

PRINCIPAL ADVERSE IMPACT STATEMENT

Product Name: Advance Logistics Investment Corporation

The following is the adverse sustainability impact statement of Advance Logistics Investment Corporation (the former name: ITOCHU Advance Logistics Investment Corporation, “ADL”) pursuant to Regulation (EU) 2019/2088 (“SFDR”). ADL 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 ITOCHU REIT Management Co., Ltd. (the “Asset Manager”) to manage and operate the properties in our portfolio. ADL and the Asset Manager are hereinafter referred to collectively as “we”, “us” or “our”, unless noted otherwise. References to “fiscal year” or “FY” are to the 12 months began or beginning January 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”), ADL is required to publish on its website the information referred to therein covering the period of one calendar year. 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 January 1, 2024 to December 31, 2024.

We consider principal adverse impacts of our investment decisions on sustainability factors. The present statement is our consolidated statement of the principal adverse impacts on sustainability factors (“PAI”). The statement covers the reference period from January 1, 2024 to December 31, 2024. The statement will be reviewed as needed.

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, 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 on risks and value creation for our 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 our 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 risks 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 in the future, we intend to add more indicators.

Table 1

Description of the principal adverse impacts on sustainability factors ADL 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 2023	Impact in 2022	Impact in 2021	Explanation	Actions taken and 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	ADL 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 February 28 , 2024, 5.00% of our properties were not “Eligible GreenAssets” (as defined to the right) based on acquisition price.	As of February 28 , 2023, 34.97% of our properties were not “Eligible GreenAssets” (as defined to the right) based on acquisition price.	As of January 31, 2022, 5.43% of our properties were not “Eligible Green Assets” (as defined to the right) based on acquisition price.	To track the environmental performance of our properties, we rely on certifications issued by third party organizations, such as the Development Bank of Japan’s (“DBJ”) Green Building Certification, Building Energy-efficiency Labeling System (“BELS”) certification, Comprehensive Assessment System for Built	We implement as appropriate measures to reduce their environmental impact following acquisition, including by obtaining environmental certifications such as DBJ Green Building certification or CASBEE for Real Estate certification and implementing eco-friendly equipment such as LED lighting and solar panels to produce renewable energy. We plan to maintain

	FY2020. In addition,as a long-term target, ADL aims to achieve net zero GHG emissions for ADL’s properties by FY2050.And also,ADL aims to recuce the GHG emissions intensity (Scope 1-3 category13)of ADL’s owned properties by 10% by FY2030 compared to the level in FY2020.	Total GHG emissions generated by real estate assets																								
Energy consumption	<div>19. Energy consumption intensity</div> <table><tr><td></td><td>Unit</td><td>FY2023</td><td>FY2022</td><td>FY2021</td><td>FY2020</td></tr><tr><td>Total energy consumption</td><td>(MWh)</td><td>24,883</td><td>24,981</td><td>22,568</td><td>23,087</td></tr><tr><td>Energy consumption intensity</td><td>(MWh/m²)</td><td>0.048</td><td>0.048</td><td>0.049</td><td>0.054</td></tr></table> <div>We aim to reduce energy consumption intensity at ADL’s properties by 10% by FY2030 compared to the level in FY2020.</div>		Unit	FY2023	FY2022	FY2021	FY2020	Total energy consumption	(MWh)	24,883	24,981	22,568	23,087	Energy consumption intensity	(MWh/m ²)	0.048	0.048	0.049	0.054	Energy consumption in MWh of owned real estate assets per square meter						
	Unit	FY2023	FY2022	FY2021	FY2020																					
Total energy consumption	(MWh)	24,883	24,981	22,568	23,087																					
Energy consumption intensity	(MWh/m ²)	0.048	0.048	0.049	0.054																					
Waste	<div>20. Waste production in operations</div> <table><tr><td></td><td>Unit</td><td>FY2023</td><td>FY2022</td><td>FY2021</td><td>FY2020</td></tr><tr><td>Total volume</td><td>(ton)</td><td>1,254</td><td>1,203</td><td>860</td><td>2,091</td></tr><tr><td>Generation intensity</td><td>(ton/m²)</td><td>0.002</td><td>0.002</td><td>0.002</td><td>0.006</td></tr><tr><td>Coverage ratio</td><td>(%)</td><td>100%</td><td>100%</td><td>100%</td><td>89%</td></tr></table> <div>We aim not increase waste generation intensity at ADL’s properties by FY2030 compared to the level in FY2020.</div>		Unit	FY2023	FY2022	FY2021	FY2020	Total volume	(ton)	1,254	1,203	860	2,091	Generation intensity	(ton/m ²)	0.002	0.002	0.002	0.006	Coverage ratio	(%)	100%	100%	100%	89%	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract
	Unit	FY2023	FY2022	FY2021	FY2020																					
Total volume	(ton)	1,254	1,203	860	2,091																					
Generation intensity	(ton/m ²)	0.002	0.002	0.002	0.006																					
Coverage ratio	(%)	100%	100%	100%	89%																					

