

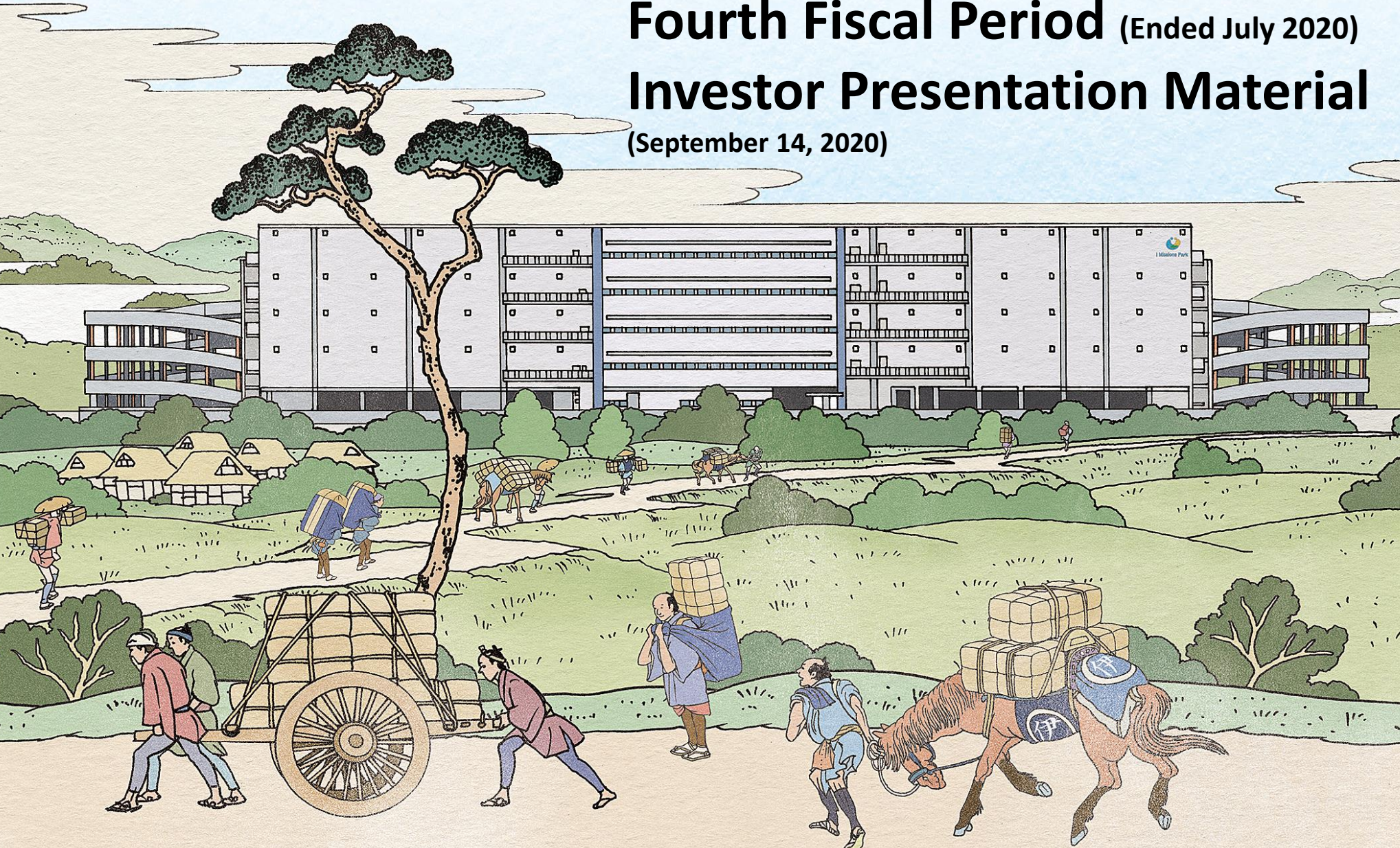


Ticker Symbol: 3493

ITOCHU Advance Logistics Investment Corporation

# Fourth Fiscal Period (Ended July 2020) Investor Presentation Material

(September 14, 2020)







With respect to the financial results for the fourth fiscal period, I am pleased to announce that we have yet again successfully closed another fiscal period with increased revenue, profit, and distributions. And in February 2020, we have launched the first post-IPO equity offering and I believe that the success of the deal is largely thanks to the generous support we receive from our stakeholders, including our unitholders.

As in the fourth fiscal period, we have decided not to hold the financial results briefing session in terms of preventing the spread of COVID-19. We are deeply sorry for any inconvenience. We would appreciate it if you could confirm the details of our performance by watching the presentation video on our website with this presentation. If you have any questions, please feel free to contact us at the details set out at the end of this presentation.

In the early stages of the spread of COVID-19 this spring, unit prices has dropped quite rapidly and this must have caused great concern to our unitholders. However, unit price was V shaped recovery with the market reassessing the solid needs for advanced logistics facilities and the stability of management due to factors such as the expansion of stay-at-home consumption and e-commerce, the reputation of logistics REITs, and of IAL in particular, has increased even more than before the expansion of COVID-19, and now I understand that unitholders' expectation for further external growth have recently increased. We have secured some properties in our sponsor's pipeline, which are newly developed, 100% occupied and have preferential negotiating rights. The sponsor group continues to be proactive in developing new properties and we expect to be able report on candidate pipeline properties in due course. Under the unprecedented and unexpected market, we will continue to pay close attention to the external environment for timely grasping opportunities and plan for steady external growth and continued internal growth

Although we have not received any incident reports, which related COVID-19 from our tenants that would have a significant impact on their operation, we will continue forward with our management operations without letting up. We are fully aware of our mission, "Meet the expectation of our unitholders", and we will remain committed to making aggressive moves in order to be the J-REIT of your choice.

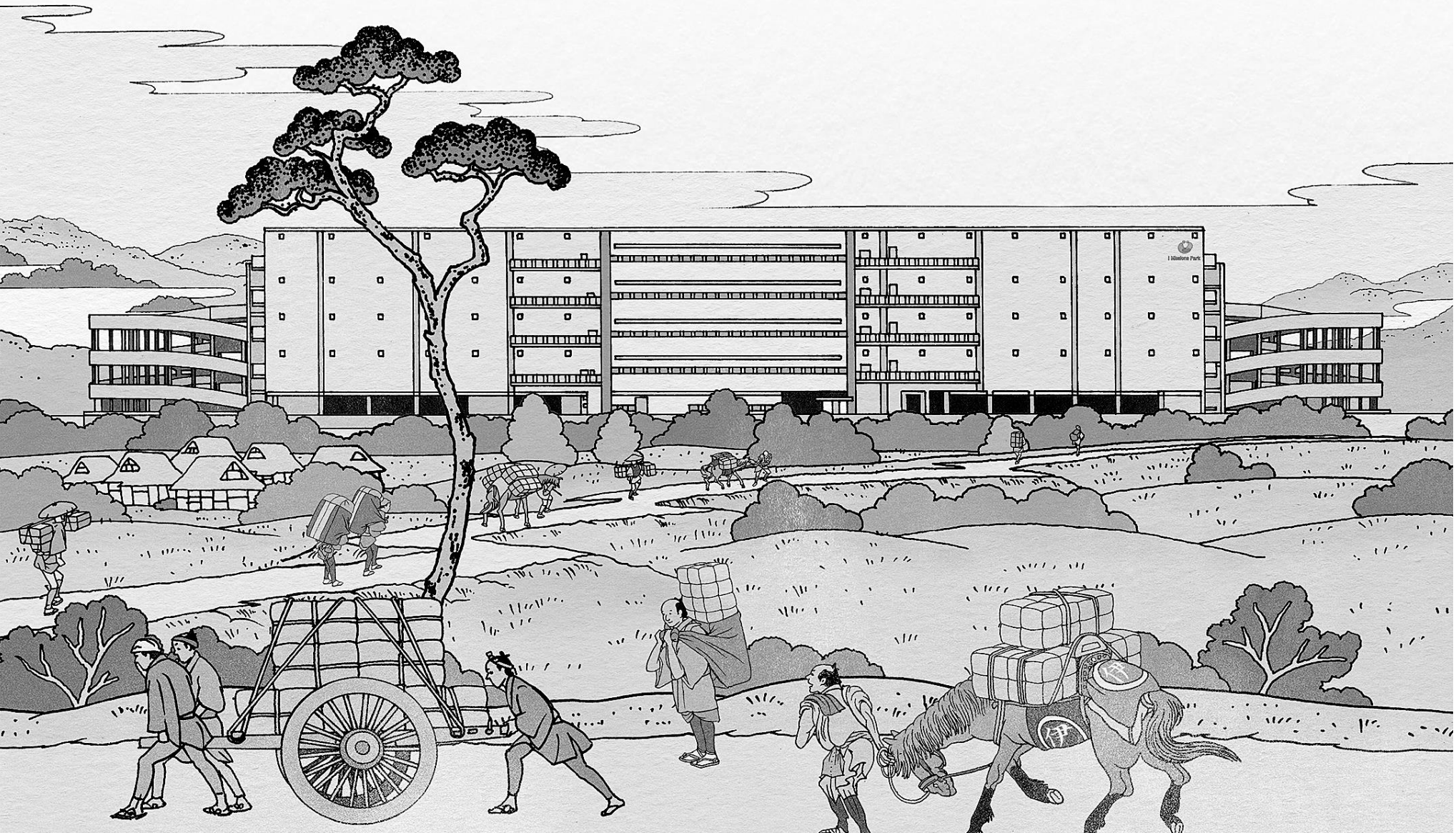
Junichi Shoji  
Representative Director, President & CEO  
ITOCHU REIT Management Co., Ltd.



<b>Response to COVID-19</b>	P.3
<b>Financial Results</b>	P.5
<b>Growth Strategies</b>	P.9
<b>Portfolio</b>	P.22
<b>Market Overview</b>	P.24
<b>Appendix</b>	P.27



# Response to COVID-19





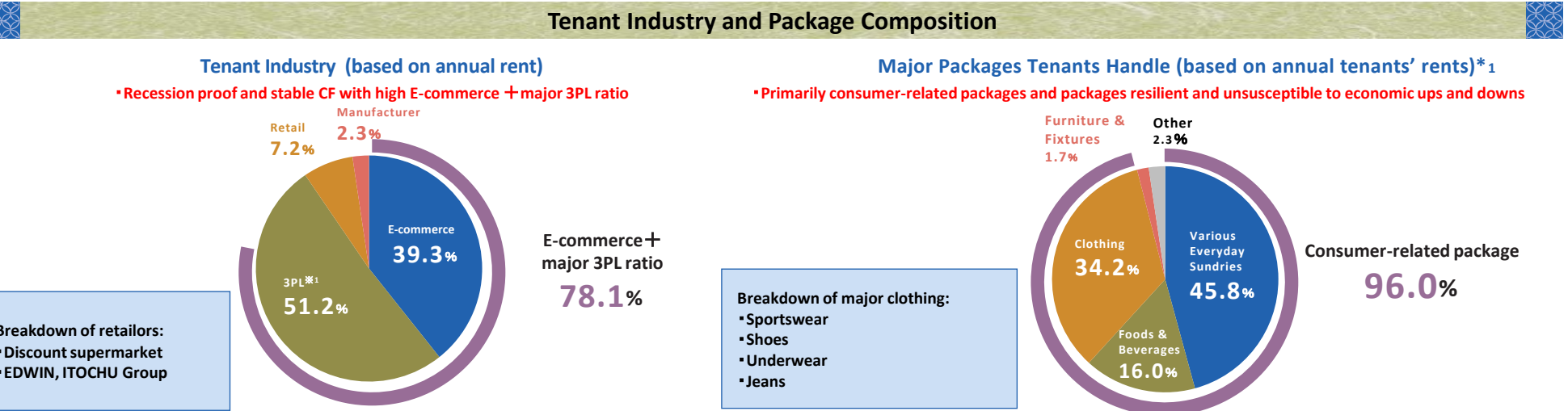
# Response to COVID-19

## Response of Tenants and the Asset Management Company against COVID-19

Efforts to prevent the spread of COVID-19	
Tenant	<ul style="list-style-type: none"><li>IAL has not been informed so far that COVID-19 infection was found among the tenants of the facilities it owns (as of September 14, 2020)</li><li>Ensure basic hygiene practices (handwashing, disinfection, and facemask) Each tenant is taking different preventive measures, for example: measuring employees' body temperature; keeping social distancing at offices and employees' lounges; and placing division panels, best for its own workplace management</li></ul>
Asset Management Company	<p>Operation of IAL has been going without any problems even under the current situation</p> <ul style="list-style-type: none"><li>IT infrastructure for teleworking has already been established. IRM will continue to invest in various facilities and equipment to be added to improve operational efficiency</li><li>All the workers, including the President, have been teleworking half a week</li></ul>

