. JCR assesses whether the Framework conforms to the International Capital Markets Association (ICMA) Green Bond Principles 2018, the Loan Markets Association (LMA) and the Asia Pacific Loan Markets Association (APLMA) Green Loan Principles and the Green Bond Guidelines 2017. The Investment Corporation stipulates its "Eligibility Criteria of the use of proceeds" in the Green Finance Framework as follows: 1) Buildings 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 and/or Silver, Gold or Platinum in LEED certification, 2) energy saving equipment and/or 3) renewable energy. JCR evaluates that the eligible criteria are for projects expected to 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 JCR Green Finance Evaluation Methodology, JCR assigns "g1 (F)" for "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green1 (F)" for overall "JCR Green Finance Framework Evaluation" to the Framework.

<https://www.jcr.co.jp/en/greenfinance/>

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

a. On the environmental improvement effects of the project

- i. The eligible criteria set out in the Framework are buildings that have acquired or are planning to acquire environmental certification, limited to the top 3 categories of regional, national, or internationally recognized certification levels ("Green Buildings") or renovations of facilities and other facilities that contribute to beneficial improvements in environmental aspects such as energy efficiency and water consumption performance. The Use of Proceeds for acquisition and renovation work and refinancing are expected to have environmental improvement effect.
- ii. The Use of Proceeds falls under the category of green projects defined in 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 Environment

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

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

SOSiLA has established clear environmental objectives, project selection criteria, and processes for the use of proceeds.

Such matters are disclosed in the JCR's evaluation report.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

The investment corporation will manage the outstanding of green finance by portfolio management until the redemption/repayment of all the green finance. If the eligible assets already financed by the green finance become out of the proceeds due to the loss by disasters, or sales, it shall confirm the outstanding of total green eligible projects does not exceed the green eligible liabilities outstanding to confirm the greenness of the green finance.

Under this assumption and in case that the unallocated amount occurs, it shall reallocate the fund to other projects. JCR considers that the amount of Green Eligible Liabilities should be "the sum of the acquisition prices of assets that satisfy the qualified criteria and the sum of expenditures for repairs, etc. that satisfy the qualified criteria" multiplied by LTV (Loan to Value).

The investment corporation secures the system to maintain the documents and electric files regarding green finance until the redemption/repayment or longer.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

a. Reporting on proceeds 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.

b. Impact reporting for environmental benefits

SOSiLA will disclose the name of subject property, status of acquisition of environmental certification, and the level of certification, as well as the electricity usage, CO2 emissions, and water consumption of all green eligible assets annually on its website, etc. For renewable energy and energy saving equipment, the indicators necessary for calculating the environmental improvement effect are sufficiently disclosed.

Use of proceeds reporting:

☒ Project-by-project

☐ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (*please specify*):

Information reported:

☒ Allocated amounts

☐ Green Bond financed share of total investment

☐ Other (*please specify*):

frequency:

☒ Annual

☐ Semi-annual

☐ Other (*please specify*):

Impact reporting:

☒ Project-by-project

☐ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (*please specify*):

frequency:

☒ Annual

☐ Semi-annual

☐ Other (*please specify*):

Information reported (expected or ex-post):

☒ GHG Emissions / Savings

☒ Energy Savings

☐ Decrease in water use

☒ Other ESG indicators (*please specify*):

- Status of Environmental Certification Acquisition
- Electricity and water consumption etc.

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>):
Show on the website |
| <input type="checkbox"/> Reporting reviewed | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (*e.g. to review provider methodology or credentials, to issuer's documentation, etc.*)

JCR's website about green bond evaluation methodology

<https://www.jcr.co.jp/en/greenfinance/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|---|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s): Japan Credit Rating Agency, Ltd.

Date of publication: November 5, 2019

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

1. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds. 1.
2. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
3. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
4. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.