



March 14, 2019

For immediate release

Real Estate Investment Trust Securities Issuer:
ITOCHU Advance Logistics Investment Corporation
3-6-5 Kojimachi, Chiyoda-ku, Tokyo, Japan
Representative: Junichi Shoji, Executive Director
(Securities Code: 3493)

Asset Management Company:
ITOCHU REIT Management Co., Ltd.
Representative: Junichi Shoji, President
Inquiries: Naoki Sato, General Manager
Corporate Management Department
TEL: +81-3-3556-3901

Notice Concerning the Acquisition and Leasing of Domestic
Real Estate Trust Beneficiary Interests

ITOCHU REIT Management Co., Ltd. (“IRM”), the asset management company to which ITOCHU Advance Logistics Investment Corporation (“IAL”) entrusts the management of its assets, hereby announces that, as of today, it resolved to acquire for lease the real estate trust beneficiary interest in the two properties (“Assets for Acquisition”) listed below.

It should be noted that the sellers of the Assets for Acquisition include ITOCHU Corporation, which constitutes an interested party under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter “the Investment Trust Act”). Therefore, in accordance with the Investment Trust Act, IRM obtained the consent of IAL through approval by the IAL Board of Directors’ meeting held on March 14, 2019. In addition, as the sellers constitute interested parties under the IRM internal regulation entitled Rules for Transactions with Interested Parties, IRM applied the decision-making procedure stipulated in the said Rules before transacting the asset acquisition with the sellers.

1. Overview of Assets for Acquisition

Property type ^(Note 1)	Property name	Location	Planned acquisition price (millions of yen) ^(Note 2)
Logistics real estate	i Missions Park Inzai (additional acquisition) (quasi-co-ownership 15%) ^(Note 3)	Inzai City, Chiba Prefecture	4,240
	i Missions Park Moriya 2	Tsukubamirai City, Ibaraki Prefecture	750
Total (2 properties)		—	4,990

(Note 1) The “property type” shown for IAL’s Assets for Acquisition follows the classification of property type indicated in IAL’s investment policy. The same shall apply hereafter.

(Note 2) The “planned acquisition price” is the purchase price of the relevant Assets for Acquisition as indicated in the agreement for the sale and purchase of the trust beneficiary interest (the “Sale Agreement”) for the relevant asset. The purchase price does not include acquisition costs and consumption tax or local consumption tax.

(Note 3) The planned acquisition price for i Missions Park Inzai indicates the planned acquisition price for the quasi-co-ownership share of the property (15%) that IAL plans to acquire. Note that a 65% share in the quasi-co-ownership of i Missions Park Inzai had been acquired on September 7, 2018.

- | | | |
|-----|--|--|
| (1) | Sales and purchase agreement date | March 14, 2019 |
| (2) | Planned acquisition date ^(Note 1) | April 1, 2019 |
| (3) | Seller | Please refer to the Section 4. Seller Profile below. |
| (4) | Acquisition funds | Treasury funds and borrowings ^(Note 2) |
| (5) | Settlement method | To be paid in a lump sum upon delivery |

(Note 1) “Planned acquisition date” is the planned acquisition date as indicated in the Sale Agreement. Note that the planned acquisition date is subject to change as agreed upon between IAL and the seller.

(Note 2) Details of the relevant borrowings will be disclosed as soon as they became available.



2. Reason for Acquisition and Leasing

The decision to acquire the Assets for Acquisition was taken to enhance the portfolio and increase profitability. These objectives are based on IAL's basic principles, which call for maximization of unitholder value through management aimed at securing stable revenues and growth of investment assets over the medium to long term, while diversifying its investment regions, in accordance with the asset management target properties and guidelines stipulated in IAL's Articles of Incorporation.

The Assets for Acquisition consist of two of the six properties for which IAL had acquired preferential negotiation rights from its sponsor, the ITOCHU Group, as notified in a document dated August 1 2018 (the prospectus for the issuance of new investment units and secondary distribution of investment units), and a document dated October 26, 2018, entitled "Notice Concerning the Securing of Preferential Negotiation Rights for Property Acquisition" (one of the two properties will be acquired through additional shares in the quasi-co-ownership). The assets will be acquired as a result of the exercise of the said preferential negotiation rights. The appraisal criteria for the acquisition are presented in Attachment 2: Features of Assets for Acquisition.

3. Details of Assets for Acquisition

The table below (the "Individual Asset Table") shows a summary of each Asset for Acquisition. When consulting the Individual Asset Table, please refer also to the explanations below of the terms used therein. In principle, unless otherwise noted, all information included in the table is current as of February 28, 2019.

(1) Property type

The "property type" shown for IAL's Assets for Acquisition follows the classification of property type indicated in IAL's investment policy.