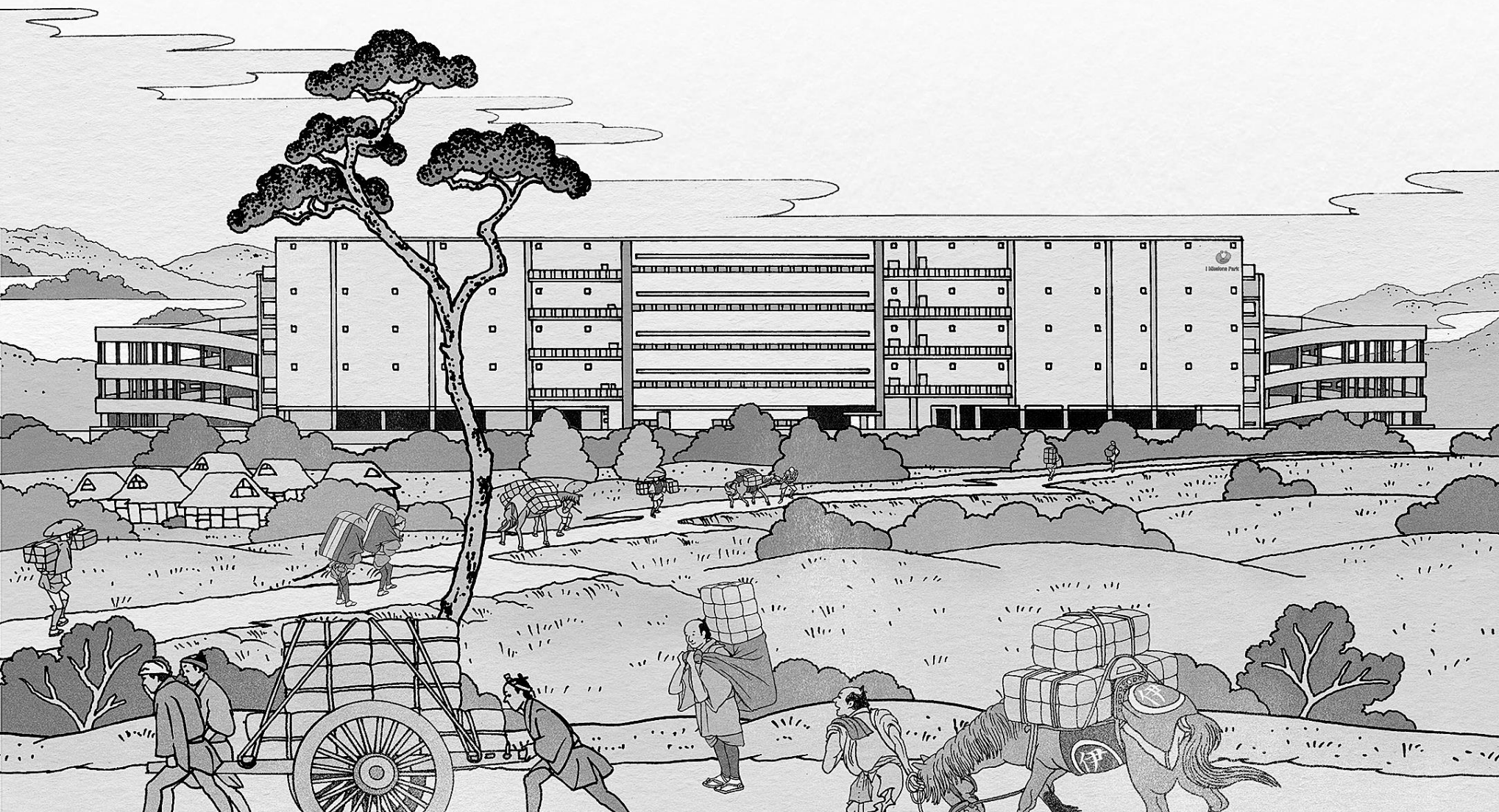
## Tenant industry and package composition with stable CF to be expected even under the influence of COVID-19

(as of July 31, 2020)



\*1 The calculations of packages are based on what we heard from respective tenants. Accordingly, different types of packages may be handled at some part of space

# Financial Results





# Highlights

## Launch the first post-IPO public offering / Increase Revenues, Profits and Distributions

### Operational Highlights <as of the End of the 4th Fiscal Period (Jul. 2020) >

Appraisal NOI yield **5.0%**  
Actual NOI yield **5.2%**  
(based on acquisition price)

Occupancy rate  
**99.9%**

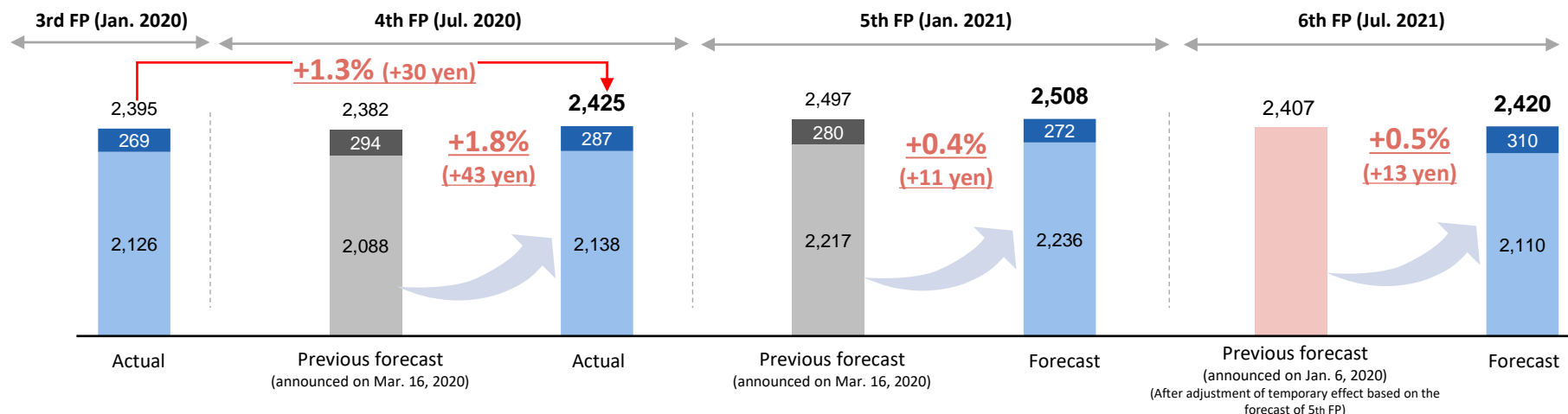
Appraisal value  
4th FP (Jul. 2020) **90.9 BN Yen**  
3rd FP (Jan. 2020) 64.2 BN Yen

NAV per unit  
4th FP (Jul. 2020) **118,511 yen**  
3rd FP (Jan. 2020) 116,026 yen  
(+2.1%)

Unrealized gains  
4th FP (Jul. 2020) **8.0 BN Yen**  
(ratio of unrealized gain 9.7%)  
3rd FP (Jan. 2020) 6.2 BN Yen  
(ratio of unrealized gain 10.7%)

### Forecast Distributions

\* In the 4th FP, achieved the increase dividends (+1.3%) over the previous fiscal period by minimized expenses related to general meeting of unitholders and the first post-IPO public offering



### Highlights of Initiatives and Measures

#### External Growth

- Acquired two quality properties through the **first post-IPO public offering** and improved unitholder value
- Expanded the asset size by **56% to 84.1 billion yen** (based on acquisition price)

#### Financial Strategies

- Maintained LTV** after repayment of consumption tax loan **at the 30% level** (based on total assets) after the first post-IPO public offering (Forecast as of the end of the 5th fiscal period after repayment of consumption tax loans: **39.6%**)
- Financing capacities when increasing LTV (based on total assets) to 45% are **8.5 billion yen**

#### Internal Growth

- Increase in revenue due to rent increase
- Generated new profits by thorough cost reduction and roof rental (effective utilization of assets) to improve NOI

#### ESG

- Strengthen governance through revision of the asset management fee structure
- Implement green finance (green loan, green bond etc.)
- Promote the working from home to prevent the spread of COVID-19

\*1 Consumption tax loans refer to loans to be repaid before their maturity dates with consumption tax refund for asset acquisition. The forecast as of the end of the 5th fiscal period (after repayment of consumption tax loans) assumes the prepayment of the relevant consumption tax loans.  
\*2 Please refer to page 7 and the following pages for the definitions of terms and calculation methods described on this page.

# Financial Results of the 4th Fiscal Period (Jul. 2020)

## DPU

4th fiscal period (Jul. 2020) Actual **2,425 yen**  
vs forecast +43 yen (+1.8%) / period on period +30 yen (+1.3%)

## FFO per Unit

4th fiscal period (Jul. 2020) Actual **3,465 yen**  
vs forecast +64 yen (+1.9%) / period on period +44 yen (+1.3%)

(MN Yen)	3rd fiscal period (Jan. 2020)		4th fiscal period (Jul. 2020)	
	Actual	Forecast (announced on Mar. 16, 2020) (A)	Actual (B)	Difference (B) – (A)
Operating revenues	1,759	2,405	2,399	-5
Operating income	839	1,173	1,193	+19
Ordinary income	760	1,015	1,047	+31
Net income	759	1,014	1,046	+31
DPU (including surplus cash distribution (SCD))	2,395 yen	2,382 yen	2,425 yen	+43 yen
DPU (excluding SCD)	2,126 yen	2,088 yen	2,138 yen(※)	+50 yen
SCD per unit	269 yen	294 yen	287 yen	-7 yen
FFO	1,221	1,653	1,684	+30
FFO payout ratio	70.0%	70.0%	70.0%	-
Ratio of SCD to depreciation	20.8%	22.4%	21.9%	-0.5 pt
FFO per unit	3,421 yen	3,401 yen	3,465 yen	+64 yen
AFFO*	1,213	1,628	1,671	+42
AFFO payout ratio	70.5%	71.1%	70.5%	-0.5 pt
AFFO per unit	3,398 yen	3,351 yen	3,438 yen	+87 yen

## Breakdown of Difference

(4th FP forecast vs 4th FP actual)

### 【Operating revenues】

Decrease in utility revenues - 6

### 【Operating income】

Decrease in utility expenses + 6

Increase in repair expenses - 1

Decrease in property and  
city planning taxes + 1

Decrease in insurance expenses + 1

Increase in asset management fees - 5

Decrease in administrative  
service fees + 3

Decrease in public accountants and  
tax accountants' fees + 1

Decrease in expenses related to  
general meeting of unitholders + 8

### 【Ordinary income】

Decrease in interest expenses + 9

Decrease in expenses for issuance  
cost of new investment units + 1

※ DPU (excluding SCD) is calculated by dividing Net Income (excluding reserve for temporary difference adjustments) by investment units.

\* FFO is calculated by adding depreciation costs for the applicable fiscal period to net income (excluding gain or loss on the sale of real estate).  
AFFO is calculated by deducting capital expenditure from FFO. The AFFO formula has been changed and the AFFO for 3rd FP actual and 4th FP forecast(announced on Mar. 16, 2020) is calculated on this formula respectively. (Previously, AFFO was calculated by deducting capital expenditures from FFO, and adding loan-related non-cash expenses.)  
FFO (AFFO) payout ratio is calculated by dividing the sum of total distributions and total surplus cash distributions by FFO (AFFO), rounded to the first decimal place.



# Earning Forecasts for the 5th Fiscal Period (Jan. 2021) and the 6th Fiscal Period (Jul. 2021)

(MN Yen)	4th fiscal period (Jul. 2020)	5th fiscal period (Jan. 2021)		6th fiscal period (Jul. 2021)
	Actual (A)	Forecast (B)	Difference (B) – (A)	Forecast
Operating revenues	2,399	2,456	+57	2,456
Operating income	1,193	1,190	-2	1,129
Ordinary income	1,047	1,087	+40	1,026
Net income	1,046	1,086	+40	1,025
DPU (including surplus cash distribution (SCD))	2,425 yen	2,508 yen	+83 yen	2,420 yen
DPU (excluding SCD)	2,138 yen	2,236 yen	+98 yen	2,110 yen
SCD per unit	287 yen	272 yen	-15	310 yen
FFO	1,684	1,741	+57	1,680
FFO payout ratio	70.0%	70.0%	-	70.0%
Ratio of SCD to depreciation	21.9%	20.2%	-1.7pt	23.0%
FFO per unit	3,465 yen	3,583 yen	+118 yen	3,457 yen
AFFO	1,671	1,732	+61	1,659
AFFO payout ratio	70.5%	70.4%	-0.1 pt	70.9%
AFFO per unit	3,438 yen	3,563 yen	+125yen	3,415 yen

## Breakdown of Difference

(4th FP actual vs 5th FP forecast)

### 【Operating revenues】

IMP Inzai (20% quasi-co-ownership interest) contributes for 5th FP

Increase in rent revenues +58  
Increase in utility revenues +5

Decrease in insurance income - 6

### 【Operating income】

IMP Inzai (20% quasi-co-ownership interest) contributes for 5th FP

Increase in utility expenses - 5  
Increase in building management expenses - 1  
Increase in depreciation - 16  
Increase in asset management fees -17

Increase in property and city planning taxes - 1

Increase in administrative service fees - 5

Decrease in expenses related to general meeting of unitholders +1  
Decrease in attorney's fees +3

### 【Ordinary income】

Decrease in expenses for 1st post-IPO public offering

Decrease in borrowing related expenses +9  
Decrease in expenses for issuance cost of new investment units +21  
Decrease in temporary expenses +13