Table 3

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

ADL 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 our 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 ADL's portfolio, to the extent available.

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	Adverse sustainability impact (qualitative or quantitative)	Metric
Indicators applicable to investments to the Asset Manager or tenants		
Social and employee matters	<p>4. Lack of a supplier code of conduct</p> <p>The Asset Manager has established a Sustainability Procurement Policy to implement procurement-related aspects of the Sustainability Policy in cooperation from its major suppliers. Since 2019, at the time of entry selection of a property manager and a real estate appraisal company and thereafter annually in accordance to the Green Procurement Policy, we take into consideration their environmental and social initiatives, such as whether to respect human rights and secure appropriate work environment for employees.</p> <p>In addition, in 2019, we established the Sustainability Procurement Guidelines, which implement key elements of the Green Procurement Policy, and we provide them to our property managers and building managers.</p> <p>Moreover, we include green lease clauses concerning energy and water conservation in lease agreements with tenants to promote energy- and water-saving efforts.</p>	<p>Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labor and forced labor)</p> <p>We have provided the Sustainability Procurement Guideline to all of property managers and building managers as well as major suppliers.</p> <p>Based on surveys conducted on all of property managers and real estate appraisal companies with which we have transactions amounting to at least ¥10 million per year in November 2023, we have confirmed that they have complied with laws, regulations and internal rules including employee-related and corporate ethics-related policies.</p> <p>As of March 31, 2024, 36.8% of our tenants (based on the number of rental units) have executed lease agreements with green lease clauses.</p>
Human Rights	<p>9. Lack of a human rights policy</p> <p>We established a Human Rights Policy in June 1, 2022 and conduct measures to prevent harassment, including compliance programs and external trainings.</p> <p>In addition, the Asset Manager has established the Sustainability Procurement Policy. Since 2019, at the time of entry selection of a property manager and a real estate appraisal company and and</p>	<p>Share of investments in entities without a human rights policy</p> <p>All of employees of the Asset Manager are protected under the Human Rights Policy of our sponsor group.</p>