(2) Summary of specified assets

- "Planned acquisition date" is the planned acquisition date as indicated in the Sale Agreement. Note that the planned acquisition date is subject to change as agreed upon between IAL and the seller.
- "Planned acquisition price" is the purchase price of the Asset for Acquisition as indicated in the Sale Agreement. The purchase price does not include acquisition costs and consumption tax or local consumption tax.
- "Trustee" as indicated in the "overview of trust beneficiary interests" is the trustee or the intended trustee of the respective Asset for Acquisition.
- "Trust maturity date" as indicated in the overview of trust beneficiary interests is the date of termination of the trust period in the trust agreement or the date of termination of the trust period as scheduled for alteration in line with the acquisition by IAL.
- "Type of ownership" of "land" and "buildings" indicates the type of rights held, or to be held, by IAL, the trustee, or the intended trustee.
- Location of "land" indicates the address of the building according to the registry (or one of the addresses where there are multiple addresses). Additionally, the "lot area" for "land" and the "completion date," "total floor area," "structure / number of floors" and "type" for "buildings" are as indicated in the registry, and may differ from the current situation. Please note that the "total floor area" of "buildings" indicates the sum of the total floor area of the main building and annex buildings, while the "completion date," "structure / number of floors" and "type" of building indicate those of the main building not including annex buildings.
- "Zoning" of "land" is the type of land use listed in Article 8, Paragraph 1, Item 1 of the City Planning Act.
- "Floor-area ratio" of "land" indicates the upper limit for floor-area ratio (designated floor-area ratio). The designated floor-area ratio may be modified, increased or decreased according to the width of adjacent roadways or other factors, and may differ from the floor-area ratio actually applied.
- "Building coverage ratio" for 'land' indicates the upper limit for building coverage ratio (designated building coverage ratio) as stipulated in the city plan based on zoning and other factors. The designated building coverage ratios may be modified, increased or decreased depending on whether the building is a fire-resistant building in a fire control area or for other reasons, and the designated building coverage ratios may be different from the building coverage ratio actually applied.
- "Collateral" refers to the details of collateral, if applicable.
- "PM company" is the property management company to which the property management operations are entrusted or are to be entrusted.
- "Master lessee" refers to the master lease company with which a master lease agreement has been, or is to be,



executed.

- “Type of master lease” is indicated either as “pass-through type” or “sublease type,” depending on the content of the master lease agreement with the master lessee. In the case of a pass-through type master lease, the rent from the end tenant is in principle received by the lessor without adjustment. In the case of a sublease type master lease, the lessor receives a fixed rental sum regardless of any fluctuation in the rent received from the end tenant. The master lease agreements executed, or to be executed, in respect of the Assets for Acquisition are in all cases of the “pass-through” type.
- “Number of tenants” under “tenant details” indicates the total number of tenants (or the number of end tenants, where a pass-through type master lease agreement has been, or is to be, executed; the same shall apply below to 3. Details of Assets for Acquisition) based on the lease agreement executed and activated for the respective real estate property or trust real estate property (lease agreements relating to roofs and parking lots are excluded; where a pass-through type master lease agreement has been, or is to be, executed, the figure is based on the number of the lease agreements with end tenants. The same shall apply below to 3. Details of Assets for Acquisition). However, where the same tenant has executed multiple lease agreements in respect of the Asset for Acquisition, such tenant shall be counted as a single tenant when calculating “number of tenants.”
- “Name of main tenant” under “tenant details” indicates the name of the tenant with the largest leased area as indicated in the lease agreement executed and activated in respect of the respective real estate property or trust real estate property.
- “Annual rent” under “tenant details” indicates the total amount of the annual rent, including common area charges, stipulated in the lease agreement executed and activated for the respective real estate property or trust real estate property, rounded down to the nearest unit (where only a monthly rent is stipulated, the amount indicated is the annual rent total as calculated according to the provisions of the lease agreement). Please note that account is not taken of periods of free rent or rent holiday.
- “Tenant leasehold/security deposits” under “tenant details” indicates the total amount of leasehold/security deposits stipulated in the lease agreement executed and activated in respect of the respective real estate property or trust real estate property, rounded down to the nearest unit.
- “Leased area” under “tenant details” indicates the total leased area as indicated in the lease agreement executed and activated in respect of the respective real estate property or trust real estate property.
- “Total leasable area” under “tenant details” indicates the sum of (i) the leased area indicated in the lease agreement executed and activated for the respective real estate property or trust real estate property; and (ii) the vacant space deemed to be leasable based on building floor plans. Please note that, in the individual lease agreements, the indicated leased area may include a portion not included in the total floor area, and that the leased or leasable area may therefore exceed total floor area. Specifically in the case of logistics real estate, where the eaves area is included in leased or leasable area, the latter figure may considerably exceed total floor area.
- “Occupancy rate” under “tenant details” indicates the ratio of leased area to leasable area of the respective Asset for Acquisition, rounded to the first decimal place.
- “Remarks” are matters considered important with respect to utilization of and rights related to the Assets for Acquisition as of the date hereof, or matters that are considered important in terms of their potential impact on or other relevance to the valuation, profitability or disposability of the Assets for Acquisition.



