



Ticker Symbol: 3493

ITOCHU Advance Logistics Investment Corporation

Sixth Fiscal Period (Ended July 2021) Investor Presentation Material (September 15, 2021)



President Message



In the 6th fiscal period (ending July 2021), IAL acquired two properties, IMP Tokyo-Adachi and IMP Miyoshi in April from the sponsor group as previously planned at the public offering implemented in November last year. As a result, IAL's asset size has expanded to 111.4 billion yen from the previous 98.1 billion yen. I believe that the success of the deal is largely thanks to the generous support we receive from our investors and stakeholders, for which I am truly grateful.

We have announced our distributions per unit (DPU) of 2,492 yen (up from the latest forecast of 2,464 yen). DPU has increased from the initial forecast due to the increase in revenue from property acquisitions and internal growth such as reduction of operating expenses of the Investment Corporation including property management costs and interest expenses. As disclosed, we expect further DPU growth for the 7th fiscal periods (ending January 2022), forecasting 2,724 yen (up from the initial forecast of 2,557 yen) due to the revision of the distribution policy and other factors. We hope that you will understand that this revision of the distribution policy to increase the total amount of distribution is a measure to show our stance of aiming to become a REIT that is evaluated by our investors furthermore while maintaining our conservative cash management policy reflecting the steady expansion of our asset size.

In addition to above external growth and revision of the distribution policy, in terms of internal growth we have achieved the longer-term lease agreements and rent increases with the occupancy rate remaining high at 99.9% (as of September 15th, 2021). We have also worked for improvement of NOI such as income increase from roof rental for solar panels etc. and initiatives for ESG. Please refer the following pages of this presentation material for the details.

The logistics real estate market, although in the middle of the fifth wave of the COVID-19 pandemic, has not suffered any significant impact. Instead, the robust demand for logistics operators is becoming apparent mainly due to the change in consumption structure owing to consumers' increase use of online shopping. As of September 15th, 2021, we have not received any incident reports from our tenants relating to COVID-19 that would have caused damage on their operation, and our business is also going well. However, we will continue forward with external and internal growth, ESG initiatives, solid cash management. Additionally, in furtherance of our commitment to be the J-REIT that is valued by our stakeholders, IAL will continue to work hard for reinforcing governance and other management systems with an awareness of its social responsibilities and public missions.

We are fully aware of our mission to meet the expectation of our investors and stakeholders. We will remain committed to making aggressive moves in order to be the J-REIT of your choice. We respectfully ask for your continued and long-lasting support.

September 15, 2021

Junichi Shoji

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

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Response to COVID-19

No significant impact of COVID-19 on the tenants and our asset management

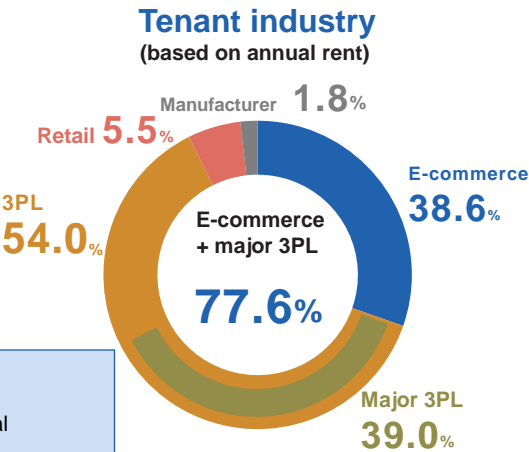
Tenant	Preventive measures are taken by tenants such as measuring employees' body temperature, keeping social distancing at offices and employees' lounges, or placing division panels, best for its own workplace management. Operations are being carried out without any major problems.
Asset Management Company	<ul style="list-style-type: none">Received approval from the Tokyo Metropolitan Government to practice "Telework Tokyo Rules".Asset management is operated without delay under remote works and sliding commuting hours.

IAL portfolio of tenant industry and goods can expect stable Cash Flow despite COVID-19

(As of July 31, 2021)

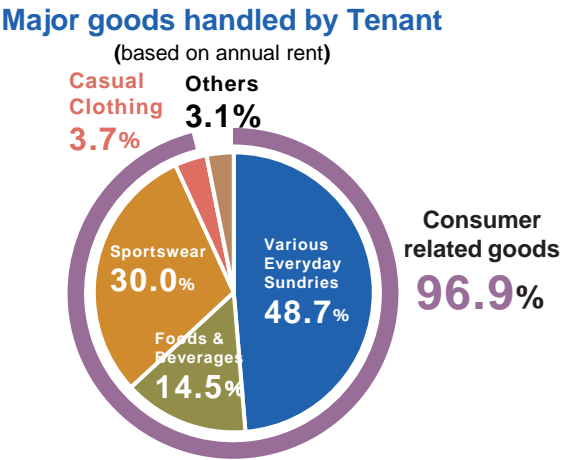
Tenant Industry and Goods Composition

High Ratio of E-commerce and Major 3PL tenants shows resilience in recession and stable Cash flow



Breakdown of retailers:
• Discount supermarket
• ITOCHU Group (Casual Clothing)

Primarily consumer related goods shows stable demands despite economic environment



Consumer related goods
96.9%

※ Ratios are rounded to the first decimal place. The same shall apply hereinafter unless otherwise stated.
※ 3PL stands for third party logistics, which is an organization's use of third party business to outsource elements of its distribution, warehousing, and fulfillment services.
※ Major 3PLs mean 3PLs with consolidated sales exceeding 100 billion yen including such 3PLs.
※ The calculation of goods are based on hearings from tenants. Accordingly, different types of goods may be handled at some parts of space

Highlights

Asset size expanded to 111.4 bn Yen. Achieved growth in DPU, NAV per unit, and unrealized gains

Operational Highlights <as of the End of the 6th Fiscal Period (Jul. 2021) >

Appraisal NOI yield **4.9%**
Actual NOI yield **4.9%※**
(based on acquisition price)

Occupancy rate
99.9%
Only office area in IMP Noda
was non-operating

Appraisal value
Jul.2021 **124.5 bn Yen**
(12 properties)
Jan.2021 108.4 bn Yen
(10 properties)

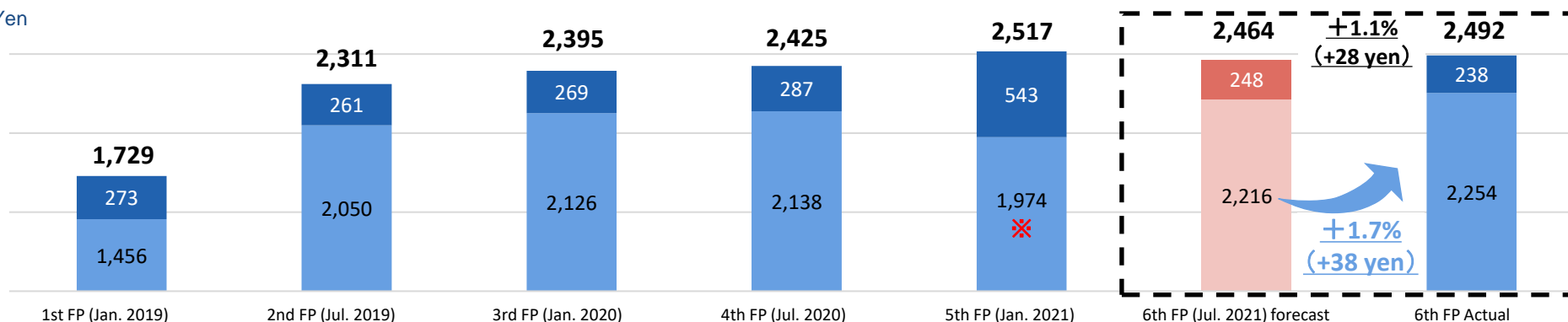
NAV per unit
Jul. 2021 **132,085 yen**
(+4.4%)
Jan. 2021 126,473 yen

Unrealized gains
Jul. 2021 **15.5 bn Yen**
(unrealized gain ratio 14.2%) (12 properties)
Jan. 2021 12.0 bn Yen
(unrealized gain ratio 12.4%) (10 properties)

※NOI yield assuming full-period reflection of the 2 new properties acquired during the period is 5.0%

Change of DPU <as of the End of the 6th Fiscal Period (Jul. 2021) >

Unit:Yen



■ SCD per unit ■ DPU per unit (excluding SCD)

※DPU per unit decreased over the previous fiscal period due to public offering during the period and properties acquired were non-performing for the full-year, and PO cost incurred

Measures Highlights

External Growth

- Acquired 2 quality properties for 13 bn yen at the PO in November 2020
- Asset size expanded to **111.4 bn yen** (based on acquisition price)
- IMP Inzai 2 and IMP Kashiwa 2 (additional share), acquired in previous period, contributed to the profits for the full-year

Financial Strategies

- Introduce new dividend policy from next 7th FP(Jan.2022).
- Maintained LTV (based on total assets/after VAT loan) at a low level of 41.0%
- Financing capacity when increasing LTV (based on total asset) to 45% is **8.3 bn yen**
- Continuously considering the timing to introduce the commitment line