Increase in interest expenses - 4  
Interest on tax refund +3

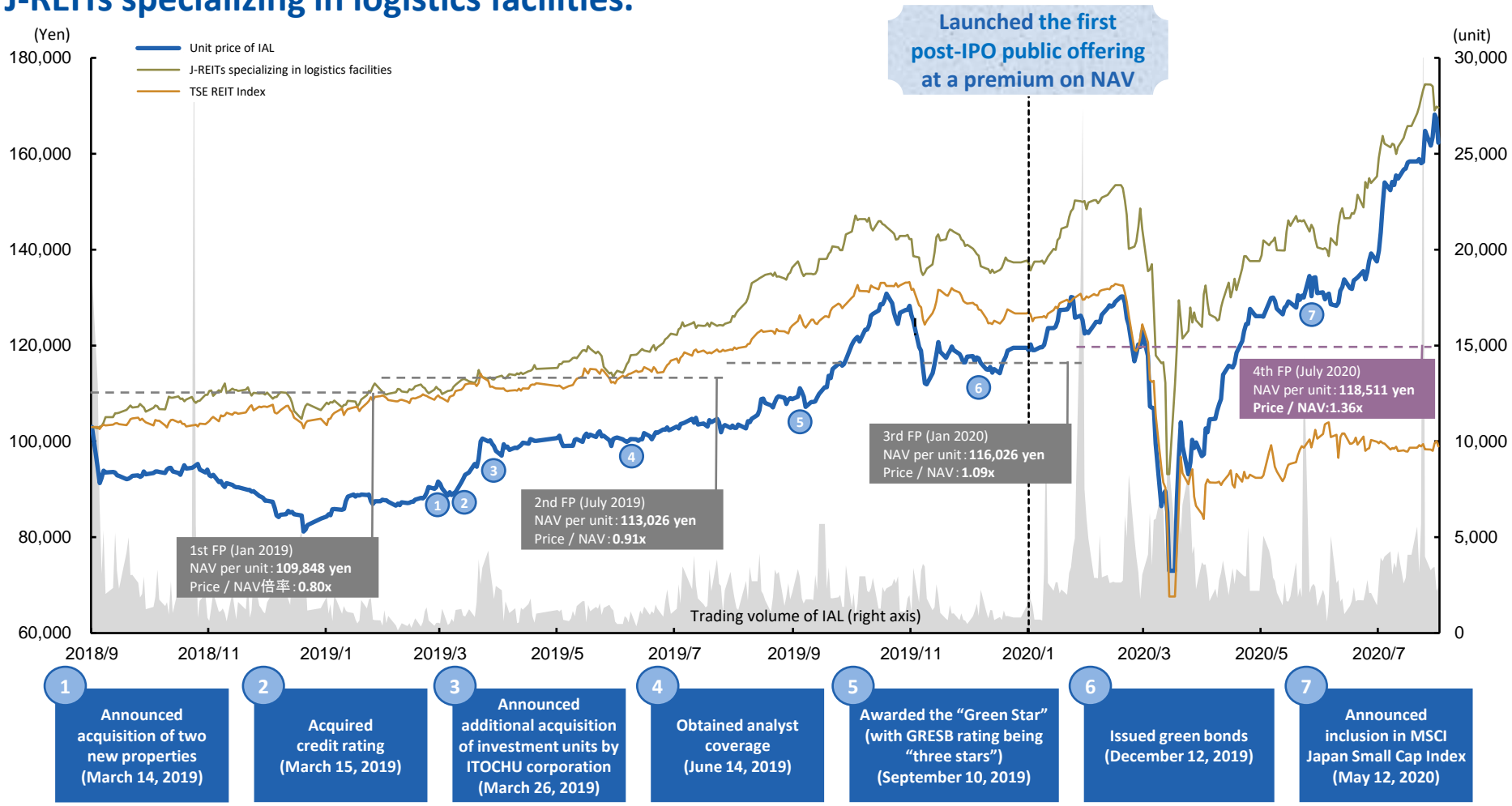
# Growth Strategies





# Implemented Measures and Change of Unit Price

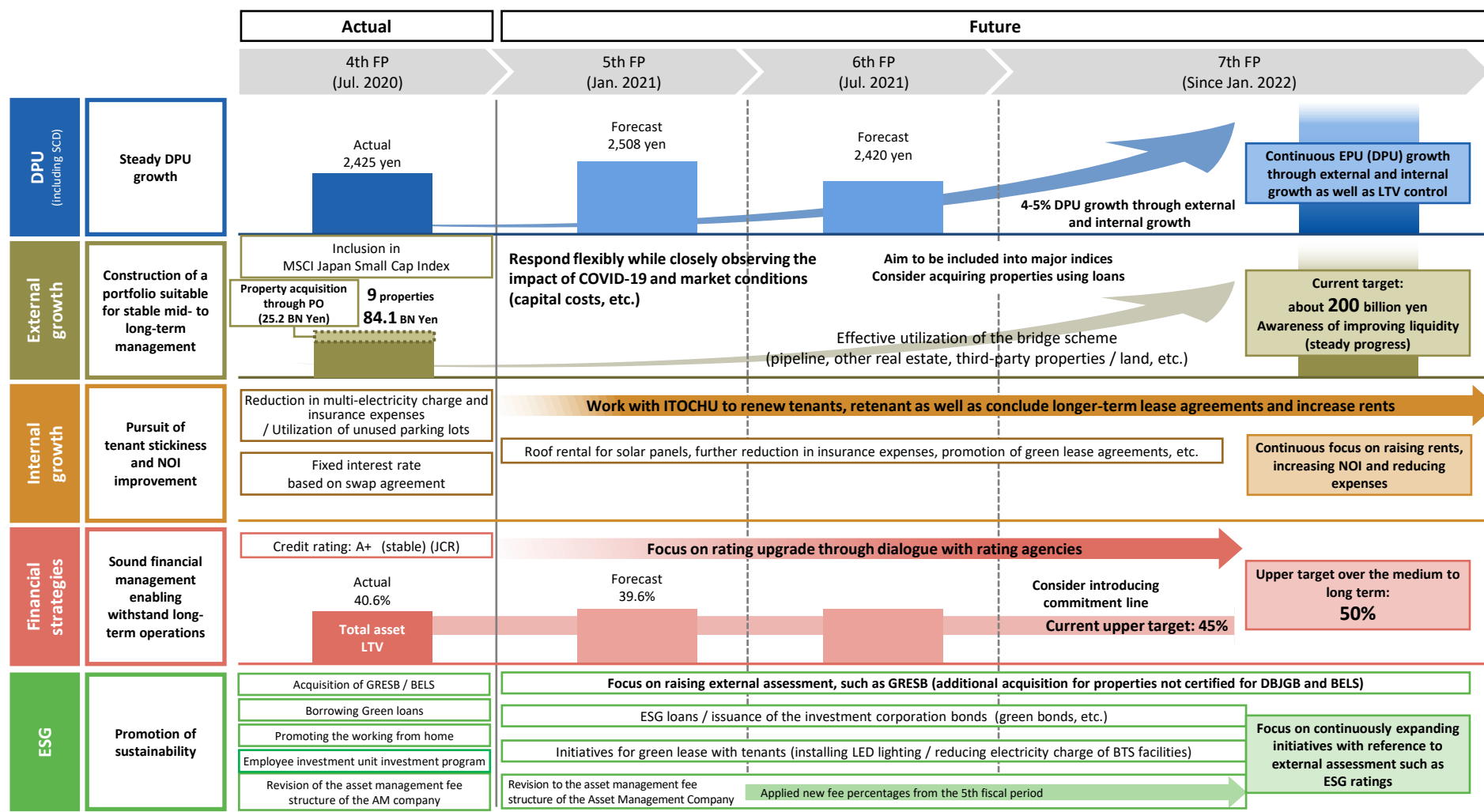
Unit price rose above NAV per unit due to the implemented measures.  
After the first post-IPO public offering, unit price performed relatively well among J-REITs specializing in logistics facilities.



※ Changes in TSE REIT Index and J-REITs specializing in logistics facilities are indexed based on IAL's initial public offering price, 103,000 yen, with IAL's listing day as the start date. J-REITs specializing in logistics facilities are weighted for market capitalization.

# Strategic Roadmap

By steadily continuing measures, aim for long-term stable management which improves unitholder value





# External Growth

## Strategies Steady Expansion of the Asset Size through Selective Investment in Quality Properties

### <Portfolio>

Carefully select quality properties that do not damage **the quality and profitability of portfolio**, and acquire at appropriate level of NOI yield in each area

Considering the possibility of entering the economic downturn phase, we are strongly conscious of building a portfolio focusing on locations and tenants (long-term contracts) that can be expected to generate long-term stable cash flow.


### <Properties>

#### Sponsor Development Properties

Utilize the sponsor support and continue to acquire properties at appropriate level of NOI yield by area

Properties owned / developed by the ITOCHU Group: 6 properties with total floor area of 175,912m


Preferential negotiation right



27,872m<sup>2</sup>

i Missions Park Tokyo-Adachi


Preferential negotiation right



95,230m<sup>2</sup>

i Missions Park Kahiwa 2  
(30% quasi-co-ownership interest)

Preferential negotiation right



26,938m<sup>2</sup>


i Missions Park Inzai 2

+

New property

i Missions Park Yoshikawa Minami  
Total floor area : approx. 17,848m<sup>2</sup>  
Groundbreaking : Apr. 2022(planned)  
Completion : Sep. 2023(planned)


Preferential negotiation right



10,300m<sup>2</sup>

i Missions Park Miyoshi

Preferential negotiation right



57,724m<sup>2</sup>

i Missions Park Ichikawa Shiohama

disclosed pipeline

#### Third-party Properties

Identification of asset securitization needs utilizing the ITOCHU Group's network

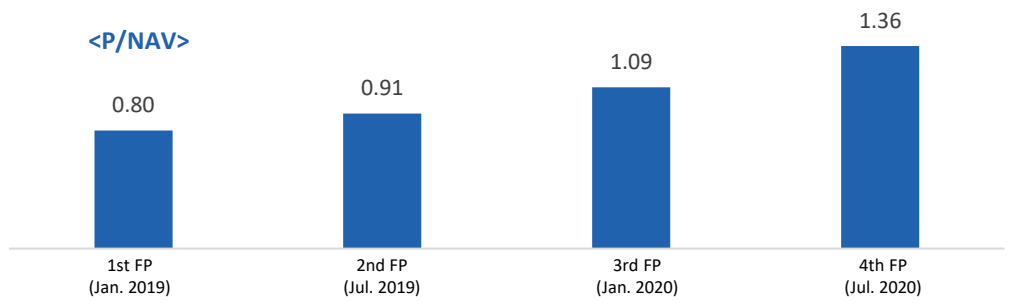
- Logistics real estate capable of realizing tenant stickiness and long-term stable earnings (actively consider areas other than Kanto and Kansai)
- Other real estate (process centers, etc.)

Properties with potential for generating relatively high yield

By using the features of the quality properties with stable cash flow, proactively utilize the bridge scheme depending on the conditions

### <Capital Policy>

Pay close attention to the market conditions, etc., and acquire properties by appropriately combining equity, debt and cash in hand according to the situation



- Improving the cost of capital
- Aim the external growth by timely grasping the opportunity.

# Portfolio Map





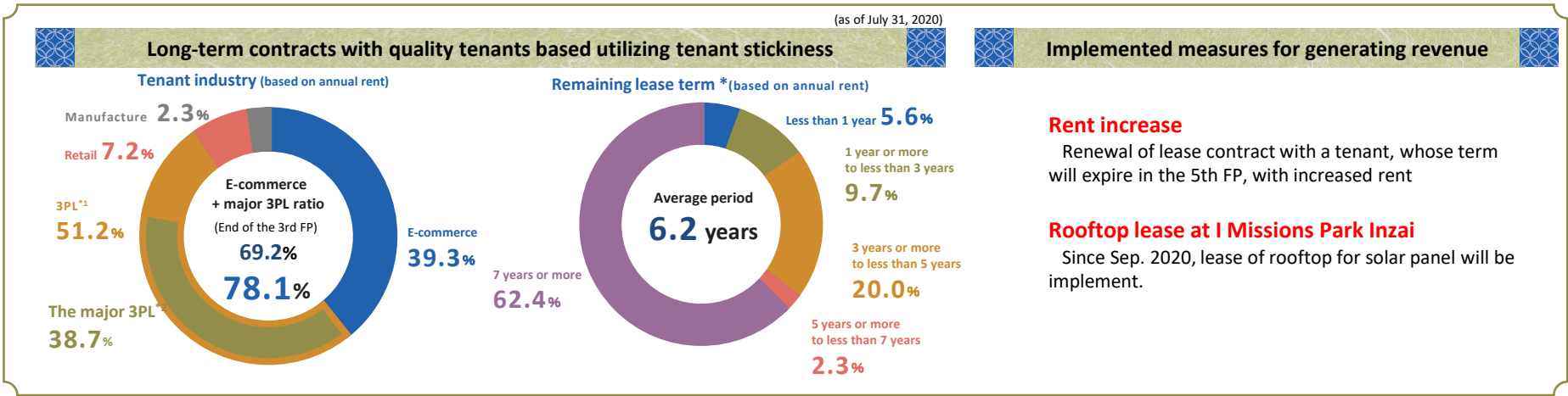
# Internal Growth Strategies (1)

## Long-term Stable Cash Flow Based on ITOCHU Corporation's Leasing Capabilities

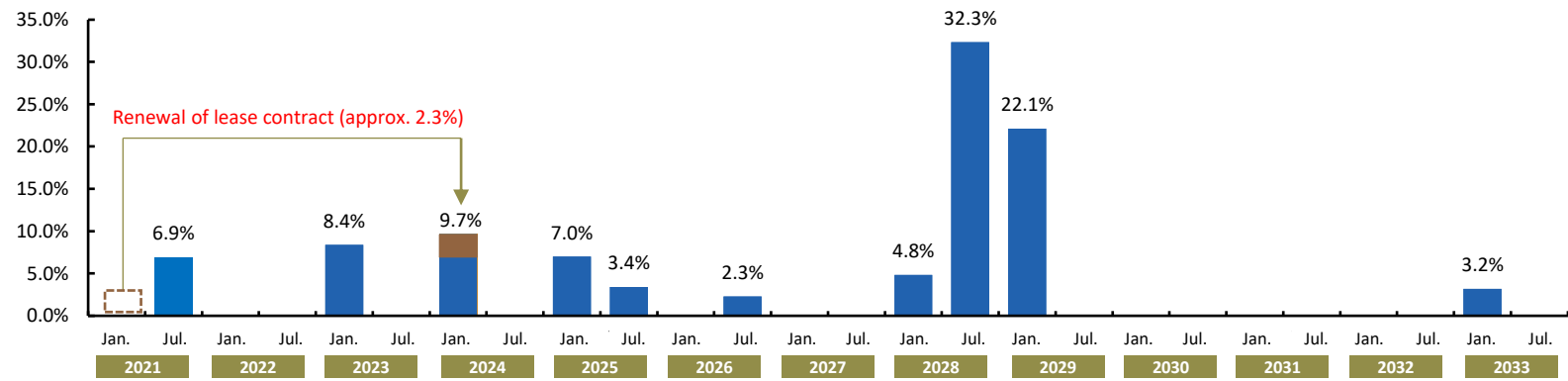
Secure long-term stable profitability by timely grasping the customer's location strategy and needs through the ITOCHU Group's network. Also lease the entire building to a quality tenant on a long-term basis for several facilities

fundamental policy on leasing

Long-term, stable cash flow realized based on lease contracts with quality tenants



### Timing of Lease Expiration



\* Regarding tenant whose term will expire in the 5th FP, the lease expiration is calculated based on new contract period.