Property name		i Missions Park Inzai (additional acquisition)
Property type		Logistics real estate
Type of specified asset		Real estate trust beneficiary interests (quasi-co-ownership 15%)
Planned acquisition date		April 1, 2019
Planned acquisition price		¥4,240 million
Overview of trust beneficiary interests	Trustee	Sumitomo Mitsui Trust Bank, Limited
	Entrustment date	February 15, 2013
	Trust maturity date	September 30, 2028
Land	Type of ownership	Proprietary ownership
	Location	2-4-3 Matsuzakidai, Inzai-shi, Chiba
	Lot area	54,614.91 m ² (8,192.23 m ²) ^(Note 1)
	Zoning	Industrial district
	Floor-area ratio	200%
	Building coverage ratio	60%
Building	Type of ownership	Proprietary ownership
	Completion date	February 27, 2018
	Total floor area	110,022.51 m ² (16,503.37 m ²) ^(Note 1)
	Structure/number of floors	S, alloy-plated steel sheet roof, 5F
	Type	Warehouse
Collateral		Not applicable
PM company		ITOCHU Urban Community Ltd.
Master lessee		ITOCHU Urban Community Ltd.
Type of master lease		Pass-through
Tenant details	Number of tenants	1
	Name of main tenant	Undisclosed ^(Note 2)
	Annual rent	Undisclosed ^(Note 2)
	Tenant leasehold/security deposits	Undisclosed ^(Note 2)
	Leased area	16,577.40 m ² ^(Note 1)
	Total leasable area	16,577.40 m ² ^(Note 1)
	Occupancy rate	100.0%
Remarks		<p>IAL has executed a beneficial owner agreement with ITOCHU Corporation and others, quasi-co-owners of the real estate trust beneficiary interest in the property, and has agreed therein the following items:</p> <p>(1) When the beneficial owners are required to reach a decision on the property involving the dissolution or alteration, etc., of an important agreement, a matter relating to the exercise of a right to claim defect warranty against a contractor, a matter involving structural alteration or extension, major repair work, etc., or any matter relating to litigation or disposal (hereinafter referred to as “Matters for Full Agreement”), the decision shall be made through agreement between all the quasi-co-owners.</p> <p>(2) In the event that the property is granted in kind to a quasi-co-owner due to the termination of the trust agreement or other reason, the quasi-co-owner shall, for a period of five years from the termination date of the trust agreement, refrain from requesting the division of the property.</p> <p>(3) When one of the quasi-co-owners wishes to transfer its share in the quasi-co-ownership of beneficiary interest or to issue instructions to the trustee for the transfer of a quasi-co-ownership share in the property</p>



	<p>corresponding to its own share in the quasi-co-ownership of the beneficiary interest (such quasi-co-ownership share is referred to hereinafter in the present table as the “Quasi-Co-Ownership Share”), it shall grant the preferential negotiation right in advance to the other quasi-co-owners.</p> <p>(4) If the preferential negotiation in Item (3) above does not result in agreement with the other quasi-co-owners regarding the transfer of the Quasi-Co-Ownership Share, and if, after the lapse of the preferential negotiation period, agreement is reached with a third party regarding the transfer of the Quasi-Co-Ownership Share, the first quasi-co-owner shall notify the other quasi-co-owners of the planned transfer price. In such case, the other quasi-co-owners shall have the preferential purchase right to acquire the Quasi-Co-Ownership Share at the planned transfer price.</p> <p>(5) In the event that (i) agreement is not reached among the quasi-co-owners on the Matters for Full Agreement, or (ii) one of the quasi-co-owners (the "Claimed-Against Party;" to include IRM in the case of IAL) breaches the present agreement and correction is not made within a notified reasonable period, the other quasi-co-owners ("Claimant Party;" in the case of (i) above, IAL only) shall have the right to demand that the Claimed-Against Party sell to the Claimant Party the share in the quasi-co-ownership of the beneficiary interest held by the Claimed-Against Party at a price named by the Claimant Party. In such case, the Claimed-Against Party shall be obliged to respond to the Claimant Party with an offer either to sell its share in the quasi-co-ownership of the beneficiary interest to the Claimant Party at the said price, or to purchase the share in the quasi-co-ownership of the beneficiary interest held by the Claimant Party at a price proportionately equivalent to the said price based on the respective party's share in the quasi-co-ownership of the beneficiary interest. In such case, the Claimant Party shall be obliged to purchase the Claimed-Against Party's share in the quasi-co-ownership of the beneficiary interest at its original named price, or to sell its share in the quasi-co-ownership of the beneficiary interest to the Claimed-Against Party at a price calculated on the basis of that price.</p>
--	---

(Note 1) IAL plans to acquire a 15% share in the quasi-co-ownership of the real estate trust beneficiary interest. The figures in parentheses for “Lot area” and “Total floor area” are in proportion to the quasi-co-ownership share in the property (15%) that IAL plans to acquire, rounded down to two decimal places. For leased area and leasable area, the figures shown are similarly in proportion to the quasi-co-ownership share in the property (15%) that IAL plans to acquire.

(Note 2) Undisclosed as IAL was not able to obtain the lessee's consent.



Property name		i Missions Park Moriya 2
Property type		Logistics real estate
Type of specified asset		Real estate trust beneficiary interests (real estate trust beneficiary interest in land: quasi-co-ownership 30%) ^(Note 1)
Planned acquisition date		April 1, 2019
Planned acquisition price		¥750 million
Overview of trust beneficiary interests	Trustee	Sumitomo Mitsui Trust Bank, Limited
	Entrustment date	May 18, 2018
	Trust maturity date	September 30, 2028
Land	Type of ownership	Proprietary ownership
	Location	4-4 Kinunodai, Tsukubamirai-shi, Ibaraki
	Lot area	20,330.13 m ² (6,099.03 m ²) ^(Note 2)
	Zoning	Quasi-industrial district
	Floor-area ratio	150%
	Building coverage ratio	50% ^(Note 3)
Building	Type of ownership	Proprietary ownership
	Completion date	December 20, 1994
	Total floor area	6,779.95 m ²
	Structure / number of floors	S, zinc-plated steel sheet roof, 4F
	Type	Warehouse
Collateral		Not applicable
PM company		ITOCHU Urban Community Ltd.
Master lessee		ITOCHU Urban Community Ltd.
Type of master lease		Pass-through
Tenant details	Number of tenants	1
	Name of main tenant	MARUBENI LOGISTICS CORPORATION
	Annual rent	Undisclosed ^(Note 4)
	Tenant leasehold/security deposits	Undisclosed ^(Note 4)
	Leased area	7,043.95 m ²
	Total leasable area	7,043.95 m ²
	Occupancy rate	100.0%
Remarks		None

(Note 1) The land associated with the property contains buildings other than the building forming part of the property (hereinafter in this note referred to as the “Other Buildings”), and both these buildings and land are in the ownership of Sumitomo Mitsui Trust Bank, Limited as trustee. The real estate trust beneficiary interest in the Other Buildings was acquired by IAL on September 7, 2018.

