

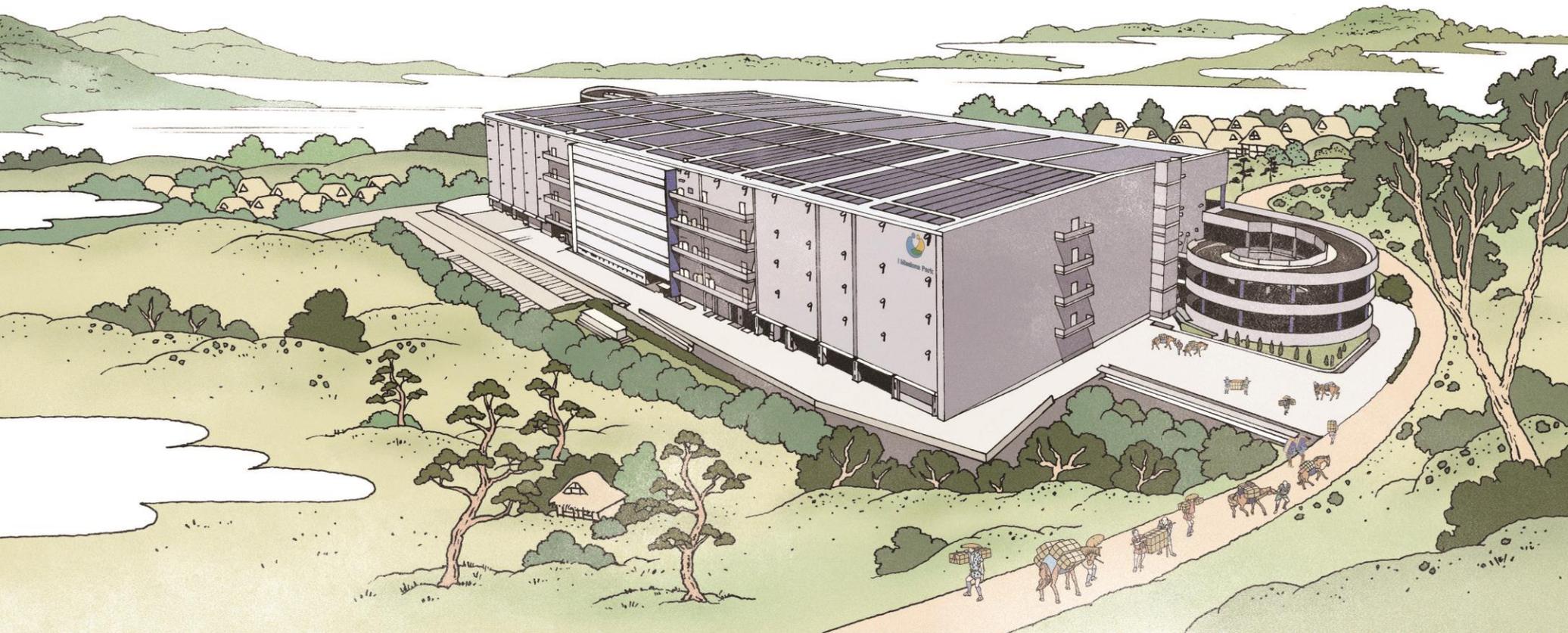


Ticker Symbol : 3493

ITOCHU Advance Logistics Investment Corporation

# Supplementary Materials for the Press Release dated January 6, 2020

(After Reflecting Information Disclosed in the Press Release dated January 24, 2020)



# Acquire properties at appropriate level of NOI yield

Acquisition of recently constructed properties located around National Route 16 in the close proximity to Tokyo

Acquire properties by keeping in mind appropriate level of NOI yield on an area-by-area basis

Properties to be Acquired

Total anticipated acquisition price  
**25,270 MN yen**

Total appraisal value  
**26,440 MN yen**

Average appraisal NOI yield (based on anticipated acquisition price)  
**4.8%**

Ratio of properties located around National Route 16  
**100.0%**

Average property age (based on anticipated acquisition price)  
**1.5 years**



Property name	i Missions Park Kashiwa 2 (70% quasi-co-ownership interest)
Anticipated Acquisition price	19,600 MN yen
Appraisal value	20,500 MN yen
Appraisal NOI yield	4.8%
Property age	1.4 years