# Financial Strategies (1)

## Establishment of Strong Financial Base Enough for Long-term Asset Management

Extended the maturity dates, fixed the interest rates, and expanded the lender base  
Continued financial management with consideration for financial capacities

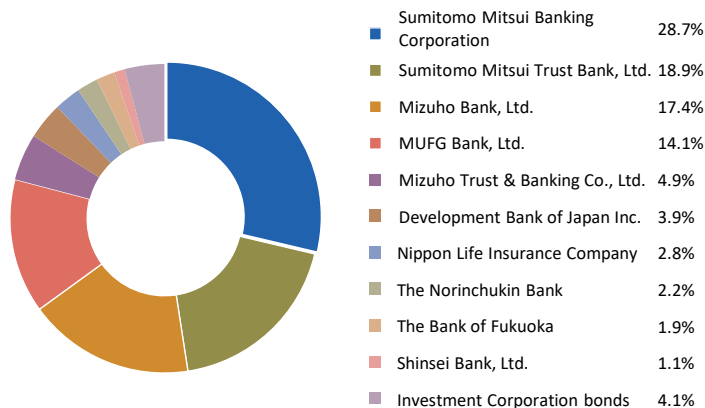
### Financial Highlights

(as of Jul. 31, 2020)

<b>Issuance of investment corporation bonds (Green bonds)</b> Term: 5 years Interest rate: 0.300% per annum	(Total asset) LTV <b>39.6%</b> <small>(as of the end of the 5th FP) (after repayment of consumption tax loans)</small>	Borrowing capacity (Assuming LTV can be increased up to 45%) <b>8.5 BN Yen</b> <small>(as of the end of the 5th FP) (after repayment of consumption tax loans)</small>	Average debt cost <b>0.47%</b> (annual basis)
Interest-bearing debt <b>36,153 MN Yen</b>	Long-term debt / Fixed interest ratio <b>95.8%</b>	Long-term issuer rating (JCR) <b>A+ (stable)</b>	Average life of debt outstanding <b>4.9 years</b>

### Diversified Interest-bearing Debt

#### More Diversified Interest-bearing Debt (All debt are Unsecured and non-guaranteed)



#### Longer borrowing periods and fixed interest ratio

	Borrowing amount	Ratio
Short-term loans payable	1.513 MN Yen	4.2%
Long-term loans payable (fixed interest rate)	33,140 MN Yen	91.7%
Investment Corporation Bonds	1,500 MN Yen	4.1%
<b>Total</b>	<b>36,153 MN Yen</b>	<b>100.0%</b>

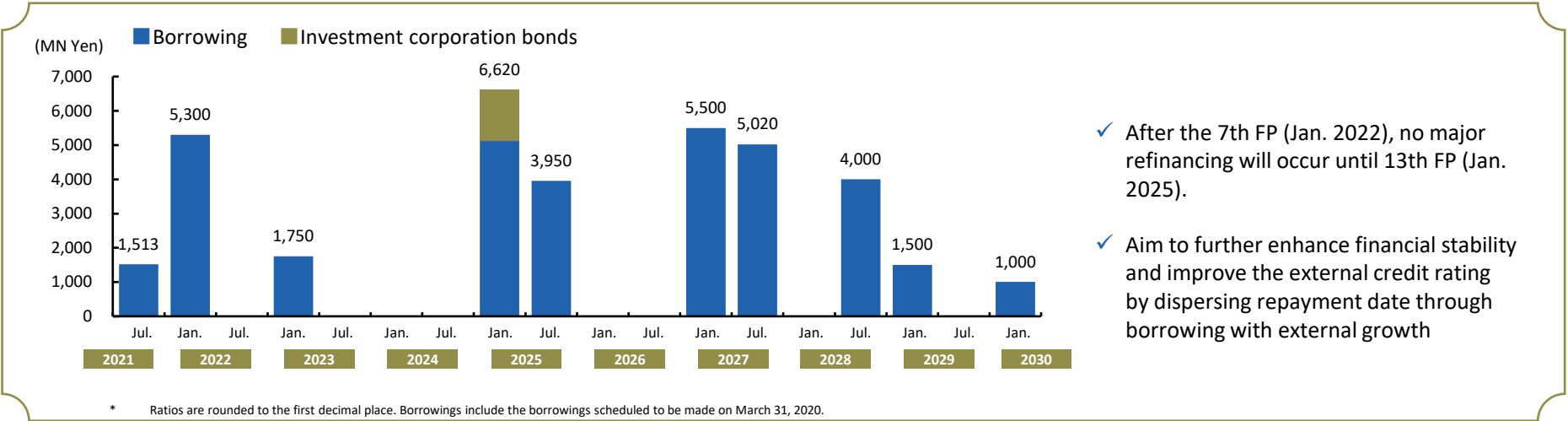


# Financial Strategies (2)

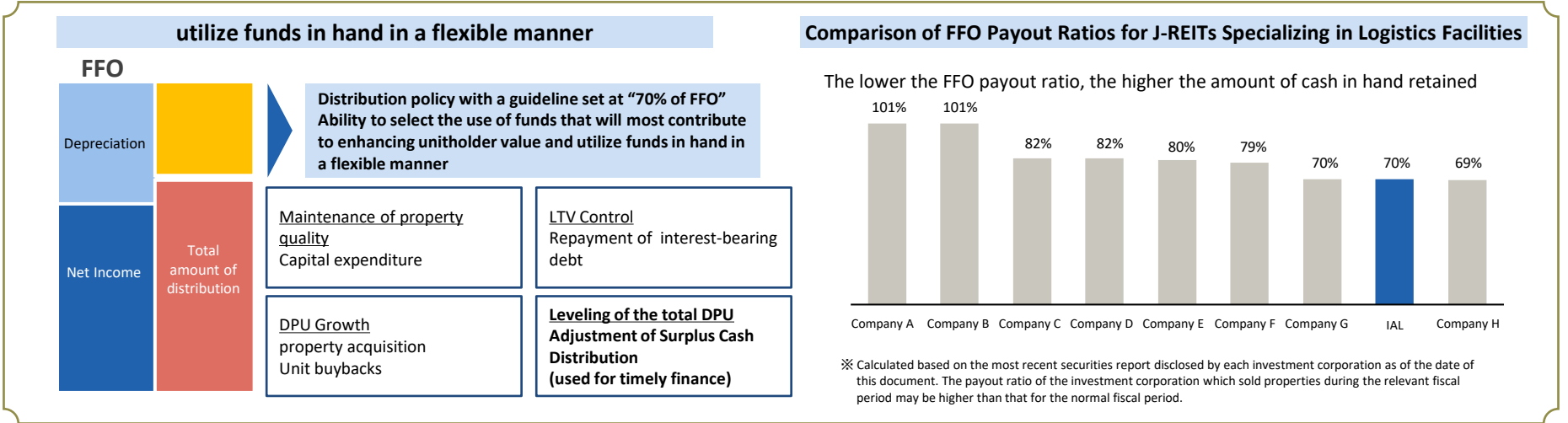
## Solid Cash Management in Preparation for various uses

Continue to secure and to utilize funds appropriate way for enhancing unitholder’s value

### Maturity Ladder



### Cash Management



# Initiatives for ESG : Basic Policy

## Strong commitment to ESG initiatives



### GRESB Real Estate Assessment

In recognition of its strong commitment to ESG, approximately one year after its listing, awarded “Green Star” status by GRESB Real Estate Assessment and granted “three-star” in the GRESB Rating

Timely implementation of measures  
at an early stage

### The Asset Management Company’s sustainability-related basic policy



#### Environment

- 1 Promote energy (decarbonization) and resource conservation
- 2 Utilize environmental certification



#### Society

- 1 Focus on human resources development
- 2 Respect for human rights and promote reforms in the way of working
- 3 Share sustainability policies with suppliers
- 4 Cooperate with tenant companies
- 5 Coexist with society, especially in areas where facilities are located



#### Governance

- 1 Comply with laws and regulations and prevent fraud
- 2 Timely and accurately disclose information to unitholders
- 3 Build appropriate relationships with stakeholders such as the ITOCHU Group

### ITOCHU Group’s Commitment

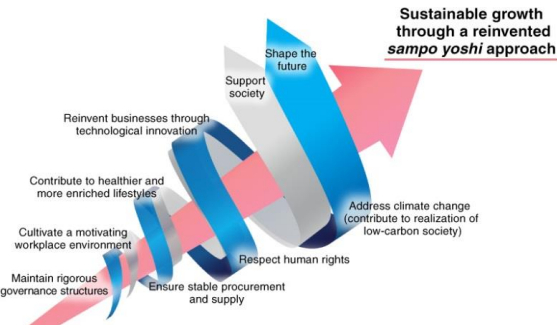
#### The United Nations Global Compact

ITOCHU Corporation participated in April 2009



#### TCFD (Task Force on Climate-related Financial Disclosures)

ITOCHU Corporation participated in TCFD Consortium in May 2019





# Initiatives for ESG (E) Environmental Initiatives

## Proactive Promotion of Green Financing

- Filed a revised shelf registration statement on November 22, 2019, and issued IAL's first green bonds on December 12, 2019. Enjoyed robust demand from a wide range of investors
- Had the framework evaluated by a third-party institution, JCR, and received the highest "Green 1 (F)" status in the "JCR Green Finance Framework Evaluation"
- Used green loans partially for the public offering made in January 2020

## Active Acquisition of External Environmental Certification

**BELS**

★★★★★ 3 properties  
★★★★★ 1 property  
(i Missions Park Inzai and other 3 properties)



DBJ Green Building

★★★★★ 1 property  
★★★★★ 5 properties  
(i Missions Park Inzai and other 4 properties)

<Percentage of properties certified>  
Total floor area basis (m<sup>2</sup>) • Post-acquisition

DBJ Green Building

**91.0%**

Total 399,290.54m<sup>2</sup>  
Certified properties 363,371.75m<sup>2</sup>

BELS

**40.3%**

Total 399,290.54m<sup>2</sup>  
Certified properties 161,050.44m<sup>2</sup>

## Energy Consumption Reduction and Resources Saving

### <Energy consumption reduction>



LED lighting

### <Renewable energy generation>



Solar panels

### <CO<sub>2</sub> emissions reduction>



Promoting CO<sub>2</sub> emissions reduction in cooperation among tenants based on applicable law\* (administrative report)

### <Water consumption reduction>



Installing water-saving toilet system

### <Greening>



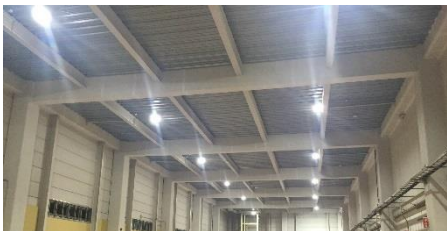
Greening parking lots

### <Tenant education>



Raising awareness through posters, etc.

### <Conclusion of green lease agreements>



Installing LED based on green lease agreements

\* Act on Advancement of Integration and Streamlining of Distribution Business.

# Initiatives for ESG (S) Social Contribution

## ESG Initiatives with Suppliers

Distribution of sustainability guidebooks to major business partners, including property management companies  
Annual survey on their sustainability-related initiatives

## Cooperation with Tenant Companies

### Statement of ESG-related clauses in lease agreement (Green lease clause)

Revision of lease agreement format  
Enhancement of the system to pursue ESG initiatives in cooperation with tenants, such as environmental performance data management and sharing

### Tenant satisfaction survey

Implemented since 2020  
Understand how tenants use their current facilities and utilize it for facility operation and equipment improvement

### Ensuring employee safety



An individual specification was adopted whereby employees enter the building via elevator access to the second floor directly from the parking lot. This ensures safety by creating separate lines of movement for pedestrians and trucks

## Coexistence with Local Communities

### Support for education



**The ITOCHU Foundation**  
Participate in donation campaigns by ITOCHU Foundation which aims for fostering the healthy development of children

### Helping people with disabilities



**Ethical Purchasing**  
Purchase from the ITOCHU group company that hires people with disabilities

### Volunteer activities



**ITOCHU Baseball School**  
Participated as volunteers in the baseball classes for children with disabilities, held by ITOCHU Corporation

### Consideration to local communities



**Community Cleanup**  
As a member of its community, IRM has its employees participate in community cleanup in the neighborhood.

## Initiatives for Employees

### TOKYO Work-Style Reform Declaration

Approved as a company committed to “TOKYO Work-Style Reform Declaration,” a program promoted by the Tokyo Metropolitan Government



#### ▪ Hourly paid leave

Allowing employees to take leaves on an hourly basis

#### ▪ Sliding working hours

Allowing employees to adjust starting and finishing times of daily working hours

### Measures against COVID-19

For reduction of infection risks,

1. wearing masks, installing disinfections, splash prevention partitions in conference rooms and shoe cleaning mats at the entrance

2. promoting the working from home and flex time

### Support for acquiring expertise

In collaboration with the ITOCHU Group, actively support for study session / correspondence course for employees



#### ▪ Study session for obtaining the qualification of real estate transaction agent

The ITOCHU Group holds a study session every week inviting outside lecturers  
Several employees of the Asset Management Company also participate in it



# Initiatives for ESG (G)

## Amend Management Fees to Further Align Interests with Unitholder

### Implemented amendment the management fee structure to further align interests with unitholder

#### Further enhanced commitment of the Asset Management Company towards Earning per unit (EPU) growth

Management fee structure committing to resolving challenges imposed on IAL

Expand the asset size which is relatively small

Management fee I

Total assets × 0.2% (upper limit)

Maintain and further expand property value through successful leasing and continuous cost saving

Management fee II

NOI of rental business × 5.0% (upper limit)

Enhance EPU and distribution per unit (DPU) to meet investors' expectation

Management fee III

Income before income taxes × Adjusted EPU × 0.005% (upper limit)

Asset disposition fee

Asset disposition price × 1.0% (upper limit)  
(0.5% only for disposition of assets to interested parties)

#### Proposed change

Plan to apply new percentage from the 5th FP (Jan. 2021)

Reduce the percentage by half

Total assets × 0.1% (upper limit)

NOI of rental business × 5.0% (upper limit)

Income before income taxes × Adjusted EPU × 0.005% (upper limit)

Uniformly apply the lower percentage;  
Abolish asset disposition fees in case of loss-incurring transaction

Disposition price × 0.5% (upper limit)  
(0% where loss on asset disposition is incurred)

- Halve the upper limit of percentage applicable to calculation of the "Management fee I" (i.e., portion linked to total assets)
- Change the percentage applicable to calculation of "Management fee III" linked to EPU within the upper limit\* (with the upper limit unchanged) thereby lowering the percentage of "Management fee III" to total management fees.  
(The amended total management fees are expected to be the same level as the estimated total management fees for the 5th fiscal period (Jan. 2021))
- Halve the percentage applied to calculation of asset disposition fees for disposition of assets to third parties other than interested parties. In addition, abolish the asset disposition fees if loss on asset disposition is incurred.