(Note 2) IAL plans to acquire a 30% share in the quasi-co-ownership of the real estate trust beneficiary interest in the land. The figure in parentheses for “Lot area” is in proportion to the quasi-co-ownership share in the property (30%) that IAL plans to acquire, rounded down to two decimal places. A 70% share in the quasi-co-ownership of the real estate trust beneficiary interest in the land was previously acquired by IAL on September 7, 2018.

(Note 3) The designated building coverage ratio is 50%, but the building coverage ratio actually applied is 60%.

(Note 4) Undisclosed as IAL was not able to obtain the lessee’s consent.



4. Seller Profile

i Missions Park Inzai (additional acquisition)

- | | | |
|------|----------------------------------|--|
| (1) | Name | ITOCHU Corporation |
| (2) | Location | 3-1-3 Umeda, Kita-ku, Osaka-shi, Osaka |
| (3) | Representative: | Yoshihisa Suzuki, President & Chief Operating Officer |
| (4) | Principal business | Domestic trading, import/export, and overseas trading in textiles, machinery, metals, minerals, energy, chemicals, food, general products, realty, information and communications technology, and finance, business investment in Japan and overseas |
| (5) | Capital | ¥253,448 million (As of March 31, 2018) |
| (6) | Established | December 1, 1949 |
| (7) | Net assets | ¥974,102 million (As of March 31, 2018) |
| (8) | Total assets | ¥3,164,561 million (As of March 31, 2018) |
| (9) | Major shareholder | The Master Trust Bank of Japan, Ltd. (trust account) 5.92% (as of March 31, 2018) |
| (10) | Relationship with IAL and/or IRM | |
| | Capital relationship | ITOCHU Corporation owns 5.0% of the total number of IAL's issued units as of the date hereof. It also owns 80.0% of the total number of IRM's issued shares as of the date hereof. |
| | Personnel relationship | As of the date hereof, three of the officers and directors of IRM, are on secondment from ITOCHU Corporation. |
| | Business relationship | ITOCHU Corporation has executed a trademark license agreement, sponsor support agreement and leasing management agreement with IAL. With IRM, it has executed a sponsor support agreement and leasing management agreement. |
| | Related party status | The company concerned constitutes a related party for IAL and IRM. |

i Missions Park Moriya 2

- | | | |
|------|----------------------------------|--|
| (1) | Name | Godo Kaisha Joso 2 Properties |
| (2) | Location | Tokyo Kyodo Accounting Office, 3-1-1 Marunouchi, Chiyoda-ku, Tokyo |
| (3) | Representative: | Representative staff member: Shuji Fujita, Functional Manager, Godo Kaisha Joso 2 Properties |
| (4) | Principal business | (1) Real estate acquisition, holding, disposal, leasing and management
(2) Real estate trust beneficiary interest acquisition, holding and disposal
(3) Other operations incidental or relating to the activities in (1) and (2) above |
| (5) | Capital | ¥100 thousand |
| (6) | Established | October 13, 2015 |
| (7) | Net assets | Undisclosed ^(Note) |
| (8) | Total assets | Undisclosed ^(Note) |
| (9) | Major shareholder | Undisclosed ^(Note) |
| (10) | Relationship with IAL and/or IRM | |
| | Capital relationship | The company concerned is a special purpose company owned by ITOCHU Corporation, IRM's parent company. ITOCHU Corporation also owns 5.0% of the total number of IAL's issued units as of the date hereof. |
| | Personnel relationship | There is no noteworthy personnel relationship between IAL/IRM and the company concerned. |
| | Business relationship | There is no noteworthy business relationship between IAL/IRM and the company concerned. |
| | Related party status | The company concerned constitutes a related party for IAL and IRM. |

(Note) Undisclosed as the seller's consent to disclosure has not been obtained.



5. Interested-party Transaction

The sellers of the Assets for Acquisition include ITOCHU Corporation, which constitutes an interested party under the Investment Trust Act. Therefore, in accordance with the Investment Trust Act, IRM obtained the consent of IAL through approval by the IAL Board of Directors' meeting before executing the agreement for the sale and purchase of the trust beneficiary interest.

Additionally, as the sellers of the acquired assets constitute interested parties (as defined under IRM's Rules for Transactions with Interested Parties), IRM conducted the necessary discussions, resolutions and other procedures in accordance with the said Rules before executing the agreement for the sale and purchase of the trust beneficiary interest.

Moreover, as ITOCHU Urban Community Ltd., the company to be entrusted with the pass-through type master lease and property management operations for i Missions Park Moriya 2, constitutes an interested party under IRM's Rules for Transactions with Interested Parties, IRM conducted the necessary discussions, resolutions and other procedures in accordance with the said Rules before executing the master lease and agreement for property management operations commissioning. It is also the company entrusted with the pass-through type master lease and property management operations for i Missions Park Inzai; the relevant master lease agreement and agreement for property management operations commissioning was previously executed on September 7, 2018. Before executing the said agreement, IRM conducted the necessary discussions, resolutions and other procedures in accordance with the above Rules for Transactions with Interested Parties.