Property name	i Missions Park Inzai (20% quasi-co-ownership interest) (Additional acquisition)
Anticipated Acquisition price	5,670 MN yen
Appraisal value	5,940 MN yen
Appraisal NOI yield	4.9%
Property age	1.9 years

Portfolio

Keep a sharp eye on portfolio NOI yield

Average appraisal NOI yield

Before Acquisitions  
**5.1%**



Properties to be Acquired  
**4.8%**



Post-acquisition Portfolio  
**5.0%**

Capital Policy

Offering executed based on comprehensive considerations on DPU growth rate, P/NAV, LTV level, implied cap rate, and supply / demand balance in the market

DPU

Second Fiscal Period (ended July 2019)  
**2,311 yen**



Fifth Fiscal Period (ending Jan. 2021) (Estimated)  
**2,497 yen**

(Total assets) LTV

Second Fiscal Period (ended July 2019)  
**39.5%**



After the Offering (excluding consumption tax loan)  
**39.9%\***

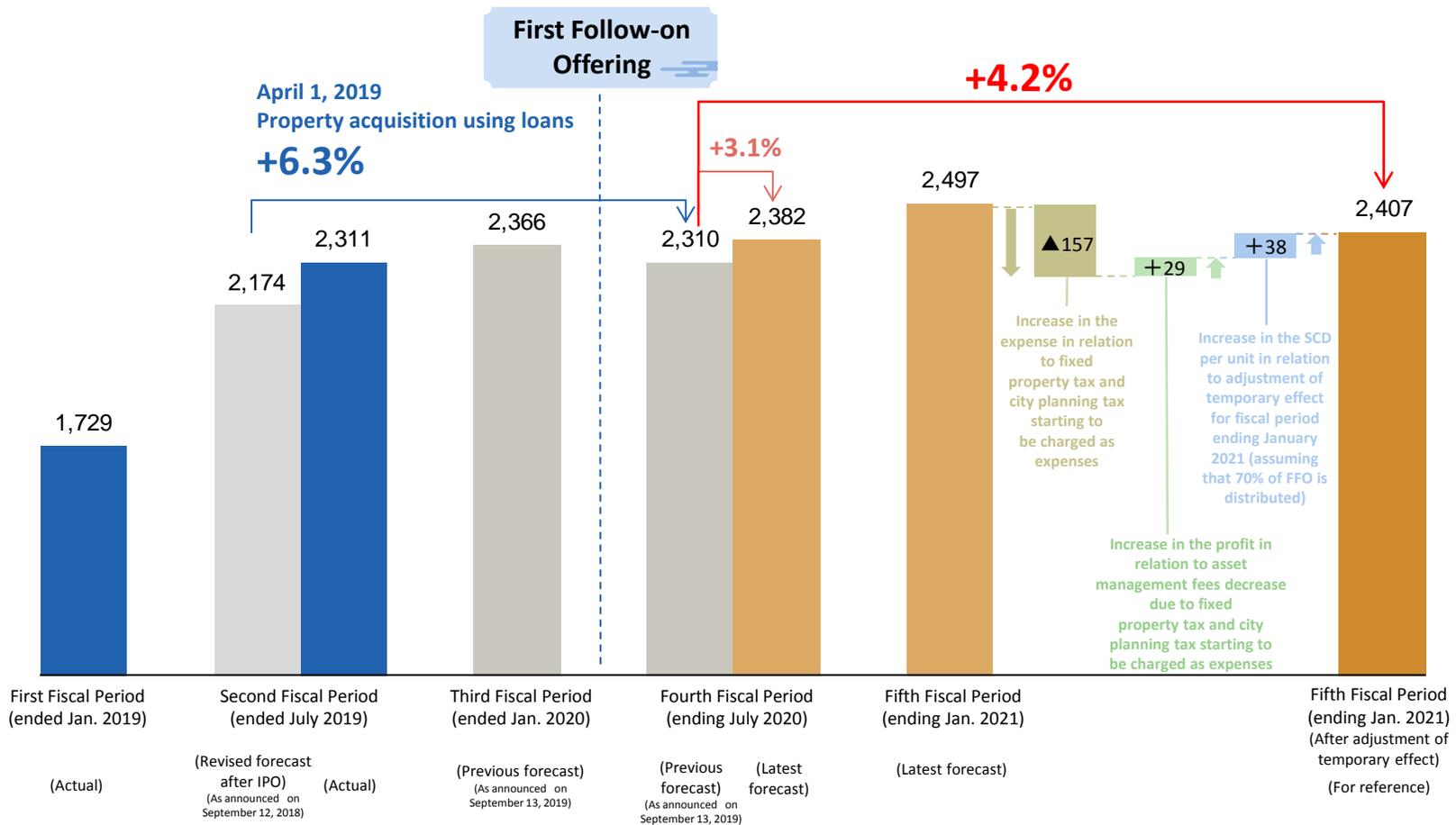


\* After reflecting information disclosed in the press release dated January 24, 2020

# Continuous DPU growth

IAL aims at enhancement of mid- to long-term DPU growth by keeping a sharp eye on portfolio NOI yield

Historical and Forecasted Distribution per unit (Including SCD) (yen)



Build up a track record

Aim at continuous DPU growth with asset size expansion

# Notes

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- (Note 1) The “Offering” and the “Third-Party Allotment” are the “Offering” and the “Third-Party Allotment” described in the press release entitled “Notice Concerning Issuance of New Investment Units and Secondary Offering” dated January 6, 2020. The same shall apply hereinafter.
- (Note 2) All figures have been rounded down and all percentages have been rounded to one decimal place. The same shall apply hereinafter.
- (Note 3) “Anticipated acquisition price” is the purchase price of the relevant properties to be acquired as indicated in the agreement for the sale and purchase of the trust beneficiary interest for the relevant properties. The purchase price does not include acquisition costs, consumption tax or local consumption tax. The same shall apply hereinafter.
- (Note 4) “Appraisal value” represents the appraisal values indicated in the relevant real estate appraisal reports with October 31, 2019 being the date of valuation. The appraisals of each of the properties to be acquired were entrusted to DAIWA REAL ESTATE APPRAISAL CO., LTD. and The Tanizawa Sōgō Appraisal Co., Ltd. The same shall apply hereinafter.