	<p>thereafter annually in accordance to the Sustainability Procurement Policy, we take into consideration their environmental and social initiatives, such as whether they respect human rights and have established appropriate work environment for their employees.</p> <p>In addition, in 2019, we established the Sustainability Procurement Guidelines, and we provide them to our property managers and building managers.</p>	<p>We have provided the Sustainability Procurement Guidelines to all of property managers and building managers as well as major suppliers.</p> <p>Based on surveys conducted on all of property managers and real estate appraisal companies with which we have transactions amounting to at least ¥10 million per year in November 2023, we have confirmed that they have complied with laws, regulations and internal rules, including human rights-related policies, and have promoted diversity and work-life balance.</p>
Anti-corruption and anti-bribery	<p>13. Operations and suppliers at significant risk of incidents of forced or compulsory labor</p> <p>We established the Human Rights Policy in June 1, 2022, and accept international standards such as the Universal Declaration of Human Rights and promote measures to promote human rights. We strictly comply with labor-related laws and regulations to ensure that our work environment is appropriate for all of the Asset Manager's employees.</p> <p>In addition, the Asset Manager has established the Sustainability Procurement Policy. Since 2019, at the time of entry selection of a property manager and a real estate appraisal company and thereafter annually in accordance to the Sustainability Procurement Policy, we take into consideration their environmental and social initiatives such as whether they respect human rights and have established appropriate work environment for their employees, and review each property manager's and appraiser's environmental and social initiatives annually thereafter.</p> <p>In addition, in 2019, we established the Green Procurement Guidelines, and we provide them to our property managers and building managers.</p>	<p>Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labor in terms in terms of geographic areas and/or the type of operation</p> <p>In FY2021, there was no breach of labor-related laws, regulations or standards within the Asset Manager.</p> <p>Based on surveys conducted on all of property managers and real estate appraisal companies with which we have transactions amounting to at least ¥10 million per year in September 2021, we have confirmed that they have complied with laws, regulations and internal rules including labor-related policies, and have found no forced or compulsory labor.</p>

For descriptions of actions which ADL takes and will take with respect to the PAI indicators, please refer to our ESG website: <https://www.adl-reit.com/en/sustainability/>.

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 our portfolio.

ADL has established a green finance framework to provide investors with investment opportunities of environmental significance. Funds raised through green bonds or green loans will be used to acquire properties that are classified as Eligible Green Assets.

For further information, please refer to our ESG website: <https://www.adl-reit.com/en/sustainability/>.

4. Engagement policies

Due Diligence and Screening

Prior to our investment in a property, we conduct due diligence on the property, including environment assessment such as land pollution and evaluation of earthquake resistance and PML. Furthermore, we review each property's Green Building certification at the time of acquisition to confirm the status of acquiring the certificates.

The Asset Manager's investment decision-making process involves assessment of material ESG-related risks identified through due diligence review, including legal compliance, land pollution, environmental risks and other factors. With each acquisition opportunity, we review these ESG-related due diligence findings and risk assessment. These findings and assessment are required to be considered by the Asset Manager's Investment Committee before a final decision is made on the investment by ADL's Board of Directors.

In addition, we monitor and track energy consumption, greenhouse gas emissions, water usage and waste amounts at the properties in ADL's portfolio.

Engagement

We have executed lease agreements, which include clauses concerning energy and water conservation and requiring tenants to collaborate. In addition, we have inserted green lease clause in a management services contract (including renewal one) with a property manager.

To create sustainable society through asset management, the Asset Manager has established a Sustainability Procurement Policy to implement procurement-related aspects of the Sustainability Policy with cooperation from its suppliers. Since FY2019, major suppliers, including all property managers that the Asset Manager uses, have been evaluated at the time of entry into a contract with the Asset Manager and thereafter annually in accordance to the Sustainability Procurement Policy, on how they address sustainability issues. The Asset Manager considers suppliers' engagement in sustainability when it selects a supplier in addition to its quality, price, credibility and services offered. In addition, we includes a criterion concerning initiatives taken on environment when we select a property manager.

5. References to international standards

The Asset Manager became a signatory as a supporter to the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD") established by the Financial Stability Board and joined the Japan TCFD Consortium in March 2020. Moreover, the Asset Manager supports international norms on human rights, such as the Universal Declaration of Human Rights, Declaration on Basic Principles and Rights in Labor declared by the International Labor

Organization (ILO) and the United Nations Global Compact. In addition, the Asset Manager will respect human rights based on the Guiding Principles on Business and Human Rights established by the United Nations.

6. Historical comparison

See Table 1 and Table 2 above.