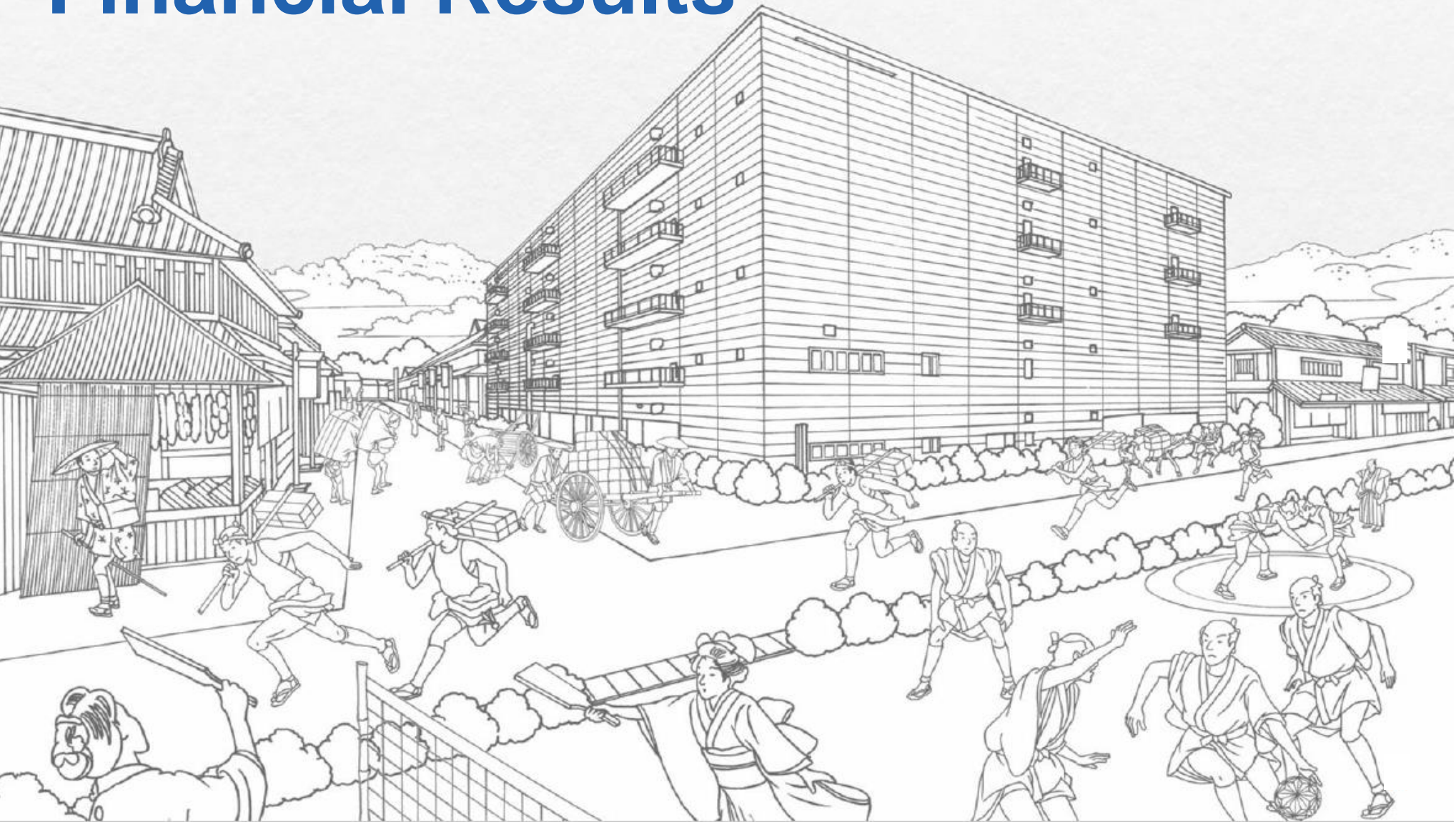
Internal Growth

- Commencement of renewed contract with 2 tenants in IMP Noda (rent increase and longer term)
- Besides, timely renewed contract with 1 tenant. Extended and increased rent with another tenant before the contract expiration
- Rooftop lease at IMP Moriya for solar panel, increase in parking lot lease at IMP Noda

ESG

- Awarded "4 star" in the GRESB Rating, maintain high % of environment data acquisition
- Procured 5 bn yen and 5.3 bn yen green loans in April and September 2021
- Promote decarbonization energy and resource conservation by additional installment of LED and solar panels
- JCR has changed the outlook of IAL's long-term issuer rating from stable to positive in February 2021

Financial Results



Financial Results of the 6th Fiscal Period (Jul.2021)

Achieved increase in Net Income by full-year contribution of the acquisitions in previous FP(Jan.2021) and 2 additional acquisitions in current FP(Jul. 2021)

DPU

6th FP (Jul. 2021) **2,492 yen**
vs forecast +28 yen (+ 1.1%)

FFO per Unit

6th FP (Jul. 2021) **3,558 yen**
vs forecast + 39 yen (+ 1.1%)

(MN Yen)	5th FP (Jan. 2021) Actual	Forecast (announced on Mar. 17, 2021) (A)	6th FP (Jul. 2021) Actual (B)	Difference (B) - (A)
Operating revenues	2,606	3,062	3,059	-2
Operating income	1,323	1,469	1,489	+20
Ordinary income	1,185	1,330	1,353	+23
Net income	1,184	1,329	1,352	+23
DPU (including surplus cash distribution (SCD))	2,517 yen	2,464 yen	2,492 yen	+28 yen
DPU (excluding SCD)	1,974 yen	2,216 yen	2,254 yen	+38 yen
SCD per unit	543 yen	248 yen	238 yen	-10 yen
FFO	1,886	2,111	2,135	+23
FFO payout ratio※1	80.1%	70.0%	70.0%	-
Ratio of SCD to depreciation	46.4%	19.0%	18.2%	-0.8 pt
FFO per unit	3,144 yen	3,519 yen	3,558 yen	+39 yen
AFFO※2	1,886	2,078	2,112	+33
AFFO payout ratio	80.1%	71.2%	70.8%	-0.3 pt
AFFO per unit	3,144 yen	3,463 yen	3,519 yen	+56 yen
Total number of investment units outstanding	600,127	600,127	600,127	-

Breakdown of Difference (6th FP forecast vs 6th FP actual)

【Operating revenues】

Decrease in utility revenues -2

【Operating income】

Decrease in utility expenses +3

Decrease in repair expenses +7

Decrease in city planning taxes +4

Increase in asset management fees -6

Decrease in other expenses +12

【Ordinary income】

Decrease in interest expenses +3

※ 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

F

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. 5th FP ratio exceeds 70% of the guideline due to PO during the FP and additional cost incurred



Change of Distribution Policy (1)

Changed Distribution Policy to enhance unitholder's value (from 7th FP(January 2022))

Overview

Before

After

Approx. 70% of FFO

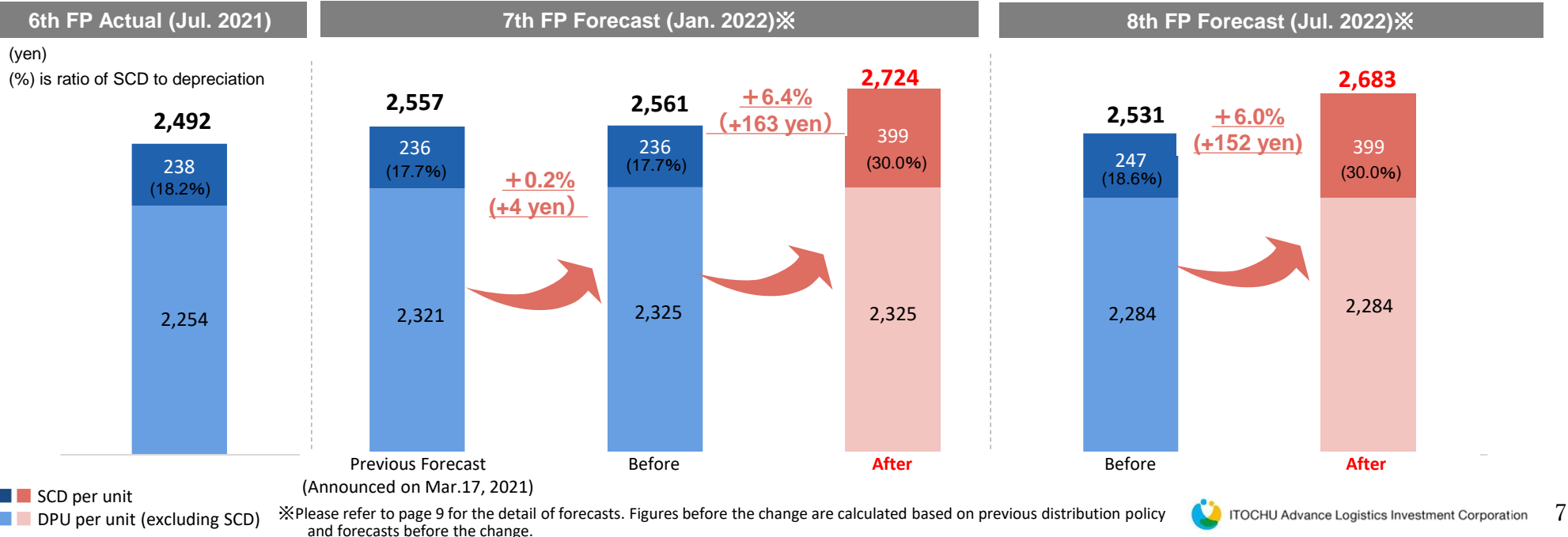
Net income + approx. 30% of depreciation