- (Note 5) “Appraisal NOI yield” is calculated as the ratio of appraisal NOI of the acquired properties or the properties to be acquired to (anticipated) acquisition price, rounded to one decimal place (“Appraisal NOI” represents net operating income according to the direct capitalization method as entered in the appraisal report (calculated by subtracting operating expenses from operating income), and represents revenues before depreciation costs. It should be noted that appraisal NOI differs from net cash flow (NCF), which is calculated to include security deposits and other operating revenues and to exclude capital expenditure. The same shall apply hereinafter). The appraisal NOI yield is calculated by the Asset Management Company, and is not indicated in the real estate appraisal report. It may be different from the actual value after the acquisition of the properties to be acquired by IAL. The same shall apply hereinafter. For the acquired properties (excluding i Missions Park Inzai), the figures used are the appraisal NOI based on the relevant real estate appraisal reports with the end of July 2019 being the date of valuation; for i Missions Park Kashiwa 2 (70% quasi-co-ownership interest), the figure used is the appraisal NOI based on the real estate appraisal report with October 31, 2019 being the date of valuation; and for i Missions Park Inzai, the figure used is the sum of the appraisal value based on the real estate appraisal report on the quasi-co-ownership interest in the relevant property owned as of January 6, 2020 (80%) with the end of July 2019 being the date of valuation and the appraisal NOI based on the real estate appraisal report on the quasi-co-ownership interest in the relevant property to be acquired (20%) with October 31, 2019 being the date of valuation. The same shall apply hereinafter.
- (Note 6) IAL classifies locations in the Kanto area (Tokyo, Kanagawa, Chiba, Saitama and Ibaraki prefectures) into four categories: “Tokyo Gaikan EXPWY” area, “National Route 16” area, “Ken-O EXPWY” area and “Tokyo Bay” area. “National Route 16” area defined by IAL is the area determined by K.K. Ichigo Real Estate Service from the outside of Tokyo Outer Ring Road to be the area close to National Route 16.
- (Note 7) “Average appraisal NOI yield” represents the weighted average of appraisal NOI yield of each of the portfolio before the acquisition of the properties to be acquired, the properties to be acquired, and the portfolio after the acquisition of the properties to be acquired based on the (anticipated) acquisition price.
- (Note 8) “DPU” is distribution per unit (including surplus cash distributions).
- (Note 9) “(Total assets) LTV” is the ratio of total amount of interest-bearing debt to IAL’s total amount of assets. LTV for the fiscal period ended July 2019 and LTV after the Offering are calculated using the following formula, respectively.