6. Details of Property Purchasers

Properties acquired from the specially-interested parties are as follows. The following table indicates (1) the company name, (2) the relationship with the specially-interested party, and (3) the background and rationale behind acquisition, etc.

Property name (Address)	Previous owner/ Beneficial owner	Second-last owner/ Beneficial owner	Third-last owner/ Beneficial owner
	(1), (2), (3) Acquisition (Transfer) Price Acquisition (Transfer) Date	(1), (2), (3) Acquisition (Transfer) Price Acquisition (Transfer) Date	(1), (2), (3) Acquisition (Transfer) Price Acquisition (Transfer) Date
i Missions Park Inzai (additional acquisition) (2-4-3 Matsuzakidai, Inzai-shi, Chiba)	(1) ITOCHU Corporation (quasi-co-ownership 35%) ^(Note) (2) IRM's parent company (3) ITOCHU Corporation acquired land and undertook building development for purposes of business expansion and investment.	Non-specially interested party	—
	Omitted as the current owner has already held the property for more than one year.	—	—
	February 2013 (land) February 2018 (building)	—	—
i Missions Park Moriya 2 (4-4 Kinunodai, Tsukubamirai-shi, Ibaraki)	(1) Godo Kaisha Joso 2 Properties (2) Special purpose company owned by IRM's parent company (3) Acquired for investment purposes.	Non-specially interested party	—
	Omitted as the current owner has already held the property for more than one year.	—	—
	October 2015	—	—

(Note) IAL plans to acquire a 15% quasi-co-ownership share from ITOCHU Corporation, which has a 35% share of the quasi-co-ownership.



7. Brokerage
Not applicable

8. Outlook

For the expected impact of these acquisitions on the financial results and other aspects of IAL's operations in the second fiscal period ending July 2019 (February 1, 2019, to July 31, 2019) and the third fiscal period ending January 2020 (August 1, 2019, to January 31, 2020), please see the Notice Concerning Revisions to the Forecast of Financial Results for the Fiscal Period Ending July 2019 and the Summary of Financial Results for the First Fiscal Period Ended January 31, 2019, dated today.



9. Summary of Appraisal Report

i Missions Park Inzai (additional acquisition)

Summary of appraisal report		
Property name	i Missions Park Inzai	
Appraisal value ^(Note 1)	¥4,440,000 thousand	
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.	
Date of appraisal	February 28, 2019	
Item	Details (thousands of yen) ^(Note 1)	Comments, etc.
Estimated value based on income method	4,440,000	Estimate calculated using the estimated value based on the DCF method, which is judged to be more authoritative, with the direct capitalization method for additional verification of estimated value.
Estimated value based on direct capitalization method	4,485,000	
(1) Operating revenues	Undisclosed ^(Note 2)	
a. Effective gross income	Undisclosed ^(Note 2)	
b. Losses from vacancy, etc.	Undisclosed ^(Note 2)	
(2) Operational expenses	Undisclosed ^(Note 2)	
a. Building maintenance costs	Undisclosed ^(Note 2)	
b. Utility expenses	Undisclosed ^(Note 2)	
c. Repair expenses	Undisclosed ^(Note 2)	
d. Property management fees	Undisclosed ^(Note 2)	
e. Tenant soliciting fees, etc.	Undisclosed ^(Note 2)	
f. Taxes and public dues	Undisclosed ^(Note 2)	
g. Insurance premiums	Undisclosed ^(Note 2)	
h. Other expenses	Undisclosed ^(Note 2)	
(3) Net operating income	209,596	(1) – (2)
(4) Earnings from temporary deposits	586	Assessed based on assumption of 1.0% investment yield.
(5) Capital expenditure	4,195	Calculated with reference to the level of capital expenditure of similar real estate, with allowances for a sum equivalent to 0.21% of building replacement cost and for CM fees.
Net cash flow	205,987	(3) + (4) – (5)
Capitalization rate	4.6%	Assessed based on the capitalization rate of property of similar type, factoring in a spread due to the location of the target real estate, state of the building, contractual conditions, and other conditions, and making reference to the capitalization rates, etc., in appraisals of J-REIT and other property within the same supply-and-demand region and surrounding areas.



	Estimated value based on DCF method	4,410,000	
	Discount rate	4.4%	Assessed by comparing with examples of transactions involving similar real estate, also allowing for the financial asset yield and the individual character of the target real estate.
	Terminal capitalization rate	4.8%	Assessed based on capitalization rate, with overall account also taken of the possibility of major increase in capital expenditure due for instance to age-related building deterioration, uncertainty of market trends, the effect of time lapse on liquidity, and other uncertain factors.
	Integrated value	3,120,000	
	Proportion of land	30.6%	
	Proportion of building	69.4%	
	Other matters for consideration by the appraiser	None	

(Note 1) The figures shown are in proportion to the quasi-co-ownership share in the property acquired by IAL (15%).

(Note 2) As it includes content for which the lessee's consent to disclosure has not been obtained and data which allow the calculation of such content, the disclosure of this item would damage the relationship of trust with the lessee. This would make it difficult to maintain the lessor-lessee relationship and create other difficulties which might ultimately damage investor interests. It has therefore been decided to leave undisclosed all items other than those where there are no factors preventing disclosure.