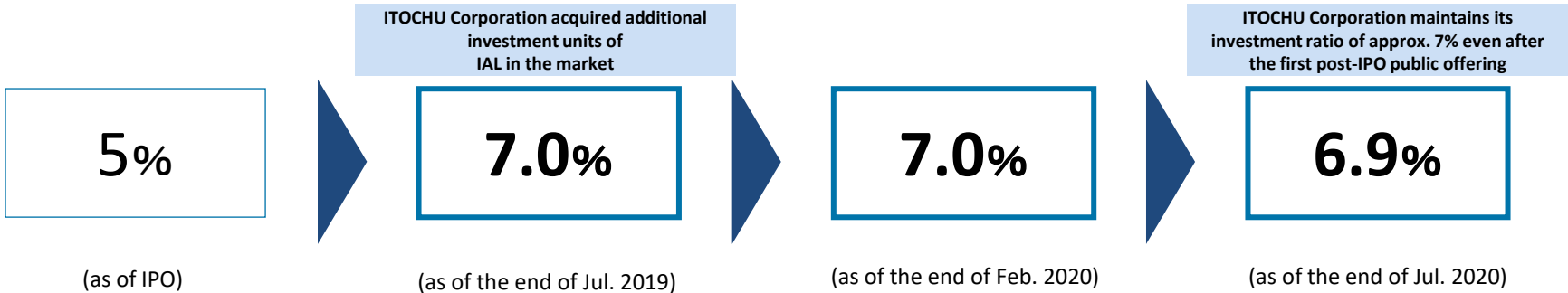
\* The actual percentage applicable is scheduled to be resolved by IAL's Board of Directors meeting within the upper limit

# Initiatives for ESG (G)

## Investment Unit Holding Program for Sponsor and Asset Management Company Employees

Proactively promote alignment of interests of the sponsor, ITOCHU Corporation, with those of unitholders

### ITOCHU Corporation's investment ratio in IAL



### Align interests of the Asset Management Company's employees with those of unitholders

- Full-time directors of the Asset Management Company started utilizing the cumulative investment unit investment program\*
- As for non-director employee investment unit ownership program has been introduced
- Facilitate the alignment of interests of unitholders with those of the Asset Management Company's directors and employees

### Personnel structure mainly consisting of employees not seconded from sponsors

#### Personnel structure of asset management companies

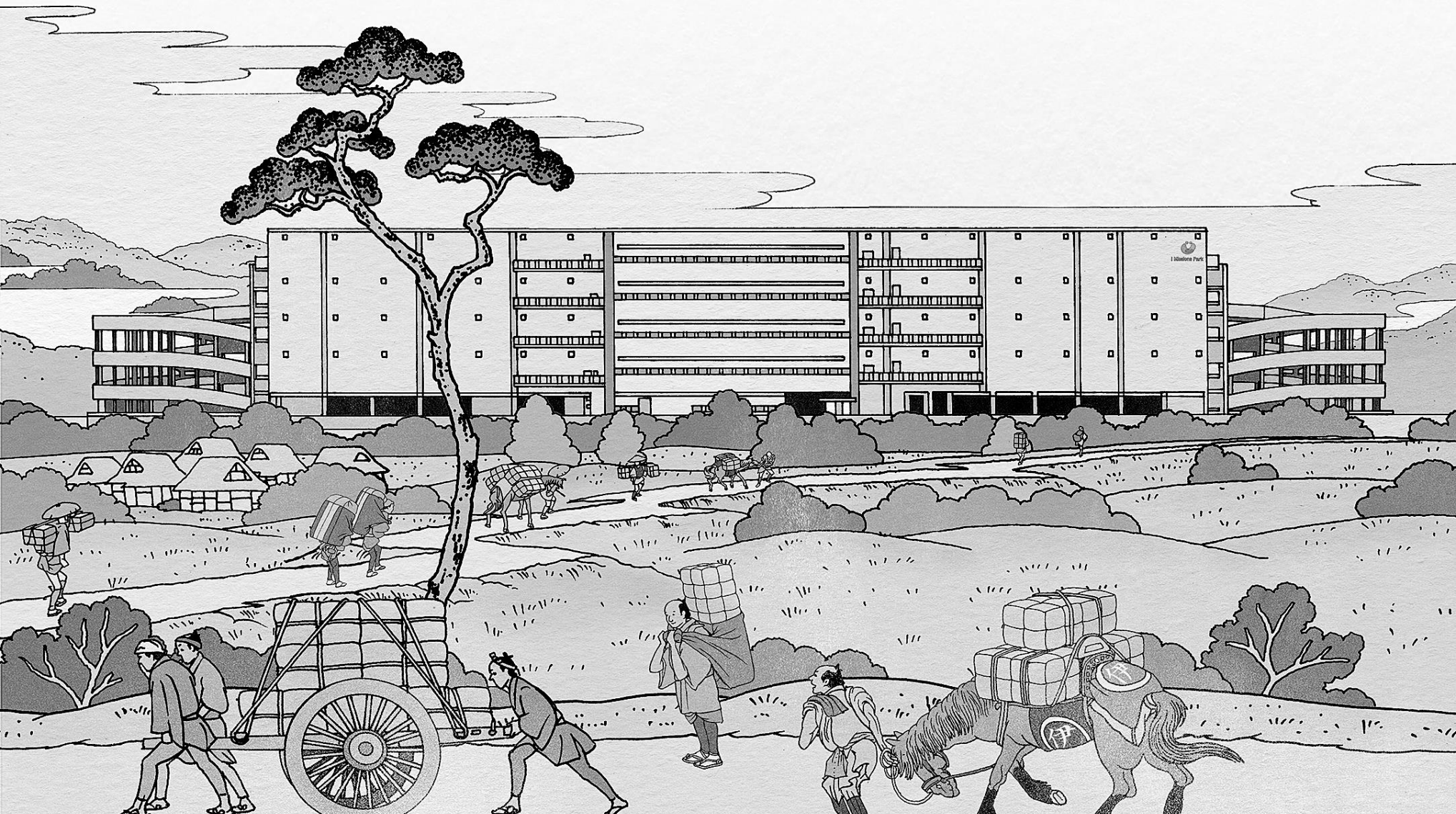
(as of Sep. 1, 2020)

	Total	Of which, employees seconded from the ITOCHU Group
Full-time Director	2	0
Employees	13	2
Total	15	2

- Representative director, president & CEO has resigned from sponsor and joined the Asset Management Company. No seconded employees are appointed to serve positions of general manager or above
- One employee is seconded from ITOCHU Corporation and one from ITOCHU Property Development



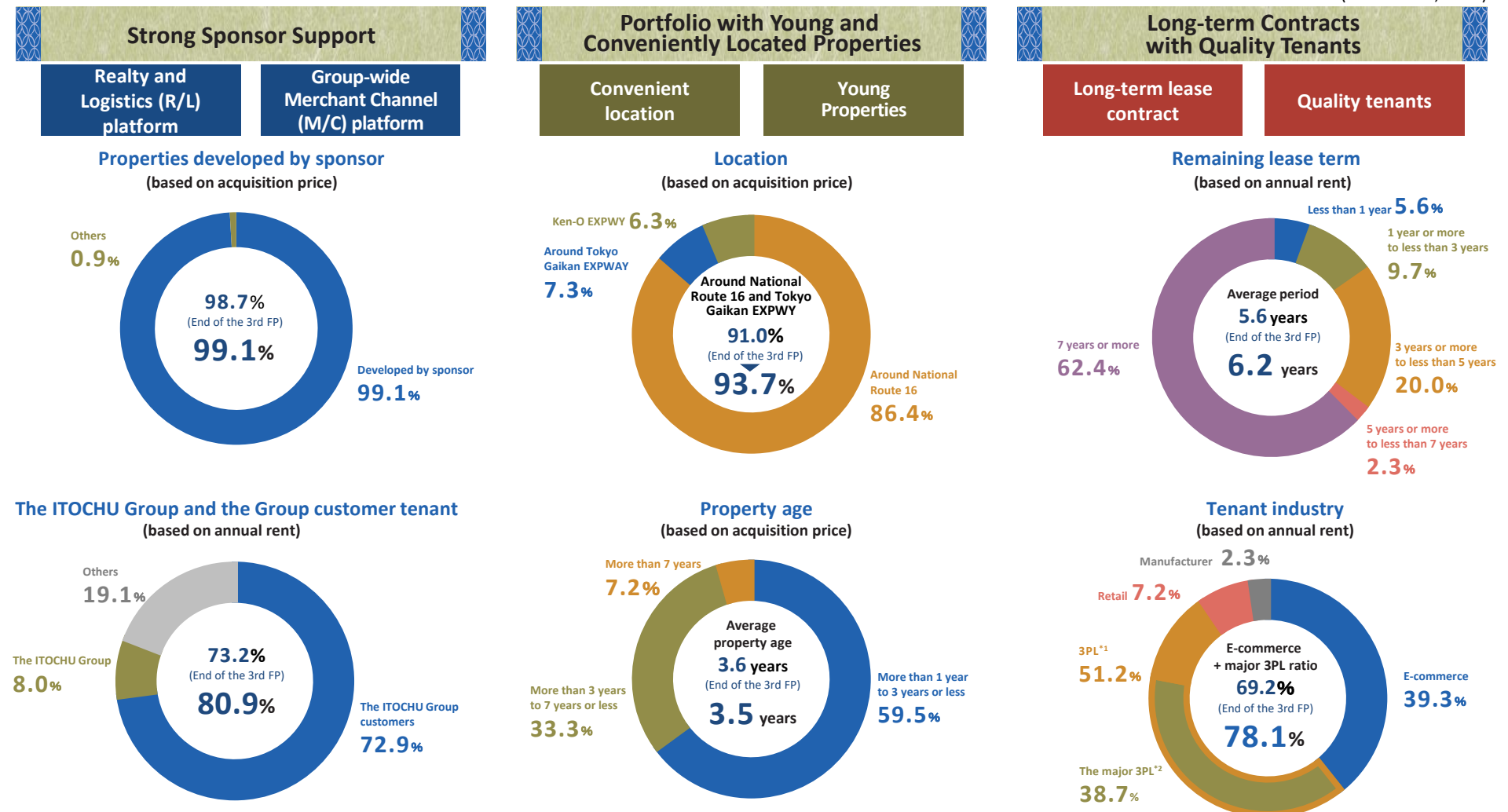
# Portfolio



# Acquisition of Quality Properties Further Improves the Portfolio

Further improved the quality portfolio which is characterized by long-term stability achieved through selective investment, tenant stickiness, and strong sponsor support

(as of Jul. 31, 2020)



\*1 Ratios are rounded to the first decimal place.

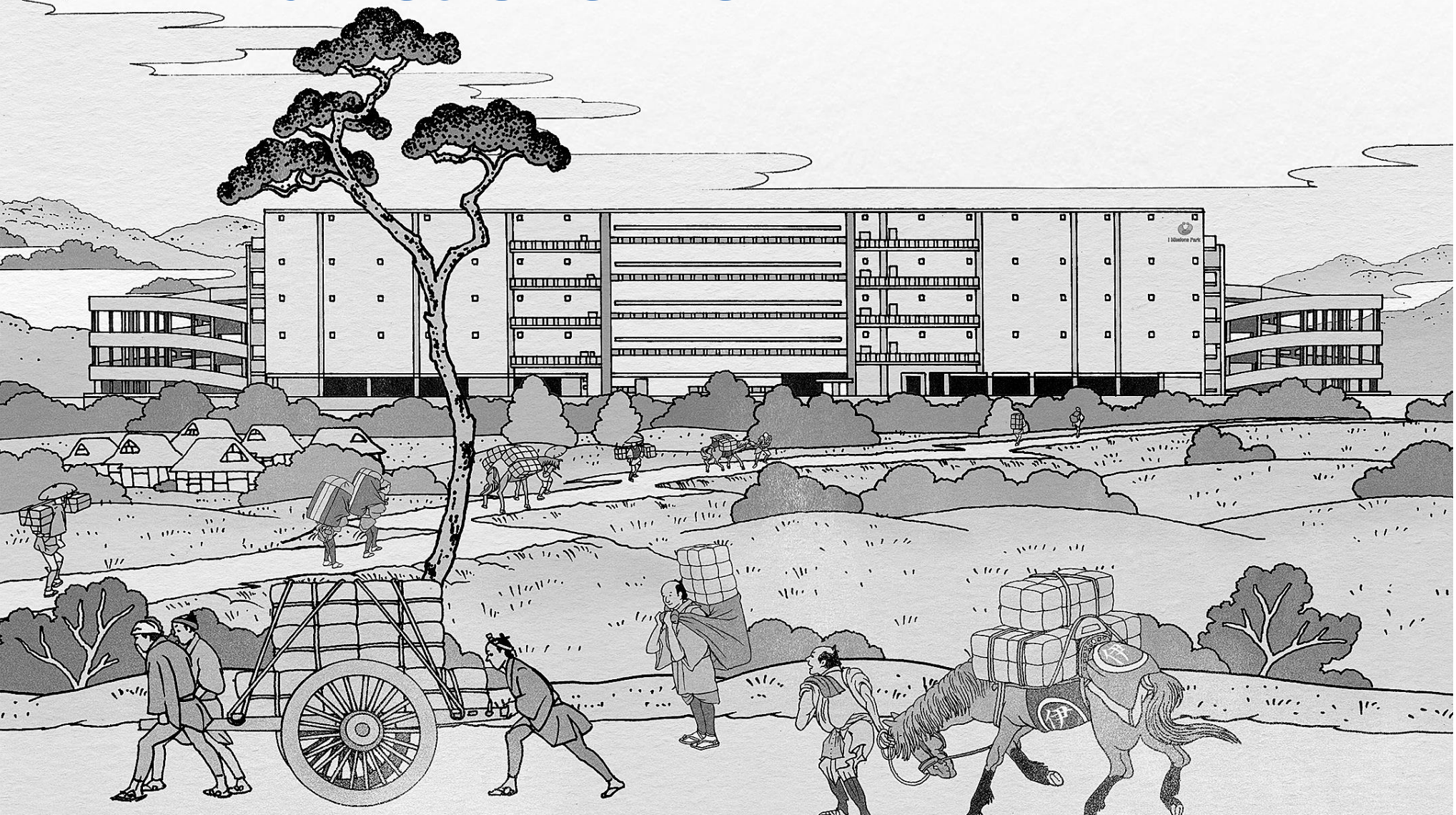
\*2 3PL stands for third-party logistics, which is defined as a firm or a third party that offers a comprehensive logistics innovation to shippers from product orders and inventory management, and is entrusted with comprehensive logistics services.