Background

- Improvement in Management and Financial stability with asset size has grown to over **111.4 bn yen**
- Cumulative track records of income and cost of **3 years from IPO** increased cost efficiency and Cash Flow stability

→ Enhance unitholder's value by **making a step forward in** changing the Distribution Policy while keeping solidity and conservativeness

Impact on Distributions

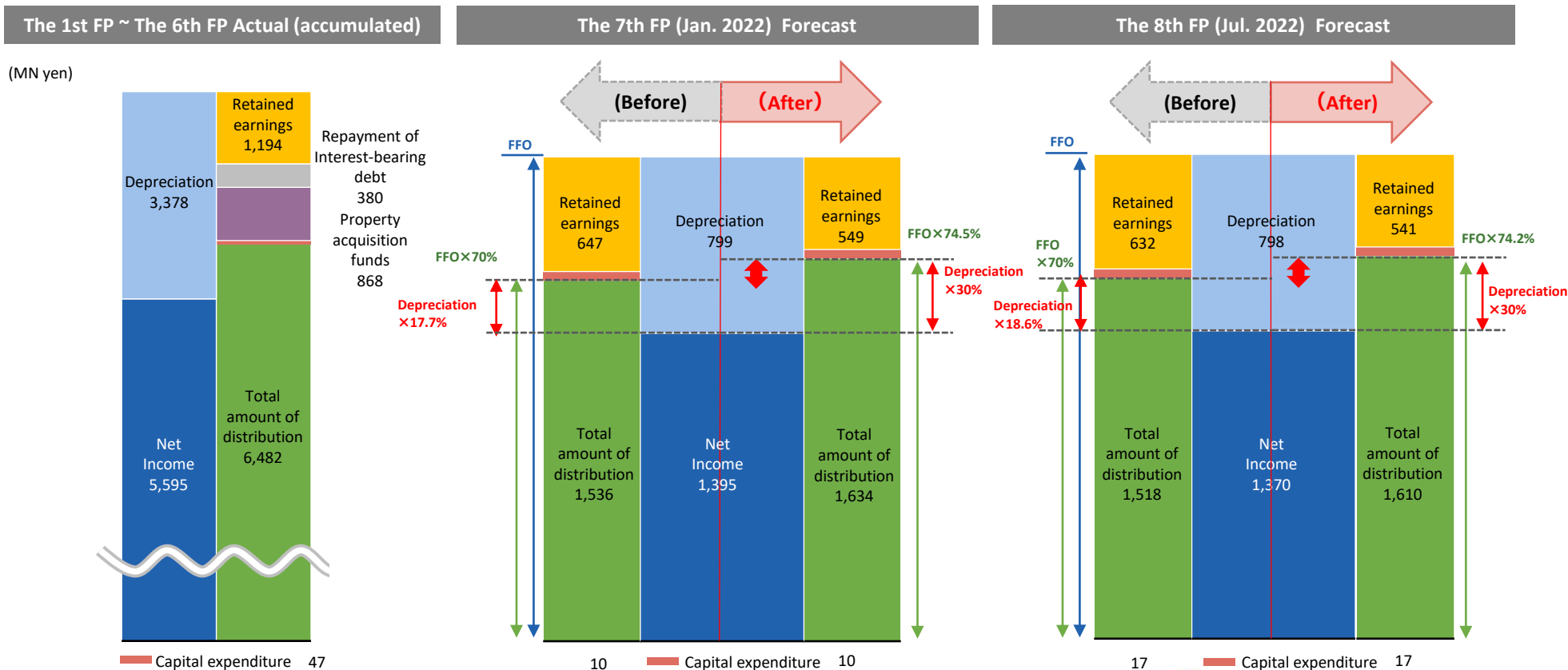


Change of Distribution Policy (2)

Continue conservative Cash Management with Financial Stability

Secure Retained Earnings to keep Financial Stability

- ✓ Achieve Increase in Surplus Cash Distribution (SCD) while keeping solid Financial position
- ✓ Continue conservative Cash Management operations
- ✓ Aim to increase surplus cash distribution while remaining financial stability



※Figures are rounded down to the nearest unit.

Forecasts for the 7th Fiscal Period (Jan. 2022) and the 8th Fiscal Period (Jul. 2022)

Maintain Stable Portfolio to increase Net Income

(MN yen)	6th fiscal period (Jul. 2021)	7th fiscal period (Jan. 2022)			8th fiscal period (Jul. 2022)
	Actual (A)	Forecast (announced on Mar. 17, 2021) (A)	Forecast (B)	Difference (B-A)	Forecast
Operating revenues	3,059	3,173	3,172	+112	3,171
Operating income	1,489	1,542	1,532	+42	1,509
Ordinary income	1,353	1,393	1,396	+42	1,371
Net income	1,352	1,392	1,395	+42	1,370
DPU (including surplus cash distribution (SCD))	2,492 yen	2,557 yen	2,724 yen	+232	2,683 yen
DPU (excluding SCD)	2,254 yen	2,321 yen	2,325 yen	+71	2,284 yen
SCD per unit	238 yen	236 yen	399 yen	+161	399 yen
FFO	2,135	2,191	2,194	+58	2,169
FFO payout ratio	70.0%	70.0%	74.5%	+4.5 pt	74.2%
Ratio of SCD to depreciation	18.2%	17.7%	30.0%	+11.7 pt	30.0%
FFO per unit	3,558 yen	3,651 yen	3,657 yen	+99 yen	3,615 yen
AFFO※	2,112	2,151	2,184	+78	2,152
AFFO payout ratio	70.8%	71.3%	74.6%	+4.0 pt	74.8%
AFFO per unit	3,519 yen	3,585 yen	3,639 yen	+131 yen	3,586 yen
Total number of investment units outstanding	600,127	600,127	600,127	-	600,127

Breakdown of Difference (6th FP actual vs 7th FP forecast)

【Operating revenues】

- IMP Miyoshi and IMP Tokyo-Adachi contributes to full 7th FP
- Increased rents of IMP Noda

Increase in rent revenues	+ 110
Increase in utility revenues	+ 1

【Operating income】

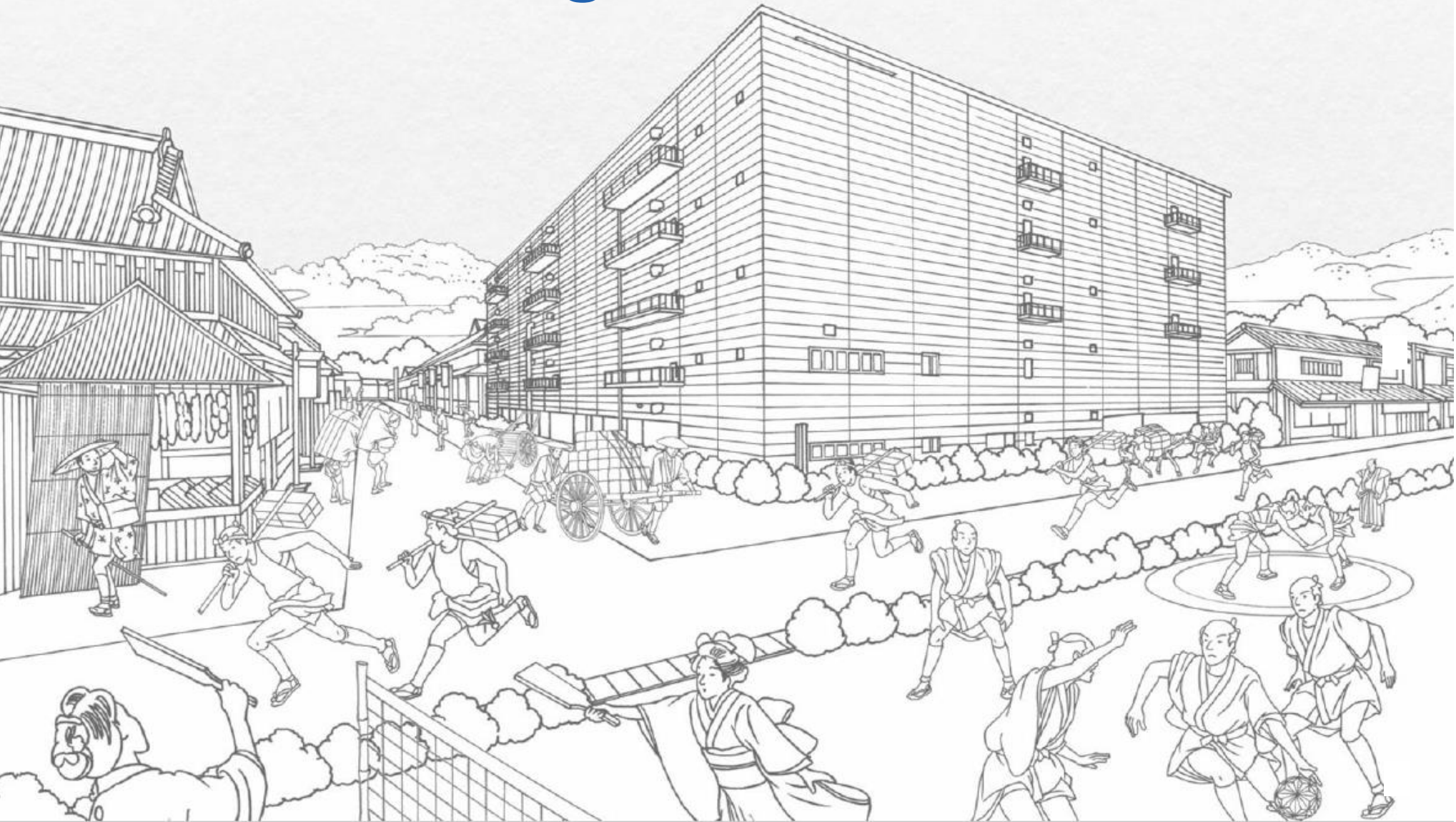
- IMP Miyoshi and IMP Tokyo adachi contributes to full 7th FP