Summary of appraisal report		
Property name	i Missions Park Moriya 2	
Appraisal value	¥845,000 thousand	
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.	
Date of appraisal	February 28, 2019	
Item	Details (thousands of yen) ^(Note 1)	Comments, etc.
Estimated value based on income method	845,000	Estimate calculated using the estimated value based on the DCF method, which is judged to be more authoritative, with the direct capitalization method for additional verification of estimated value.
Estimated value based on direct capitalization method	839,000	
(1) Operating revenues	Undisclosed ^(Note 2)	
a. Effective gross income	Undisclosed ^(Note 2)	
b. Losses from vacancy, etc.	Undisclosed ^(Note 2)	
(2) Operational expenses	Undisclosed ^(Note 2)	
a. Building maintenance costs	Undisclosed ^(Note 2)	
b. Utility expenses	Undisclosed ^(Note 2)	
c. Repair expenses	Undisclosed ^(Note 2)	
d. Property management fees	Undisclosed ^(Note 2)	
e. Tenant soliciting fees, etc.	Undisclosed ^(Note 2)	
f. Taxes and public dues	Undisclosed ^(Note 2)	
g. Insurance premiums	Undisclosed ^(Note 2)	
h. Other expenses	Undisclosed ^(Note 2)	
(3) Net operating income	49,262	(1) – (2)
(4) Earnings from temporary deposits	151	Assessed based on assumption of 1.0% investment yield.
(5) Capital expenditure	8,294	Calculated based on the annual renewal costs stated in the engineering report, which were deemed to be appropriate, and also in consideration of CM fees ^(Note 3) .
Net cash flow	41,119	(3) + (4) – (5)
Capitalization rate	4.9	Assessed based on the capitalization rate of property of similar type, factoring in a spread due to the location of the target real estate, state of the building, contractual conditions, and other conditions, and making reference to the capitalization rates, etc., in appraisals of J-REIT and other property within the same supply-and-demand region and surrounding areas.
Estimated value based on DCF method	847,000	
Discount rate	4.7	Assessed by comparing with examples of transactions involving similar real estate, also allowing for the financial asset yield and the individual character of the target real estate.
Terminal capitalization rate	5.1	Assessed based on capitalization rate, with overall account also taken of the possibility of major increase in capital expenditure due for instance to age-related building deterioration, uncertainty of market trends, the effect of time lapse on liquidity, and other uncertain factors.



Integrated value	707,000	
Proportion of land	55.7	
Proportion of building	44.3	
Other matters for consideration by the appraiser	The target real estate consists of an existing rental building, which is one of two buildings situated within the same premise, as well as part of such premise (i.e., lot), which is to be acquired through quasi-co-ownership of the trust beneficiary interest. For this property, evaluation is performed on the co-ownership share in the land, on which the quasi-co-ownership share in the land trust beneficiary interest is based.	

(Note 1) The various figures shown for the land portion of appraisal value, estimated value based on income method, estimated value based on the direct capitalization method, estimated value based on the DCF method and integrated value are in proportion to the quasi-co-ownership share (30%) acquired by IAL in the land portion of the property.

(Note 2) As it includes content for which the lessee's consent to disclosure has not been obtained and data which allow the calculation of such content, the disclosure of this item would damage the relationship of trust with the lessee. This would make it difficult to maintain the lessor-lessee relationship and create other difficulties which might ultimately damage investor interests. It has therefore been decided to leave undisclosed all items other than those where there are no factors preventing disclosure.

(Note 3) CM fees: construction management fees.

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

Attachments

1. Portfolio List
2. Features of Assets for Acquisition
3. Summary of Engineering Report and Earthquake Risk Assessment Report



Attachments

1. Portfolio List

Property type	Property name	Location	Price of (planned) acquisition (Millions of yen) (Note 1)	Investment ratio (%) (Note 2)	Appraisal value (millions of yen) (Note 3)
Logistics real estate	i Missions Park Atsugi	Kanagawa Pref. Atsugi City	5,300	9.0	5,820
	i Missions Park Kashiwa	Chiba Pref. Kashiwa City	6,140	10.4	6,830
	i Missions Park Noda	Chiba Pref. Noda City	12,600	21.4	13,400
	i Missions Park Moriya (Note 4)	Ibaraki Pref. Tsukubamirai City	3,200	5.4	3,390
	i Missions Park Misato	Saitama Pref. Misato City	6,100	10.4	6,750
	i Missions Park Chiba-Kita (Note 5)	Chiba Pref. Chiba City	1,300 (quasi-co-ownership 50%)	4.4	2,830
			1,300 (quasi-co-ownership 50%)		
	i Missions Park Inzai (Notes 5, 6 and 7)	Chiba Pref. Inzai City	13,600 (quasi-co-ownership 50%)	30.4	18,700
			4,300 (quasi-co-ownership 15%)		
			4,240 (quasi-co-ownership 15%)	7.2	4,440
	i Missions Park Moriya 2 (Note 8)	Ibaraki Pref. Tsukubamirai City	750	1.3	845
Total (average)		—	58,830	100.0	63,005

(Note 1) "Price for (planned) acquisition" is the purchase price of the respective Asset for Acquisition as indicated in the sale and purchase agreement for the acquired asset or Asset for Acquisition. The purchase price does not include consumption tax, local consumption tax, or expenses relating to acquisition.

(Note 2) "Investment ratio" is the ratio of the planned acquisition price of the acquired asset or Asset for Acquisition to the total amount of the planned acquisition price, rounded down to the first decimal place. Consequently, the sum of the investment ratios of the individual properties may not agree with the figure in the "total" column.