\*3 Major 3PLs mean 3PLs with consolidated sales exceeding 100 billion yen including such 3PLs.

\*4 Remaining lease term for the 5th FP (Jan 2021) is calculated based on the contract period after the re-signing of the lease agreement.



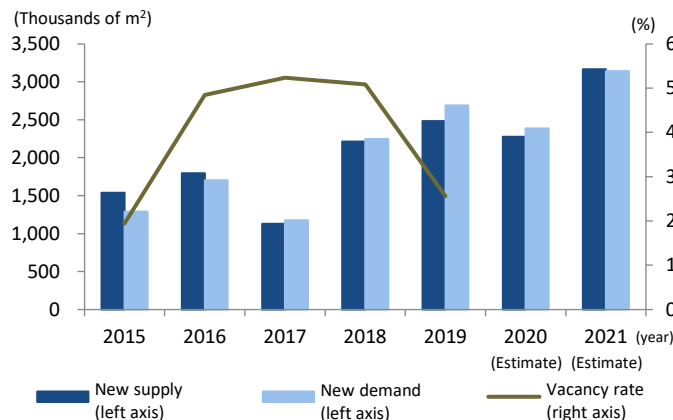
# Market Overview



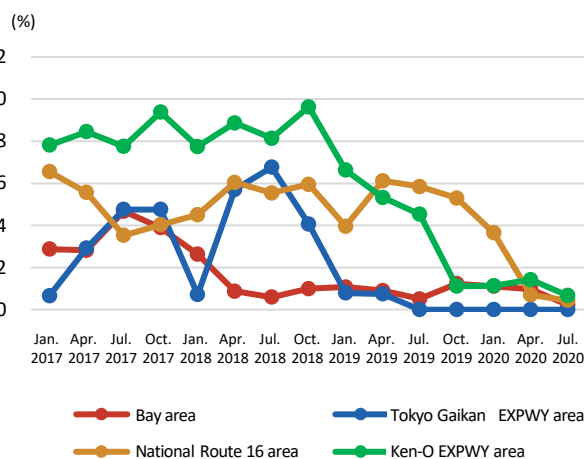
# Market Overview (1) Supply / Demand Balance of Logistics Facilities

## Logistics market in Kanto / Kansai area

Vacancy Rate and Supply and Demand Balance in Kanto Area

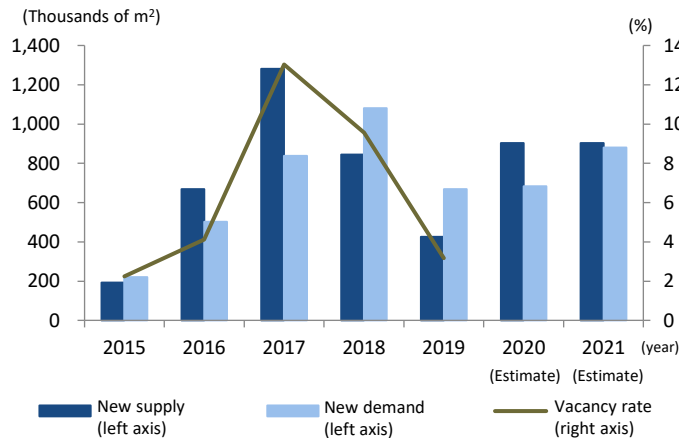


Vacancy Rate by Metropolitan Area

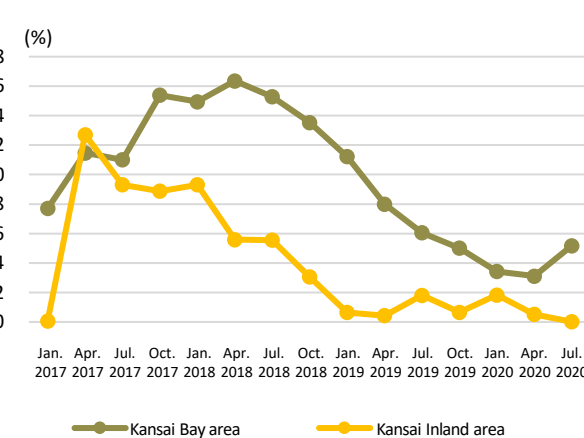


Vacancy rate has remained low in Kanto area. In National Route 16 where had new supply continued, vacancy rate has improved significantly to less than 1%.

Vacancy Rate and Supply and Demand Balance in Kansai Area



Vacancy Rate by Kansai Area



In Kansai area remains a low vacancy rate against the backdrop of strong demand while large supply is scarce. It continued to improve vacancy rate in Kansai Bay area, and it remains stable and low vacancy rate in Kansai Inland area despite large supply.

Source: K.K. Ichigo Real Estate Service

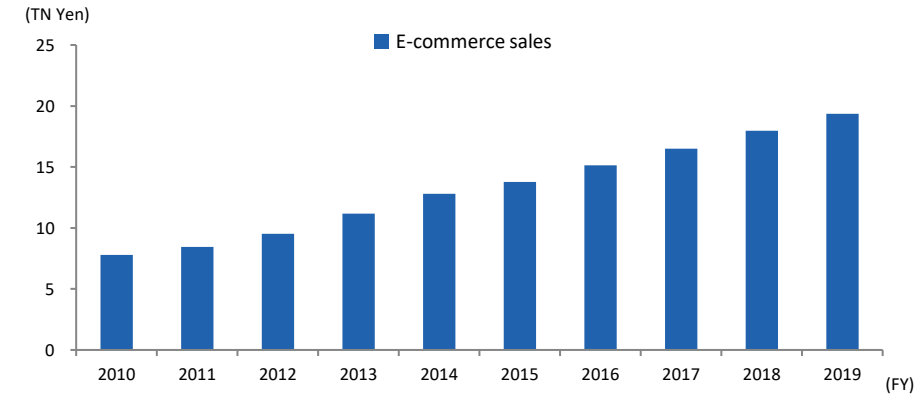
In addition to existing portfolio, pipeline properties are also located in Kanto area where the supply / demand balance remains stable



# Market Overview (2) Trends in E-Commerce Related Indicators

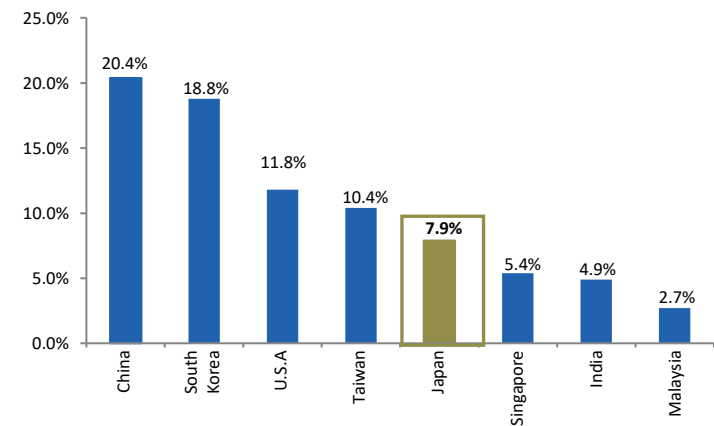
## Expansion of e-commerce and 3PL markets increases delivery frequency and smaller parcels

Market Size of Online Shopping



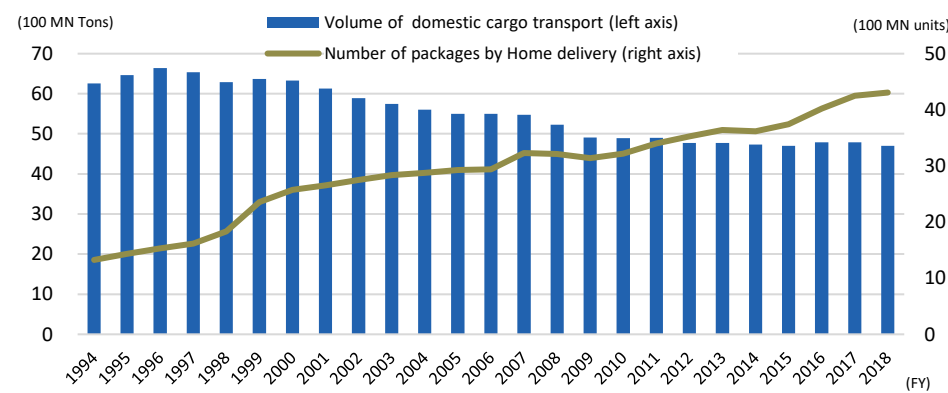
Source: Outline of the E-Commerce Market Survey (Ministry of Economy, Trade and Industry)

E-commerce Ratio of Major Countries



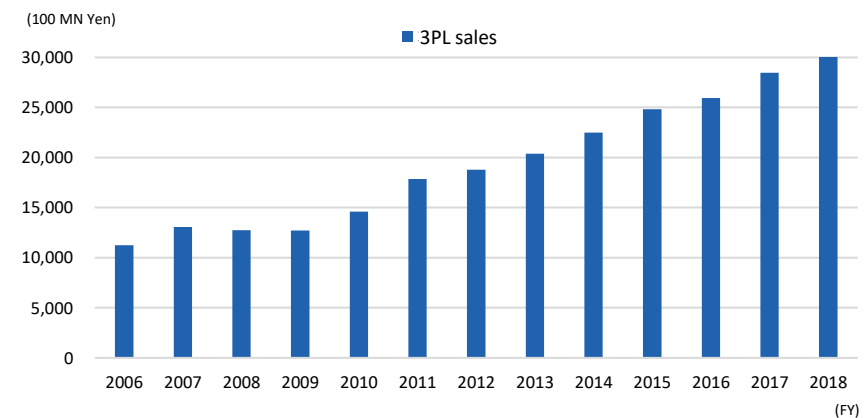
Source: Outline of the E-Commerce Market Survey (Ministry of Economy, Trade and Industry)

Changes in the Number of Packages by Home Delivery and the Volume of Domestic Cargo Transport



Source: Traffic Statistics (Ministry of Land, Infrastructure, Transport and Tourism)  
FY2018 Survey of the number of packages by home delivery  
(Ministry of Land, Infrastructure, Transport and Tourism)

Changes of the 3PL Market in Japan



Source: OGI-BIZ (Rhinos Publications, Inc.)



# Appendix

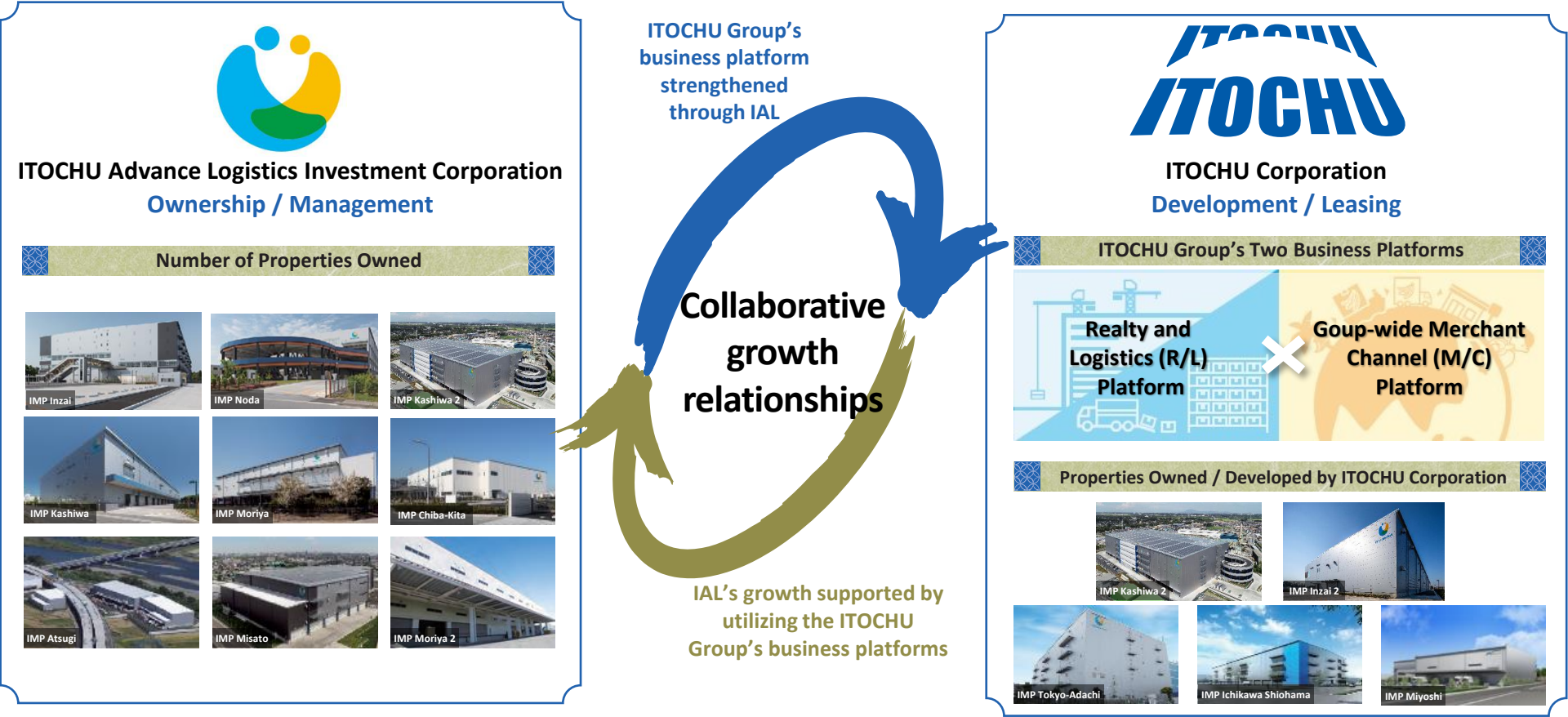




# Basic Strategies (1)

## Build a growth spiral based on collaborative growth relationships

By taking advantage of the support provided by the sponsor group, which has a rich history of developing and acquiring logistics real estate (Reality and Logistics Platform) and a network of approximately 100,000 clients (Group-wide Merchant Channel Platform)