(LTV for the fiscal period ended July 2019)

Total amount of interest-bearing debt recorded on the balance sheet as of the end of the fiscal period ended July 2019 / Total amount of assets recorded on the balance sheet as of the end of the fiscal period ended July 2019 (second fiscal period).

# Notes

(LTV after the Offering)

Total amount of interest-bearing debt after the Offering / Total amount of assets after the Offering.

Total amount of interest-bearing debt = Total amount of interest-bearing debt recorded on the balance sheet as of the end of the fiscal period ended July 2019 (second fiscal period) + Increase in interest-bearing debt through the borrowing announced on September 5, 2019 - Decrease in interest-bearing debt through the repayment of loan announced on September 5, 2019 - Decrease in interest-bearing debt through the prepayment of loan announced on October 31, 2019 + Increase in interest-bearing debt through the issuance of investment corporation bonds announced on December 6, 2019 - Decrease in interest-bearing debt through the prepayment of loan announced on December 6, 2019 + (Planned) amount (to be) borrowed through the borrowing announced on January 24, 2020.

Total amount of assets after the Offering = Total amount of assets recorded on the balance sheet as of the end of the fiscal period ended July 2019 (second fiscal period) + Increase in interest-bearing debt through the borrowing announced on September 5, 2019 - Decrease in interest-bearing debt through the repayment of loan announced on September 5, 2019 - Decrease in interest-bearing debt through the prepayment of loan announced on October 31, 2019 + Increase in interest-bearing debt through the issuance of investment corporation bonds announced on December 6, 2019 - Decrease in interest-bearing debt through the prepayment of loan announced on December 6, 2019 + (Planned) amount (to be) borrowed through the borrowing announced on January 24, 2020 + Total amount of purchase price with respect to the Offering\*.

\*Total amount of purchase price with respect to the Offering is calculated based on the investment unit price of IAL (hereinafter referred to as the "Investment Unit") as of the close of ordinary trading on TSE on Friday, December 13, 2019 (115,000 yen), and is on the assumption that all of the investment units to be issued through the Third-Party Allotment will be subscribed for by SMBC Nikko Securities Inc. and the full amount to be paid in will be paid by SMBC Nikko Securities Inc. Therefore, if the actual amount of purchase price with respect to the public offering or the Third-Party Allotment is less than the aforementioned assumption, or if payment is not made for part or all of the Third-Party Allotment, total amount of purchase price with respect to the public offering and that with respect to the Third-Party Allotment will be less than the amount indicated above, and the actual (Total assets) LTV after the Offering may be higher than the figure indicated above. Conversely, if the actual amount of purchase price is higher than the aforementioned assumption, total amount of purchase price with respect to the public offering and that with respect to Third-Party Allotment will be higher than the amount indicated above, and the actual (Total assets) LTV after the Offering may be lower than the figure indicated above.

(Note 10) "NAV" stands for Net Asset Value, and NAV per unit for the fiscal period ended July 2019 is calculated using the following formula: (Net assets + (Appraisal value – Book value as of the end of the fiscal period) – Total distributions paid (including surplus cash distributions)) / Number of investment units issued and outstanding as of the end of the fiscal period. The figure is rounded down to the nearest unit.

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(Note) Distribution per unit after adjustment of temporary effect refers to the estimated amount of distribution per unit calculated based on the forecasts of the distributions to be made for the fiscal period ending January 2021, on the assumption that (1) the fixed property tax, the city planning tax and the depreciable property tax (which are included in the acquisition cost) are charged as expenses and (2) the asset management fees decrease due to (1). Accordingly, it does not stand for a forecast nor estimate of the distribution per unit to be made for any specific fiscal period of IAL. For the details of the assumptions underlying the distribution per unit after adjustment of temporary effect, please refer to the press release dated January 6, 2020 entitled "Notice Concerning Revisions to the Forecasts of Financial Results for the Fiscal Period Ending July 2020 and the Forecasts of Financial Results for the Fiscal Period Ending January 2021".

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