Increase in utility expenses	-1
Increase in building management expenses	-5
Increase in repair expenses	-2
Increase in asset management fees	-22
Increase in administrative service fees	-2
Increase in depreciation	-16
Increase in attorneys' and accountants fees	-4
Increase in other expenses	-18

【Ordinary income】

Increase in interest expenses	-9
Decrease in borrowing related expenses	+9

Growth Strategies



Basic Strategies – Collaborative Growth Relationships (1) –

Build growth spiral based on Collaborative Growth Relationships with ITOCHU Group

By taking advantage of extensive experience of development & acquisition of logistics facilities and wide network of 100,000 clients of sponsor group.



ITOCHU Advance Logistics Investment Corporation
Ownership / Management

IAL's growth utilizing the ITOCHU Group's business platforms

IAL's Portfolio

12 Properties / 111.4 bn yen

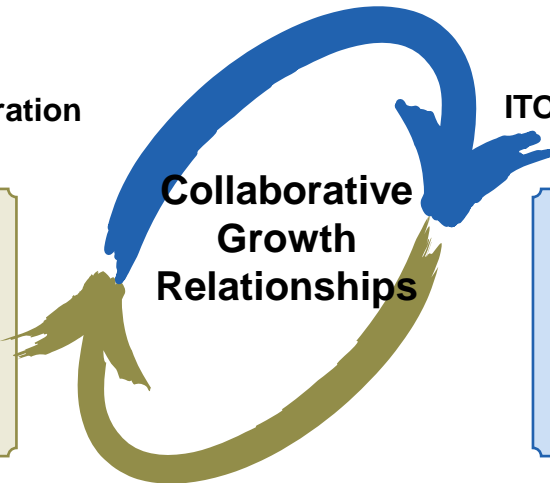


ITOCHU Corporation/ITOCHU Property Development
Development / Leasing

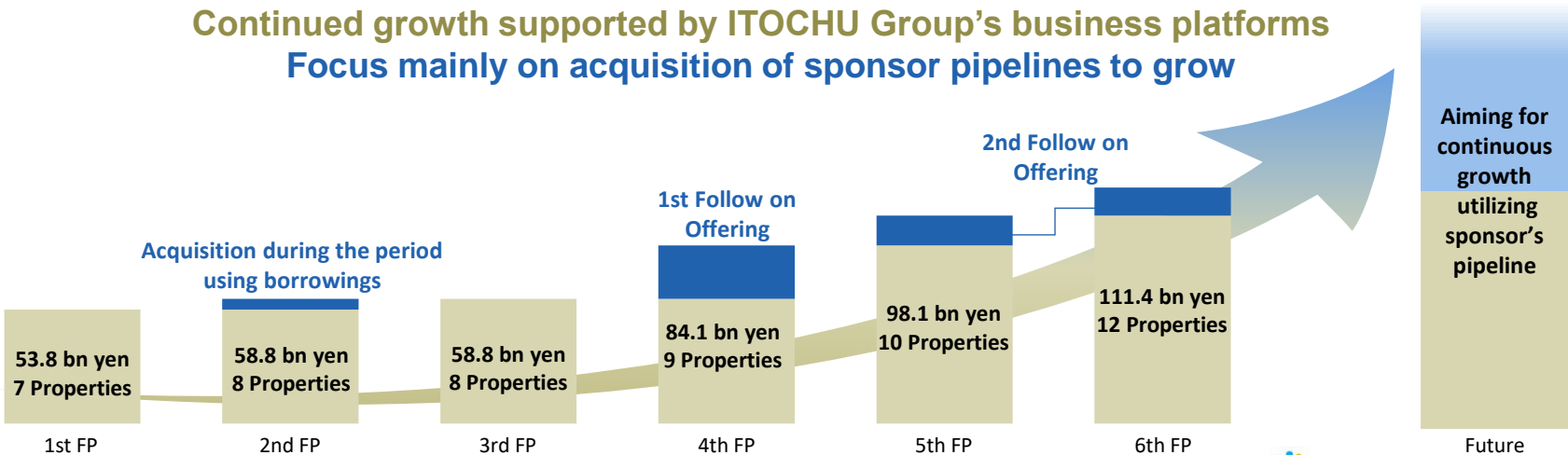
ITOCHU Group's business platforms strengthened through IAL

Sponsor's owned/developed properties

7 Properties/ about 248,503m²



Continued growth supported by ITOCHU Group's business platforms
Focus mainly on acquisition of sponsor pipelines to grow



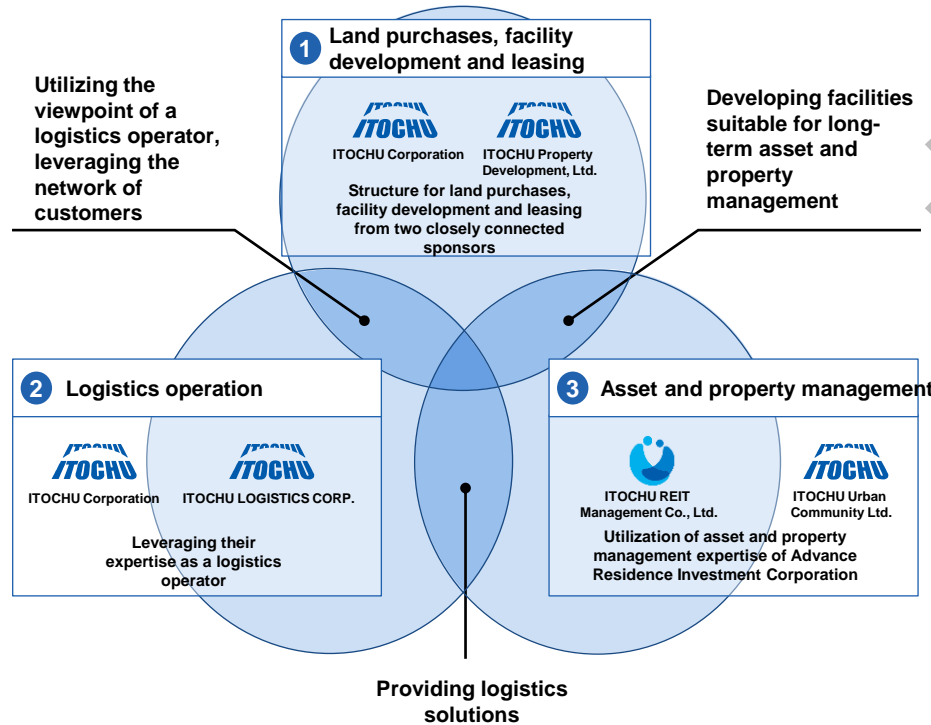
Basic Strategies – Collaborative Growth Relationships (2) –

Two business platforms that provide the foundation for the Collaborative Growth Relationships

Realty and Logistics (R/L) Platform

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

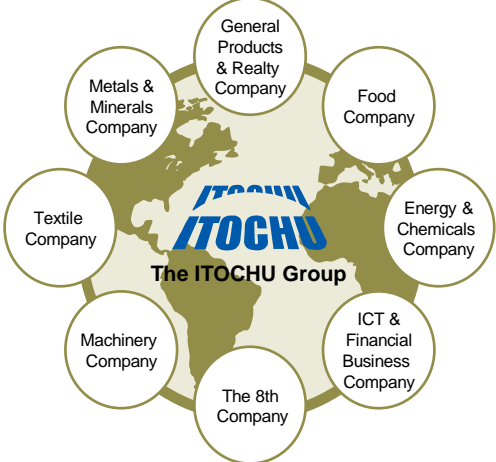
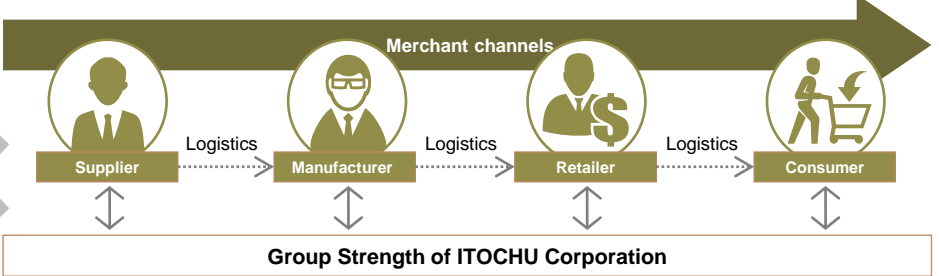
Real Estate & Logistics function of General Products & Realty Company of ITOCHU Corporation, which has integrated responsibility for 1, 2 and 3



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



Case works – Collaborative Growth Relationships (3) –

Deal Sourcing and value added works utilizing wide network and group power of Sogo shosha

Deal Sourcing from ITOCHU Group Network



- Acquired land information from a major constructor by ITOCHU's high reputation of past project in the same area.
- Acquired land through smooth negotiation with landowner, Mizuma Kyuhai, who was a client of an ITOCHU Group company.