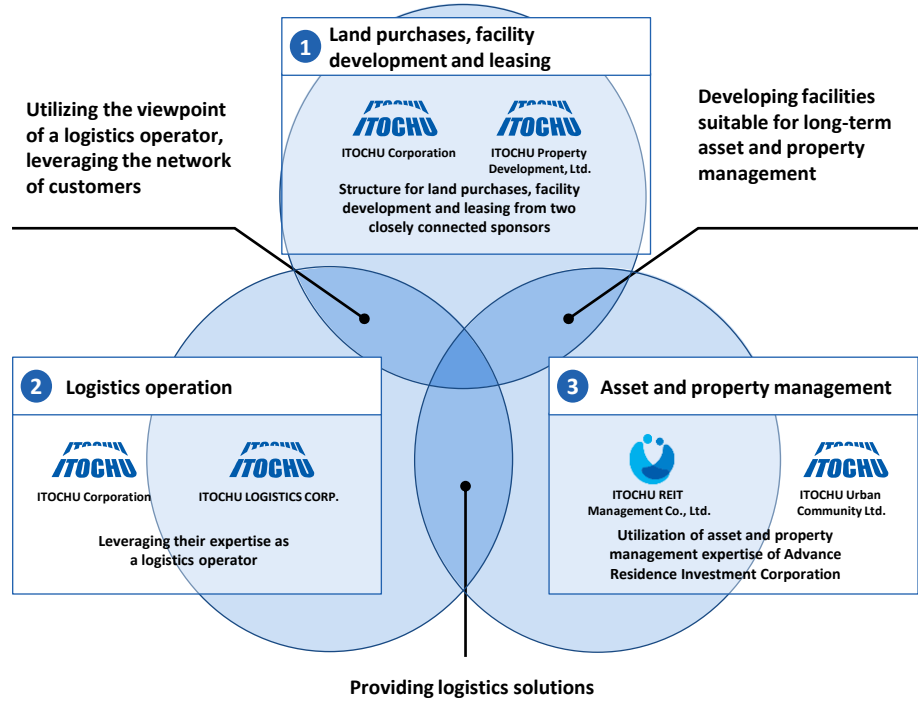
# Basic Strategies (2)

## A dual business platform that provides the foundation for the collaborative growth relationships

### Realty and Logistics (R/L) Platform

- 1 Strength in land purchases, facility development and leasing of logistics real estate, honed through accumulated **development experience** since FY2004
- 2 Experience as a **logistics operator**
- 3 Utilization of expertise gained in **J-REIT management**

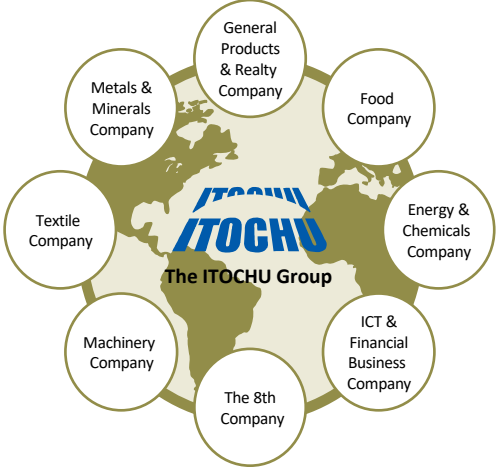
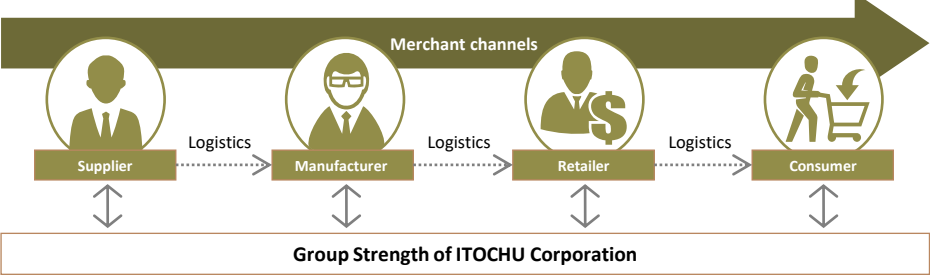
**Real Estate & Logistics function** of General Products & Realty Company of ITOCHU Corporation, which has integrated responsibility for 1, 2 and 3



### Group-wide Merchant Channel (M/C) Platform

- 1 Extensive customer network covering **100,000 companies**
- 2 A wide business domain covering **upstream to downstream merchant channels**
- 3 Strong presence in **consumer-related businesses**

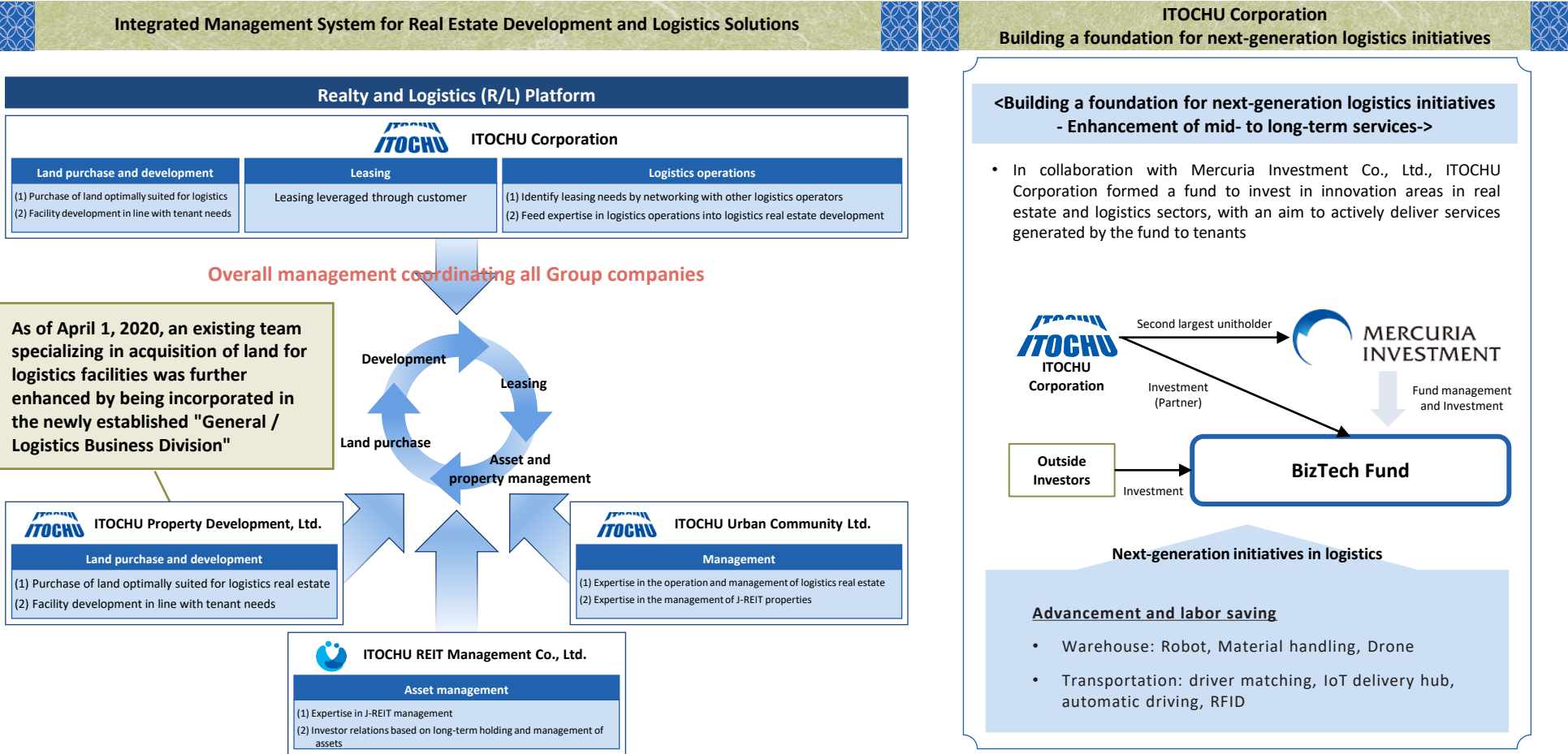
**General trading company** that has transactional relationships at the **management level** encompassing 1, 2 and 3





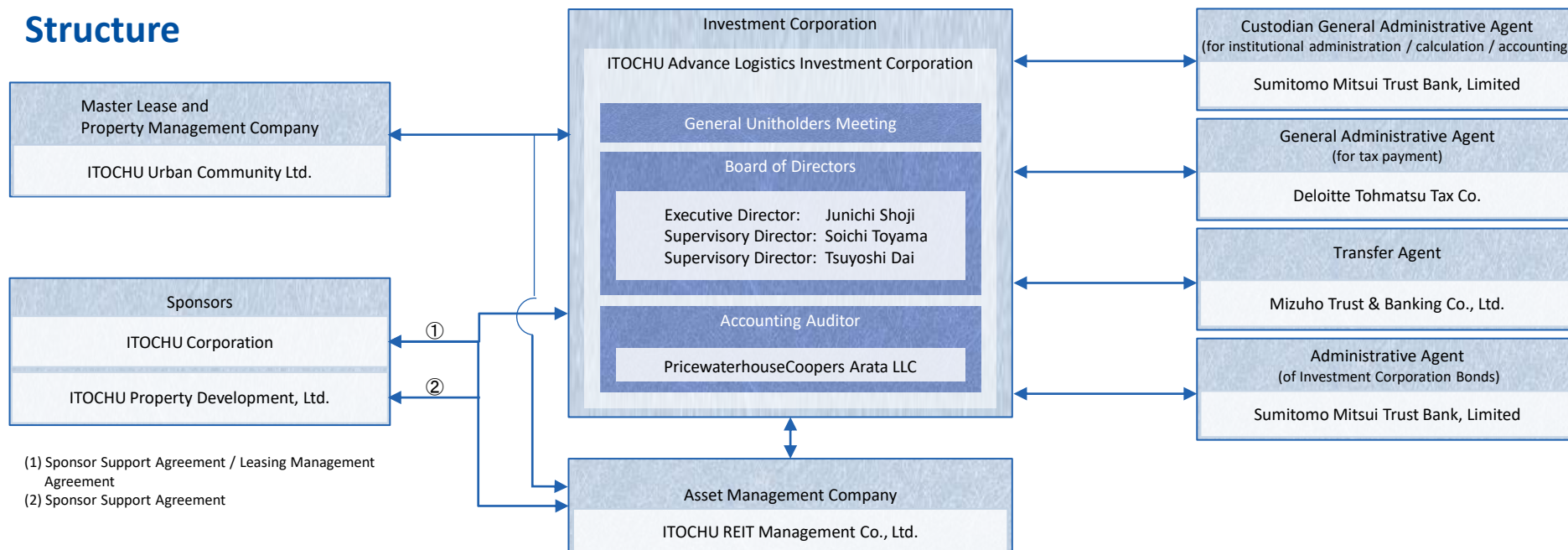
# The ITOCHU Group

The ITOCHU Corporation has the Construction, Realty & Logistics Division, which is a single organization responsible for handling both the real estate development business and the logistics solutions business. By bringing together the human resources of the two business sectors, the ITOCHU Group has built a system which takes integrated responsibility for land purchase, development, leasing and asset and property management in the field of logistics real estate. ITOCHU Corporation includes optimization of value chain and smart distribution systems in its FY 2019-2021 Medium Term Management Plan.