(Note 3) "Appraisal value" is the appraisal value as indicated in the real estate appraisal report, with January 31, 2019, being the valuation date for the appraisal value of acquired assets, and February 28, 2019, being the valuation date for the appraisal value of Assets for Acquisition. The appraisals of the planned acquisition price were entrusted to the Tanizawa Sōgō Appraisal Co., Ltd., Japan Real Estate Institute and DAIWA REAL ESTATE APPRAISAL CO., LTD.

(Note 4) The land portion of the appraisal value of i Missions Park Moriya is in proportion to the quasi-co-ownership share acquired by IAL (70%) in the land portion of the property.

(Note 5) The planned acquisition prices of i Missions Park Chiba-Kita and i Missions Park Inzai are based on IAL's quasi-co-ownership share.

(Note 6) For the price of quasi-co-ownership shares that have been acquired or are to be acquired by IAL with respect to i Missions Park Inzai, the price for the share acquired from ITOCHU on September 7, 2019 (50%) and the price for the shares acquired from Godo Kaisha Ichō on September 7, 2019 (15%) are indicated in the upper field and the middle field, respectively, while the price for the share to be additionally acquired this time (15%) is indicated in the lower field.

(Note 7) For i Missions Park Inzai, the appraisal value for the quasi-co-ownership share of the property (65%) initially acquired by IAL is shown in the upper field, while the figure for the share of the property (15%) whose additional acquisition is planned is shown in the lower field.

(Note 8) The land portion of the appraisal value of i Missions Park Moriya is in proportion to the quasi-co-ownership share in the land portion of the property (30%) that IAL plans to acquire.



2. Features of Assets for Acquisition

(Property No. L-7) i Missions Park Inzai

■ Location Characteristics

The property is located in Inzai City, which is within 40 km of central Tokyo. Its proximity to National Route 16 (approximately 5.7 km) makes it suitable for local delivery to the central areas of Chiba and Saitama Prefectures as well as for coverage of the eastern part of Tokyo. It can also serve as a wide-area base for the whole of the Greater Tokyo area via access to the Higashi-Kanto Expressway through Chiba-Kita Interchange (approximately 14.7 km), and as a relay station for air cargo to the nearby Narita Airport. The surrounding is an area with a concentration of logistics and other industrial facilities, making 24-hour operation possible without risking complaints from the local community. In terms of recruitment, there is a bus stop within walking distance and population concentrations in the surrounding area, which should make it easy to attract staff.

■ Property Features

The property is a logistics facility on five (5) floors with a total floor area of approximately 33,737 *tsubo* (approximately 110,022 m²) and is occupied by a single company. The internal layout of the facility allows it to be divided up for separate utilization, making it suitable for occupation by multiple tenants. In terms of the basic specifications, the effective ceiling height is 6.75 m on the first floor, 5.5 m on the second to fourth floors, and 3.6 m on the fifth floor, while the floor load is 1.5 t/m² on the first to fourth floors and 1.0 t/m² on the fifth floor, with column spacing of 12.1 m × 9.45 m. This ensures general functionality and adaptability to tenants from a wide range of industries. On the fifth floor, the fire safety zone is a pillar-free space, allowing installation of large-scale material handling machinery and a highly flexible layout. The on-site conveyor facilities comprise 10 cargo elevators and 10 vertical conveyors. With truck berths for 71 vehicles provided along both sides of the first-floor level, operational efficiency is facilitated. Each floor has an employee recreation room and three (3) toilets, and the second floor has a staff cafeteria equipped with cooking facilities as well as a retail outlet, creating an environment with high amenity for staff. Additionally, the provision of a dedicated entrance-exit point for pedestrians and bicycles and the complete separation of pedestrian and vehicular traffic through separate lines of movement promotes staff safety and contributes to efficient logistics operations. The ample parking provision consists of spaces for 402 staff vehicles and a truck standby area for 18 vehicles. In terms of business continuity, the facility adopts a quake-damping structure using unbonded braces, thus ensuring employee safety.

■ Area Map and Photograph of Asset for Acquisition





(Property No. L-8) i Missions Park Moriya 2

■ Location Characteristics

The property is located in Tsukubamirai City, Ibaraki Prefecture, approximately 40 km from central Tokyo. The area has seen urbanization through large-scale residential developments for commuters to central Tokyo. It also has a scattering of industrial facilities, mainly along the axis of National Route 294 and the parallel route of the Joso Fureai Doro. The property is close to the Joban Expressway (approximately 1.3 km from Yawara Interchange), making it suitable as a wide-area base covering central Tokyo and the wider Greater Tokyo area through the expressway network. It is also located within approximately 0.9 km of the general trunk road National Route 294, making it highly convenient for local delivery, while access to National Route 16 and other major roads allows it to serve a wide area centered on Saitama Prefecture. The surrounding area provides a favorable environment, with residential areas adjacent but also a scattering of industrial facilities in the vicinity. In terms of securing labor, the facility is within walking distance of Shin-Moriya Station on Kanto Railway's Joso Line and has population centers in its surroundings. This rare combination of advantages should make it easy to attract staff.