- The property is located in the area where Fujita Corporation, a major constructor carry redevelopment.
- Acquired land from Fujita Corporation, who had strong relationship with ITOCHU Corporation built through past joint development projects.



- Acquired land through strong regional relationship build by Chubu branch of ITOCHU Corporation.

Value Added by ITOCHU Group business



- Currently developing a logistic facility exclusively for a major home center operator, Cainz Corporation.
- Aiming to provide wide function and synergies as Sogo shosha by offering products/materials or logistics services in addition to development of facilities.



- Creating CO2-free clean energy by installing solar panels provided by VPP Japan, Inc., an investee of ITOCHU, on the roof of the facility
- VPP Japan is also working to clean logistics mobility, such as supplying electric power to EV trucks using solar power.

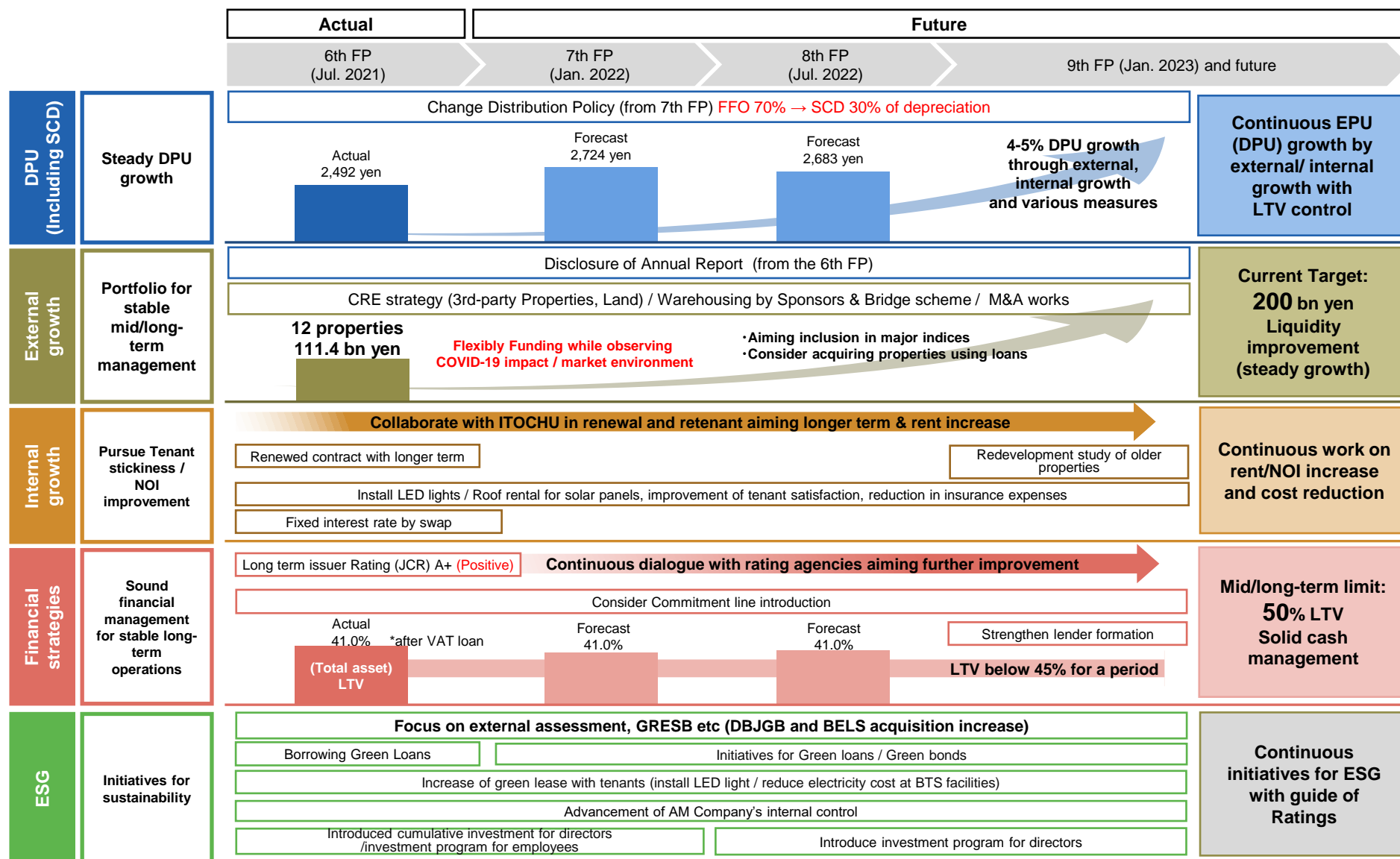
Future-oriented Business of ITOCHU



- ITOCHU and Mercuria Investment Co., Ltd. formed a fund "Mercuria Biztech" to invest in the innovation field in the real estate and logistics fields.
- Aiming to provide tenants with solutions by offering advanced and labor-saving services in logistics or logistics facilities born from this fund.

Strategic Roadmap

Aim to maximize unitholder value and long-term solid management by implementing steady measures



External Growth Strategies

Steady Expansion of Asset Size through Selective Investment in Quality Properties

Acquire selective quality properties to maintain/improve profitability of portfolio at appropriate level of NOI yield in the area

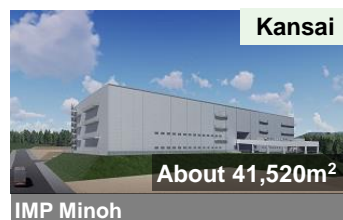
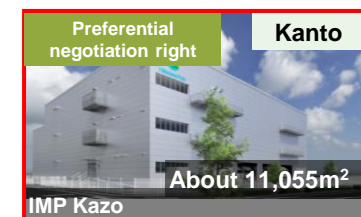
While keeping solid profit despite COVID-19, aiming further strong portfolio by tenants with stable cash flow and competitive location

Properties developed by Sponsor

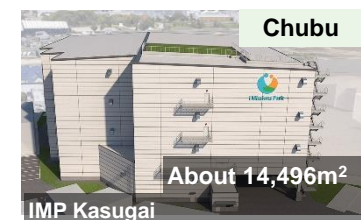
Backed by sponsor support, continue to acquire properties at appropriate level of NOI yield in each area

Properties owned / developed by the ITOCHU Group: 7 properties with total floor area of about 248,503m²

Disclosed pipeline (as of the end of the 5th FP)



*red frame is properties of which preferential negotiation right is newly acquired