# About the Investment Corporation and the Asset Management Company

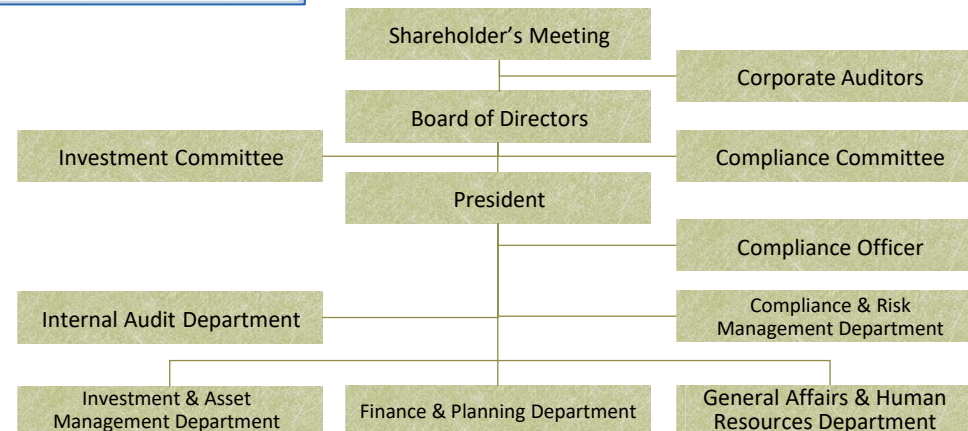
## Structure



## Overview of the Asset Management Company

As of the end of Jul. 2020

Company name	ITOCHU REIT Management Co., Ltd.
Established	February 15, 2017
Capital	200 million yen
Shareholders	ITOCHU Corporation 80% ITOCHU Property Development, Ltd. 20%
Main business	Investment management
Number of employees	19 (of which, officers (part-time): 4)
Licenses and registrations	Financial Instruments Business License, Director of the Kanto Finance Bureau, (Kinsho) Registration No. 3027 Building Lots and Building Transactions Business License, Governor of Tokyo (1) No. 100434 Discretionary Transaction Agent License, Minister of Land, Infrastructure, Transport and Tourism, Registration No. 121



# Incorporation of Quality Properties toward More Solid Portfolio

## Continue to build a long-term stable portfolio by additionally acquiring new assets ( As of July 31,2020 )

Category	Property No.	Property name	Location	Acquisition price (MN Yen)	Book value at the end of the period (MN Yen)	Appraisal value (MN Yen)	Unrealized gains (MN Yen)	Appraisal NOI yield (%)	Total floor area (m <sup>2</sup> )	Property age (years)	Occupancy rate (%)
Acquired properties	L-1	i Missions Park Atsugi	Atsugi city, Kanagawa	5,300	5,233	5,850	616	5.0	Bld. A: 3,909.97 Bld. B: 15,387.63	7.9	100
	L-2	i Missions Park Kashiwa	Kashiwa City, Chiba	6,140	6,013	6,840	826	5.1	31,976.44	5.4	100
	L-3	i Missions Park Noda	Noda City, Chiba	12,600	12,329	13,800	1,470	4.9	62,750.90	4.5	99.5
	L-4	i Missions Park Moriya	Tsukuba Mirai City, Ibaraki	3,200	3,114	3,460	346	5.2	18,680.16	3.3	100
	L-5	i Missions Park Misato	Misato City, Saitama	6,100	5,995	6,940	945	5.0	22,506.53	3.0	100
	L-6	i Missions Park Chiba-Kita	Chiba City, Chiba	2,600	2,564	2,850	285	5.3	9,841.24	2.7	100
	L-7	i Missions Park Inzai	Inzai City, Chiba	27,810	27,265	29,800	2,534	5.1	110,022.51	2.4	100
	L-8	i Missions Park Moriya 2	Tsukuba Mirai City, Ibaraki	750	754	849	94	6.6	6,779.95	25.6	100
	L-9	i Missions Park Kashiwa 2 (70% quasi-co-ownership interest)	Kashiwa City, Chiba	19,600	19,672	20,600	927	4.8	117,435.21 (82,204.64)	1.9	100
Total / Average				84,100	82,941	90,989	8,047	5.0	399,290.54 (364,059.97)	3.5	99.9
(4th fiscal period (July. 2020))											

\*1 Book value at the end of the fiscal period and unrealized gains are rounded down to the nearest unit.

\*2 Appraisal NOI yield is based on acquisition price. Figures are rounded to the first decimal place.

\*3 For i Missions Park Kashiwa 2, the figure in parentheses under total floor area is calculated in proportion to IAL's quasi-co-ownership interest to the property rounded down to the second decimal place.

\*4 Property age rounded to the first decimal place.

\*5 Occupancy rate indicates the ratio of leased area to leasable area, rounded to the first decimal place.





# Income Statement and Balance Sheet

## 4th fiscal period (July 2020)

(Thousands of Yen)  
4th Fiscal Period  
From February 1, 2020  
to July 31, 2020

### Income Statement

Operating revenues	
Rental revenues	2,366,156
Other rental revenues	33,514
Total operating revenue	2,399,671
Operating expenses	
Property related expenses	877,123
Asset management fees	278,081
Asset custody fees / Administrative service fees	9,455
Directors' compensation	2,640
Other operating expenses	38,745
Total operating expenses	1,206,045
Operating income	1,193,626
Non-operating income	
Interest income	15
Interest on refund	-
Subsidy income	-
Total non-operating income	15
Non-operating expenses	
Interest expenses on loans payable	78,571
Interest expenses on investment corporation bonds	2,225
Amortization of investment unit issuance	20,687
Amortization of investment corporation bond issuance costs	1,276
Borrowing related expenses	27,736
Other	16,088
Total non-operating expenses	146,586
Ordinary income	1,047,055
Income before income taxes	1,047,055
Income taxes-current	865
Income taxes-deferred	2
Total income taxes	868
Net income	1,046,187
Accumulated earnings brought forward	196
Unappropriated retained earnings (undisposed loss)	1,046,383

### Balance Sheet

(Thousands of Yen)  
4th Fiscal Period  
As of July 31, 2020

Assets	
Current assets	
Cash and deposits	1,233,358
Cash and deposits in trust	3,050,151
Accounts receivable-trade	60,980
Accounts receivable	-
Consumption taxes receivable	1,439,041
Prepaid expenses	47,426
Other	1
Total current assets	5,830,960
Non-current assets	
Property, plant and equipment	
Buildings in trust	49,331,346
Accumulated depreciation	(1,677,956)
Buildings in trust, net	47,653,390
Structures in trust	1,752,077
Accumulated depreciation	(135,774)
Structures in trust, net	1,616,302
Machinery and equipment in trust	1,405,699
Accumulated depreciation	(79,439)
Machinery and equipment in trust, net	1,326,260
Tools, furniture and fixtures in trust	2,084
Accumulated depreciation	(323)
Tools, furniture and fixtures in trust, net	1,760
Construction in progress in trust	-
Land in trust	32,344,067
Total property, plant and equipment	82,941,782
Intangible assets	
Software	3,662
Total intangible assets	3,662
Investments and other assets	
Lease and guarantee deposits	10,000
Long-term prepaid expenses	157,618
Deferred tax asset	12
Total investments and other assets	167,630
Total noncurrent assets	83,113,074
Deferred assets	
Investment corporation bond issuance costs	11,061
Total deferred assets	11,061
Total assets	88,955,097

(Thousands of Yen)  
4th Fiscal Period  
As of July 31, 2020

Liabilities	
Current Liabilities	
Accounts payable	16,672
Short-term loans payable	1,513,000
Accounts payable-other	75,008
Accrued expenses	341,586
Consumption taxes payable	863
Income taxes payable	-
Advances received	448,662
Other	4,020
Total current liabilities	2,399,813
Noncurrent liabilities	
Investment Corporation Bonds	1,500,000
Long-term loans payable	33,140,000
Tenant leasehold and security deposits	-
Tenant leasehold and security deposits in trust	1,184,544
Other	2,697
Total noncurrent liabilities	35,827,242
Total liabilities	38,227,055
Net assets	
Unitholders' equity	
Unitholders' capital	49,968,443
Deductions from unitholder's capital	
Reserve for temporary difference adjustments	(7,142)
Other deductions from unitholder's capital	(279,642)
Total deductions from unitholder's capital	(286,785)
Unitholders' capital, net	49,681,657
Surplus	
Unappropriated retained earnings (undisposed loss)	1,046,383
Total surplus	1,046,383
Total unitholders' equity	50,728,041
Total net assets	50,728,041
Total liabilities and net assets	88,955,097



# Revenue and Expenditure for Each Properties

## 4th fiscal period (July 2020)

(Thousands of Yen)

Property number	L-1	L-2	L-3	L-4	L-5	L-6	L-7	L-8	L-9	
Property name	i Missions Park Atsugi	i Missions Park Kashiwa	i Missions Park Noda	i Missions Park Moriya	i Missions Park Misato	i Missions Park Chiba-Kita	i Missions Park Inzai	i Missions Park Moriya 2	i Missions Park Kashiwa 2	Total
Number of operating days in the 4th fiscal period	182 days	182 days	182 days	182 days	182 days	182 days	182 days	182 days	180 days	-
(A) Total revenues from property leasing			408,708							2,399,671
Rental revenues			393,511							2,366,156
Other rental revenues			15,197							33,514
(B) Total property-related expenses			175,366							877,123
Taxes and public dues	-	-	40,003	-	-	-	-	-	-	160,284
Property management fees			20,598							38,259
Utility expenses			14,616							23,313
Repair expenses			977							8,072
Insurance expenses			1,219							7,333
Trust fees			250							1,903
Others			9							39
Depreciation	27,824	45,461	97,691	29,813	39,064	16,554	232,452	7,607	141,446	637,916
(C) Income from property leasing (A) - (B)	103,573	108,103	233,342	62,680	113,454	52,559	439,529	19,628	389,676	1,522,548
(D) NOI (= (C) + depreciation)	131,398	153,564	331,034	92,494	152,518	69,113	671,982	27,236	531,122	2,160,464

\* For properties other than i Missions Park Noda, items other than depreciation, leasing business gains and losses, and leasing business NOI are undisclosed as IAL was not able to obtain the tenant's consent.  
Figures are rounded down to the nearest thousand yen.



# Overview of Appraisal Value

## As of the end of the 4th fiscal period (July 2020)

Category	Property No.	Property name	Location	Acquisition price (MN Yen)	Book value (A) (MN Yen)	Appraisal value (B) (MN Yen)	Direct cap rate (%)	Unrealized gains (B)-(A) (MN Yen)
Logistics real estate	L-1	i Missions Park Atsugi	Atsugi city, Kanagawa	5,300	5,233	5,850	4.4	616
	L-2	i Missions Park Kashiwa	Kashiwa City, Chiba	6,140	6,013	6,840	4.5	826
	L-3	i Missions Park Noda	Noda City, Chiba	12,600	12,329	13,800	4.4	1,470
	L-4	i Missions Park Moriya	Tsukuba Mirai City, Ibaraki	3,200	3,114	3,460	4.7	346
	L-5	i Missions Park Misato	Misato City, Saitama	6,100	5,995	6,940	4.3	945
	L-6	i Missions Park Chiba-Kita	Chiba City, Chiba	2,600	2,564	2,850	4.7	285
	L-7	i Missions Park Inzai	Inzai City, Chiba	27,810	27,265	29,800	4.6	2,534
	L-8	i Missions Park Moriya 2	Tsukuba Mirai City, Ibaraki	750	754	849	4.9	94
	L-9	i Missions Park Kashiwa 2 (70% quasi-co-ownership interest)	Kashiwa City, Chiba	19,600	19,672	20,600	4.4	927
Total (As of the end of the 4th fiscal period)				84,100	82,941	90,989	-	8,047

\* Book value and unrealized gains and losses are rounded down to the nearest unit.



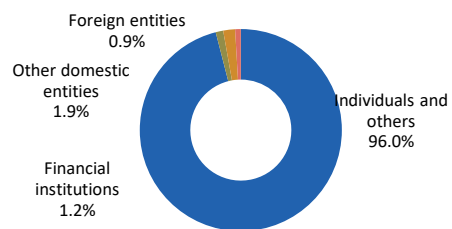
# Status of Unitholders

## 4th fiscal period (July 2020)

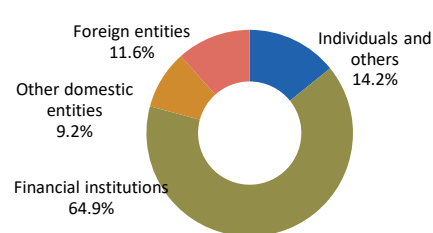
### Number of unitholders and units by type of unitholders

	Unit holders	Ratio	Investment units (unit)	Ratio
Individuals and others	10,647	96.0%	69,109	14.2%
Financial institutions (including securities companies)	129	1.2%	315,578	64.9%
Other domestic entities	214	1.9%	44,904	9.2%
Foreign entities	100	0.9%	56,409	11.6%
<b>Total</b>	<b>11,090</b>	<b>100.0%</b>	<b>486,000</b>	<b>100.0%</b>

#### Breakdown by number of unitholders



#### Breakdown by number of units



### Major unitholders (Top 10 unitholders)

	Name	No. of units held	Percentage of units issued and outstanding
1	Custody Bank of Japan, Ltd. (Trust Account)	81,061	16.7%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	69,498	14.3%
3	ITOCHU Corporation	33,635	6.9%
4	Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	29,148	6.0%
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	11,980	2.5%
6	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	10,732	2.2%
7	The Hachijuni Bank, Ltd.	9,782	2.0%
8	The Shinkumi Federation Bank	9,480	2.0%
9	THE HYAKUJUSHI BANK, LTD.	9,124	1.9%
10	BNYMSANV RE GCLB RE JP RD LMGC	7,029	1.5%
<b>Total (top 10 unitholders)</b>		<b>271,469</b>	<b>55.9%</b>

\* Percentages are rounded to the first decimal place.

# Disclaimer

This material is for informational purpose only, and is not intended to solicit, or recommend the purchase or sale of specific securities, financial instruments, or transactions.

This document is not a disclosure document based on the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations, or the listing rules of the Tokyo Stock Exchange.

This document contains information on ITOCHU Advanced Logistics Investment Corporation (hereinafter referred to as "the Investment Corporation".), as well as tables and data prepared by ITOCHU REIT MANAGEMENT CORPORATION (hereinafter referred to as "Asset Management Company".) based on data and indicators published by third parties. It also includes statements regarding the Asset Management Company's current analysis, judgment, and other views on these matters.

Given that the content of this document is unaudited, there are no guarantees provided with respect to its accuracy, completeness, fairness or reliability. In addition, anything other than the analysis and judgment of the Asset Management Company and any other past or current facts indicates assumptions or judgments based on the information obtained by the Asset Management Company at the time of preparation of this document, and descriptions of these future projections include known and unknown risks and uncertainties. As a result, the actual results, operating results, and financial position of the Investment Corporation may differ from those forecasted by the Investment Corporation and the Asset Management Company.

Figures may not correspond to those of other disclosed information due to differences in rounding.

All efforts have been made to ensure that the information included in this document is accurate, but errors may have occurred and may be corrected or modified without a prior notice.

The Investment Corporation and the Asset Management Company are not in any way liable for the accuracy or completeness of any data or indicators used in this document based on disclosures from third parties.

These materials include statements regarding future policies of the Investment Corporation, but provide no guarantees of the future policies.

For convenience of preparation of charts and data by the Asset Management Company, dates indicated in this document may not be business days.



---

Ticker Symbol: 3493

# ITOCHU Advance Logistics Investment Corporation

---

Contact	Asset management company ITOCHU REIT Management Co., Ltd. Finance & Planning Department
TEL	+81-3-3556-3901
Business hours	10:00 - 16:00 (Excluding weekends, national holidays, and days off at the end and beginning of the year) *9:00 - 15:00 on December 29 and 30 (In the case of business day)
Address	3-6-5 Kojimachi, Chiyoda-ku, Tokyo 102-0083, Japan