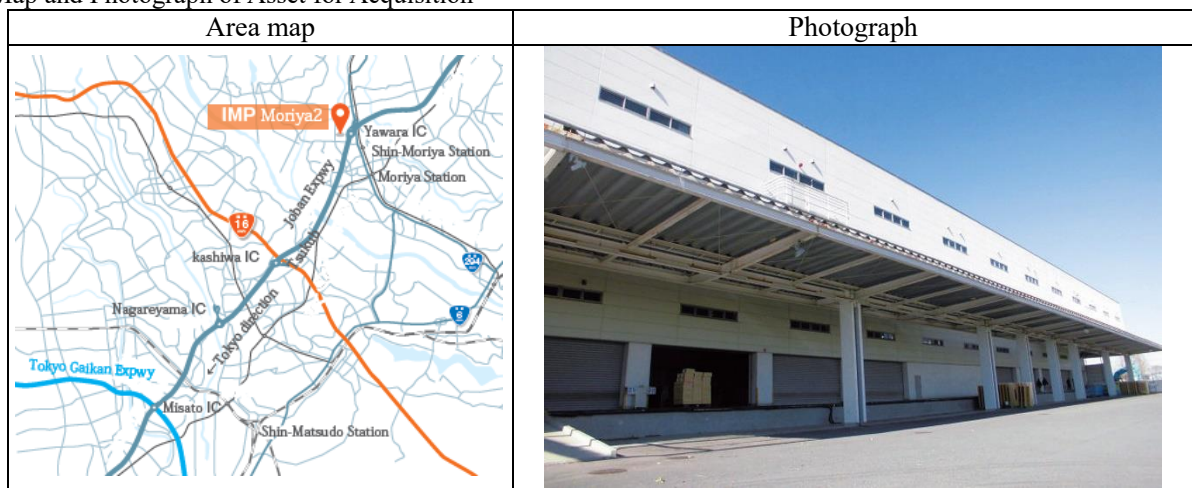
■ Property Features

The property is a logistics facility on two (2) floors with a total floor area of 2,372 *tsubo* or approximately 18,680 m² (according to the completed construction plan) and is occupied by one (1) logistics company. As for the basic specifications, the effective ceiling height is 8.0m on the first floor and 2.6m on the second floor, with floor load of 1.0 t/m² on the first floor and 0.5 t/m² on the second floor, and column spacing of 7.5m × 7.5m.

The on-site conveyor facilities comprise two (2) cargo elevators. Cargo handling efficiency is achieved by 10 truck berths along one side of the first floor and by the highly convenient low-rise construction. Efficient operation is additionally ensured by the provision of two entrance-exit points.

Parking space is provided for 37 passenger cars (according to the completed construction plan).

■ Area Map and Photograph of Asset for Acquisition





3. Summary of Engineering Report and Earthquake Risk Assessment Report

Property type	Property no. (Note 1)	Property name	Engineering Report				Earthquake Risk Assessment Report		
			Inspection date	Engineering firm	Emergency and short-term repair and renewal costs (thousands of yen) (Note 2)	Medium- to long-term repair and renewal costs (thousands of yen) (Note 3)	Inspection date	Engineering firm	Probable maximum loss (PML) score (%) (Note 4)
Logistics real estate	L-1	i Missions Park Atsugi (Note 5)	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Building A —	Building A 16,780	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Building A 8.9
					Building B —	Building B 38,881			Building B 8.2
	L-2	i Missions Park Kashiwa	May 2018	Engineering and Risk Services Corporation	—	30,305	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	5.4
	L-3	i Missions Park Noda	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	—	135,580	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	1.8
	L-4	i Missions Park Moriya	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	—	39,032	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	5.4
	L-5	i Missions Park Misato	May 2018	ERI Solution Co., Ltd.	—	62,120	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	4.4
	L-6	i Missions Park Chiba-Kita	May 2018	ERI Solution Co., Ltd.	—	14,860	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	4.9
	L-7	i Missions Park Inzai (Note 6)	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	—	181,161	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	1.5
	L-8	i Missions Park Moriya 2	March 2019	Tokio Marine & Nichido Risk Consulting Co., Ltd.	—	117,157	March 2019	Tokio Marine & Nichido Risk Consulting Co., Ltd.	7.3
Total/portfolio PML (Note 7)			—	—	—	635,876	—	—	2.5

(Note 1) “Property No.” is a number allocated to each property according to property type; L stands for logistics real estate.

(Note 2) “Emergency and short-term repair and renewal costs” represents the cost of repairs and renewal, as identified in the Engineering Report, that are likely to arise either in an emergency or within approximately one year from the date of the report.

(Note 3) “Medium- to long-term repair and renewal costs” represents the cost of repairs and renewal, as identified in the Engineering Report, that are likely to arise within 12 years from the date of the report. The figures are rounded down to the nearest unit.

(Note 4) “Probable maximum loss (PML) score” is the score recorded in the Earthquake Risk Assessment Report submitted by the engineering firm.

(Note 5) i Missions Park Atsugi consists of two (2) logistics real estate properties, Building A and Building B, for which separate figures are presented for emergency and short-term repair and renewal costs, medium- to long-term repair and renewal costs, and PML score.



- (Note 6) For i Missions Park Inzai, the figures shown for emergency and short-term repair and renewal costs, and medium- to long-term repair and renewal costs are in proportion to the quasi-co-ownership share to be held by IAL with respect to the property (80%) and are rounded down to the nearest unit.
- (Note 7) “Portfolio PML score” is a collective figure for the Acquired Asset portfolio of eight (8) properties comprising nine (9) buildings, calculated using the same method as for the PML score of the individual properties, based on the Earthquake Risk Assessment Portfolio Analysis Report of Tokio Marine & Nichido Risk Consulting Co., Ltd., dated March 2019.