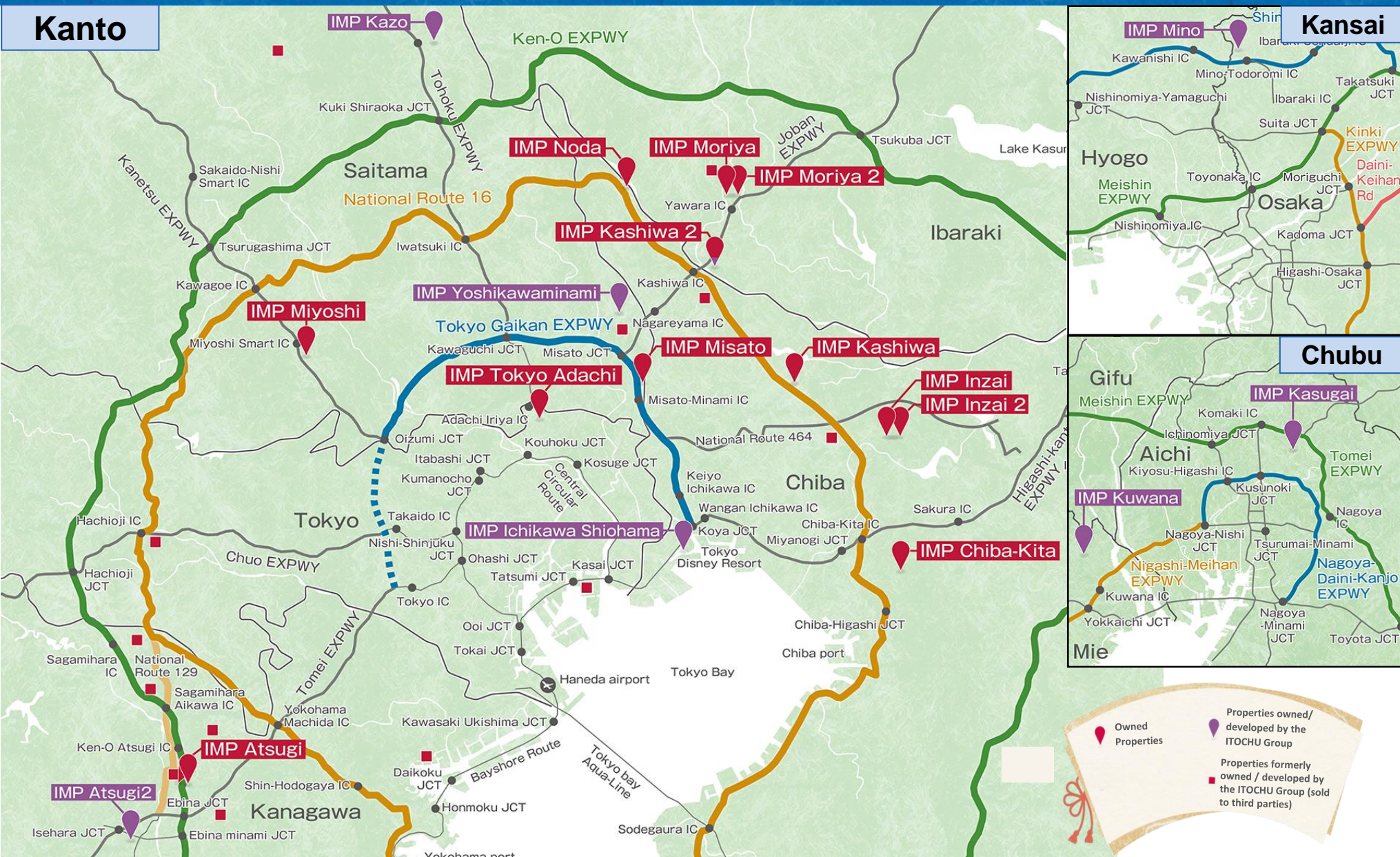
Third-party Properties

Acquisition of Third-party Properties in Alliance with ITOCHU Corporation and ITOCHU Property Development (IPD)

- 1 Identify the needs for securitizing properties owned by ITOCHU Group
- 2 Work together with lenders to explore the CRE needs of general companies
- 3 Acquire property information through IAL' own route
- 4 Study other properties, such as plants or land with limited proprietary right in addition to logistics facilities

Proactively utilize bridge scheme or warehousing by sponsors taking advantage of quality properties with stable cash flow

(Reference) Portfolio Map



Internal Growth Strategies

Long term Stable Cash Flow based on ITOCHU Corporation's Leasing Capabilities

Securing long-term stable profitability by exclusive contracts of whole facility with quality tenants on long-term basis, by timely capturing customers location strategy and facility needs through ITOCHU Group's network.

(As of July 31, 2021)

Implemented measures for increasing revenue

✓ Longer term contracts / Rent Increase

- Commencement of renewed contract with 2 tenants in IMP Noda (Rent increase and longer term)
- Renewed contract with another tenant
- Extended the term and increased rent with another tenant before contract expiration
- Continue focus on leasing activities for the vacant office space in IMP Noda

✓ Discussion started for renewal expiring in 9thFP(2023/1)

Approach 1 year before expiration and positively negotiating with the tenants hearing their needs.

✓ Increase income from rooftop and parking lots

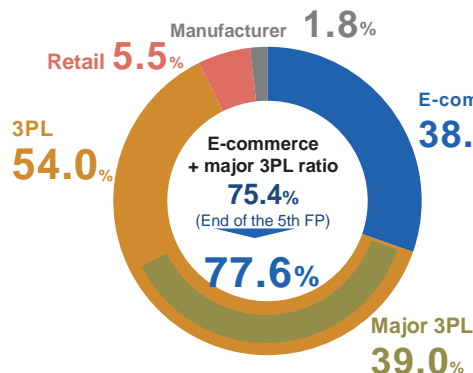
- Started roof rental for solar panel at IMP Moriya
- Increased rent from parking lots at IMP Noda

✓ Cost-cut efforts

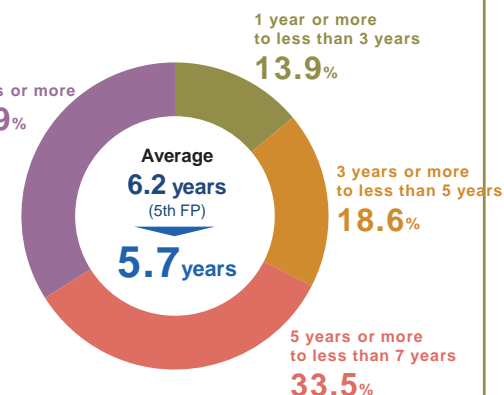
- Increase LED lights to reduce utility expenses while improving tenant satisfaction
- Reviewing cost for property management with quality

Long-term lease contracts with quality tenants that are reliable

Tenant industry (based on annual rent)

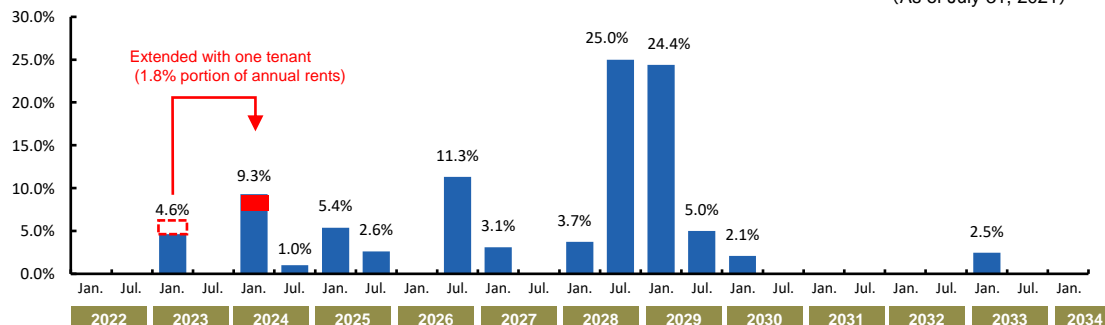


Remaining lease term (based on annual rent)



Timing of Lease Expiration (based on annual rent)

(As of July 31, 2021)



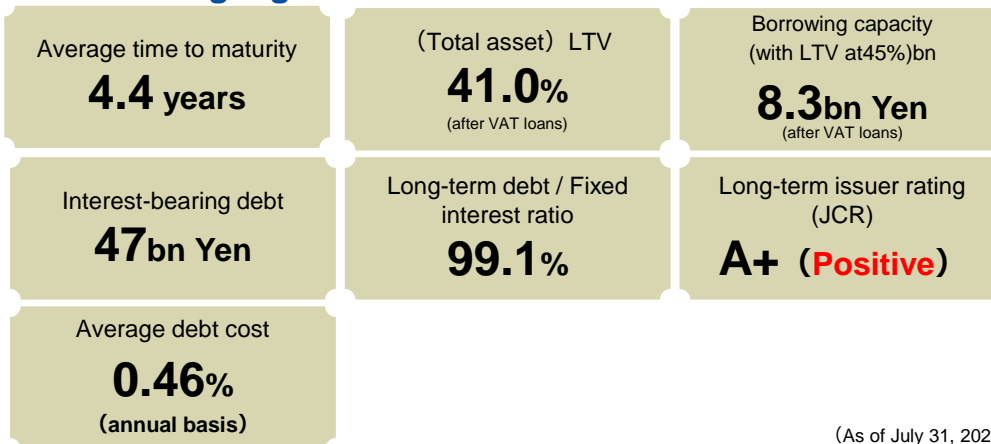
Maintain a stable cash flow with an occupancy rate of over 99.9% since IPO

Financial Strategies

Establishment of strong Financial Base durable to long-term management

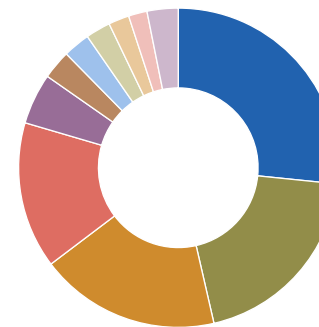
Rating outlook upgraded to A+(Positive) by built up track records
Considering capacities while promoting maturity extension and rates fix

Financial Highlights



(As of July 31, 2021)

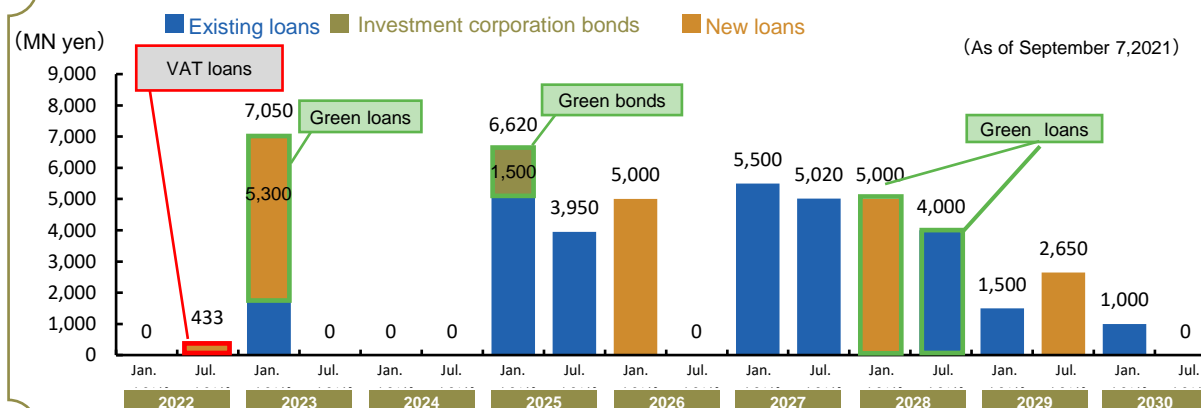
Diversified Interest-bearing Debt



Sumitomo Mitsui Banking Corporation	26.6%
Sumitomo Mitsui Trust Bank, Ltd.	19.8%
Mizuho Bank, Ltd.	18.3%
MUFG Bank, Ltd	14.9%
Mizuho Trust & Banking Co., Ltd.	5.2%
Development Bank of Japan Inc.	2.9%
The Norinchukin Bank	2.7%
The Bank of Fukuoka	2.5%
Nippon Life Insurance Company	2.1%
Shinsei Bank, Ltd.	1.9%
Investment Corporation bonds	3.1%

(As of July 31, 2021)

Maturity Ladder (all loans are unsecured and non-guaranteed)



(As of September 7, 2021)

- ✓ Completed refinancing 5.3 billion yen in the 7th FP (Jan. 2022)(maturity in September 2021) in advance and borrowed as a green loan
- ✓ Aiming further strengthen financial stability by spreading maturity period at asset size expansion (including new financing)
- ✓ Discussing loans with several new banks
- ✓ Considering introduction timing of commitment line

Features and Basic Strategies – Initiatives for ESG –

Expressing Strong commitment to ESG with sponsor groups



Basic Policy of Asset Management Company in sustainability



Environment

- 1 Reduce energy consumption (decarbonization) and conserve resources
- 2 Utilize environmental certification programs



Society

- 1 Place importance on human resources training
- 2 Respect human rights and promote workplace reforms
- 3 Implement sustainability policies together with suppliers
- 4 Cooperate with tenants
- 5 Benefit areas surrounding properties and the real estate market as a whole



Governance

- 1 Comply with the law and prohibit improper conduct
- 2 Disclose accurate and timely information to unitholders and other stakeholders
- 3 Build sound relations with the ITOCHU Group and other stakeholders

Timely implementation of measures at an early stage



GRESB Real Estate Assessment

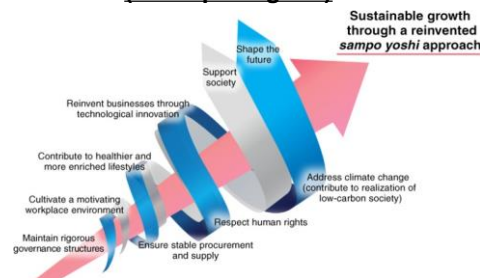
In recognition of our strong commitment to ESG, granted "4-star" in the GRESB Rating.

	2018	2019	2020
(Listed in September)		★★★★☆	★★★★★
		3-star	4-star



ITOCHU Group's Commitment

Sustainability at the ITOCHU Group (concept diagram)



WE SUPPORT



The United Nations Global Compact

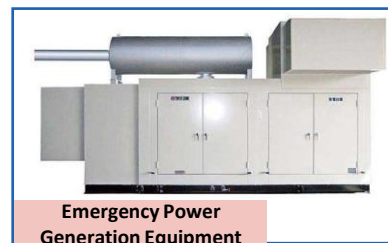


TCFD (Task Force on Climate-related Financial Disclosures)

Initiatives in Construction and Real Estate Sectors

As a business to deal in properties closely related to people's lives in particular, ITOCHU emphasizes security and safety of residents and users in promoting business in order to protect people's lives and social infrastructure from serious disasters increasing in recent years

<Examples>



Emergency Power Generation Equipment

Enables operation continuity at emergency by supplying power for a certain time. Planned in IMP Atsugi 2



Emergency Supplies Storehouse

Store water, food, portable toilets for tenants. To be built in IMP Atsugi 2

*picture is image and may be different from actual



Initiatives for ESG (E) Environmental Initiatives

Awarded "Green Star" Status with "4-Star" Rating



Having been highly evaluated by GRESB for its proactive implementation of initiatives, such as disclosure of environmental data, acquisition of DBJ Green Building certification, improvement in the working environment, and participation in community services, IAL was awarded "Green Star" status and granted "4-star" in the GRESB Rating, in 2020 which is a five level rating system (the highest level is "five star")

Active Acquisition of Environmental Certification

Property	Total floor area (㎡)	DBJ assessment (★~★★★★★)	BELS assessment (★~★★★★★)
L-1 IMP Atsugi	19,297.60	Under consideration	Under consideration
L-2 IMP Kashiwa	31,976.44	★★★★★ 2018	Under consideration
L-3 IMP Noda	62,750.90	★★★★★ 2018	Under consideration
L-4 IMP Moriya	18,680.16	★★★★★ 2018	★★★★★ 2019
L-5 IMP Misato	22,506.53	★★★★★ 2018	★★★★★ 2019
L-6 IMP Chiba-Kita	9,841.24	Under consideration	★★★★★ 2019
L-7 IMP Inzai	110,022.51	★★★★★ 2018	★★★★★ 2019
L-8 IMP Moriya 2	6,779.95	-	-
L-9 IMP Kashiwa 2	117,435.21	★★★★★ 2020	★★★★★ 2020
L-10 IMP Inzai 2	26,938.75	In preparation	In preparation
L-11 IMP Tokyo-Adachi	27,872.43	In preparation	In preparation
L-12 IMP Miyoshi	10,300.66	In preparation	In preparation
Total	464,402.38	363,371.75	278,485.65
Percentage of properties certified		78.2%	60.0%

Initiatives to Green Financing

- 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 April 2021 and refinancing in September 2021

Continuous Acquisition of Environmental Data

Achieved high environmental data acquisition coverage rate and promote environmental measures with the cooperation of tenant companies

Categories	FY2018	FY2019	FY2020
Energy consumption	100%	100%	100%
CO2 emissions	100%	100%	100%
Water consumption	92%	95%	95%
Waste amount	44%	80%	89%

Energy Consumption Reduction and Resource Saving

<Water consumption reduction> <CO₂ emissions reduction> <Energy consumption reduction>



Installing water-saving toilet system

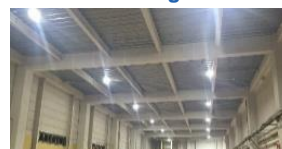


Promoting CO₂ emissions reduction in cooperation among tenants based on applicable law



LED lighting

<Green lease agreements>



Installing LED based on green lease agreements

<Greening>



Greening parking lots

<Renewable energy generation>



Solar panels

Initiatives for ESG (S) Social Contribution

ESG Initiatives with Suppliers

- Distribute sustainability guidebooks to major business partners, including property management companies.
- Conduct annual survey to business partners 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 management and sharing of environmental performance data.

Tenant satisfaction survey

- Implemented since 2020. In addition to facility, management questions are newly added.
- Understand tenants use of current facilities and utilize it for our operation and facility improvement

Ensuring employee safety



An individual specification was adopted whereby employees are able to 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

Logistics Continuity at Emergencies



Emergency Power Generation Equipment

Enables operation continuity at emergency by supplying power for a certain time. Planned in IMP Atsugi 2



Emergency Supplies Storehouse

Store water, food, portable toilets for tenants. To be built in IMP Atsugi 2

*picture is image and may be different from actual

Initiatives for Employees

Declaration of practice of "Telework TOKYO rule"

the Asset Management Company received approval from the Tokyo Metropolitan Government for a system to declare companies that practice the "Telework Tokyo Rules and declared below.

- promote the establishment and revision of systems for the realization of diverse work styles
- Increase productivity by improving work efficiency.
- introduce telework environment when infectious diseases (coronavirus, influenza, etc.) spread.

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

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 and employees of the Asset Management Company participate in it



Initiatives for ESG (G) Governance

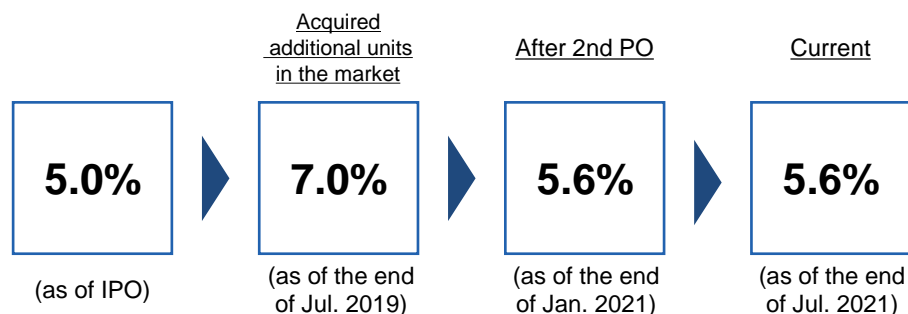
Management Fees

- **Amended the management fee structure to further align interests with unitholder**
- Applied new percentage from the 5th FP (Jan. 2021)

Management fee I	Total assets × 0.1% (upper limit)
Management fee II	NOI of rental business × 5.0% (upper limit)
Management fee III	Income before income taxes × Adjusted EPU × 0.005% (upper limit)
Asset disposition fee	Disposition price × 0.5% (upper limit) (0% when loss on asset disposition incurred)

ITOCHU Corporation's same-boat investment

ITOCHU Corporation continues “same-boat investment” since IPO of IAL



Align interests with unitholders

Facilitate the alignment of interests of unitholders with directors and employees of Asset Management Company

- **Cumulative unit investment program is introduced to full time directors of Asset Management Company**
- **investment unit ownership program has been introduced to non director employee**

Personnel structure consisting of those not seconded from sponsors

Personnel structure of asset management companies

(As of Jul. 31, 2021)

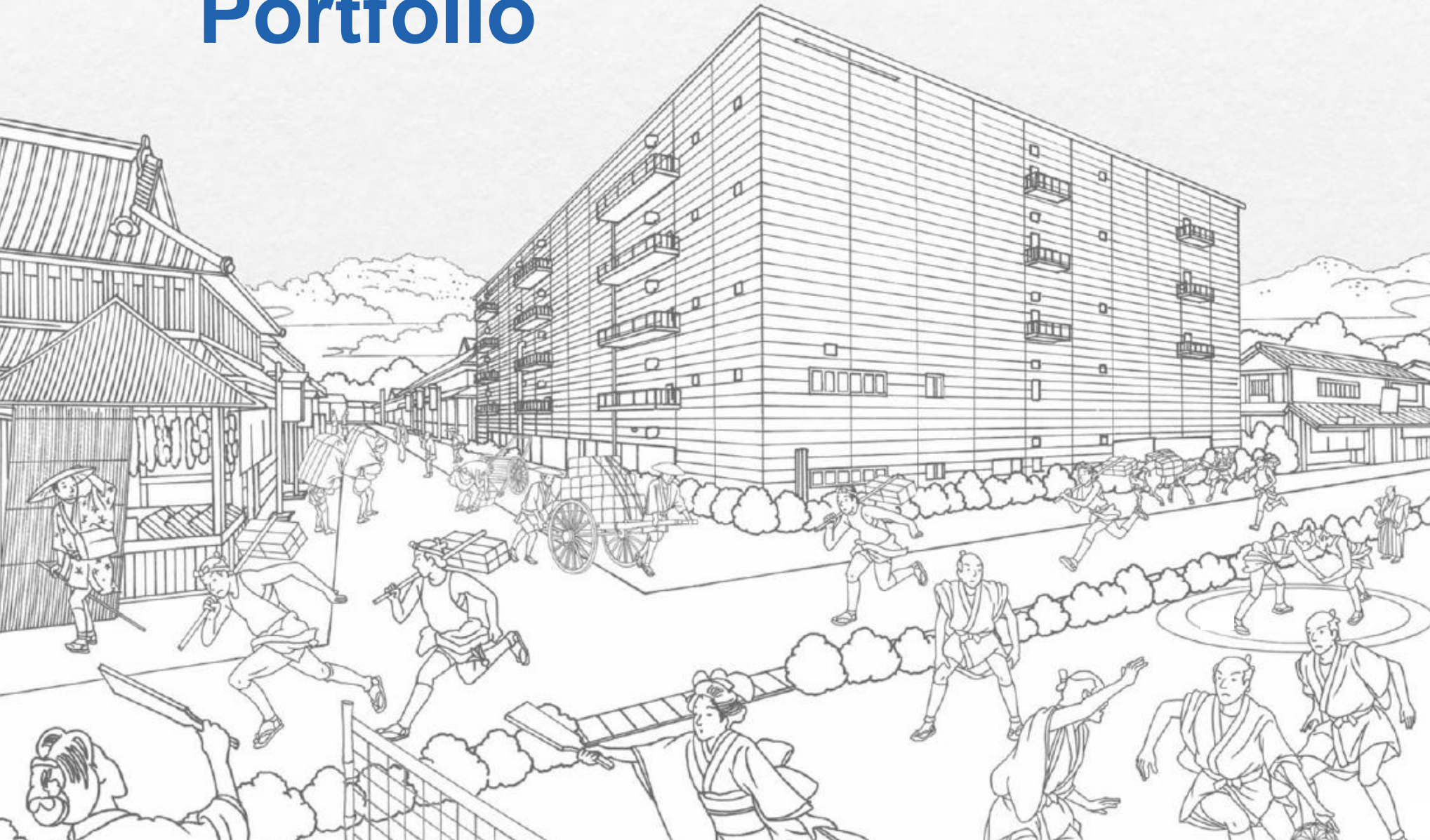
	Total	Of which, employees seconded from the Sponsor
Full time Director	2	0
Employees	17	1
Total	19	1

- Representative director, president & CEO has resigned from sponsor and joined the Asset Management Company. All general managers or above are those not seconded from sponsor.
- One employee is seconded from ITOCHU Corporation.

Expansion of compliance rules

- External experts are appointed to consider global money laundering and terrorist financing measures (company-wide control / business process control) required by the Financial Services Agency, etc.
- In-house training on money laundering and terrorist financing measures has been completed. Aim for further understanding and penetration within the company

Portfolio



Portfolio Characteristics

Further improves the stability of Portfolio through selective investment, tenant stickiness, and strong sponsor support

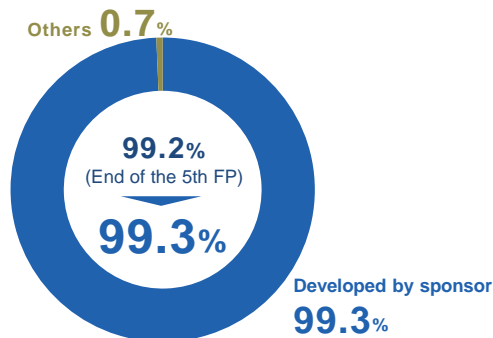
(As of July 31, 2021)

Strong Sponsor Support

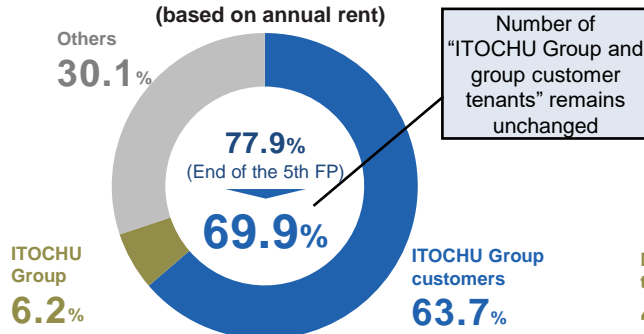
Realty & Logistics platform

Group-wide Merchant Channel

Properties developed by sponsor (based on acquisition price)



ITOCHU Group and Group customer tenant (based on annual rent)

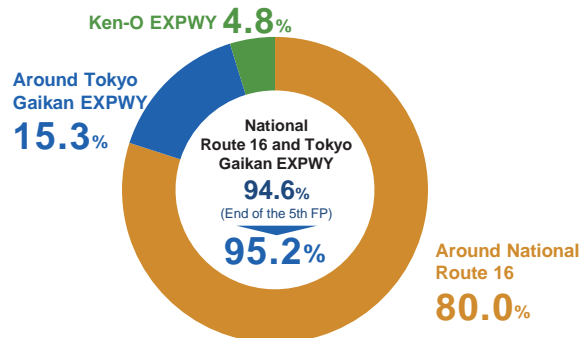


Competitive Property

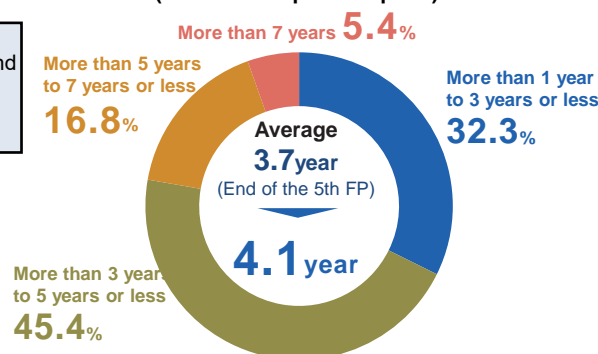
Competitive Location

Young Property

Location (based on acquisition price)



Property age (based on acquisition price)

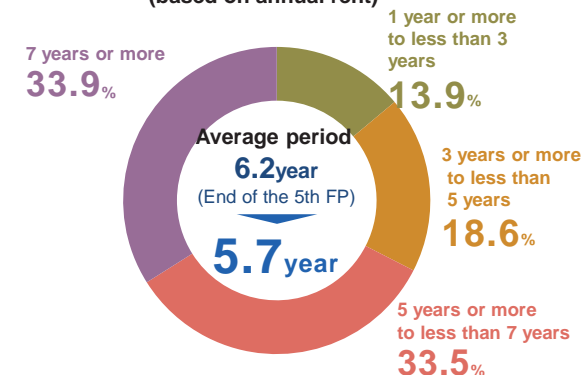


Quality Contract

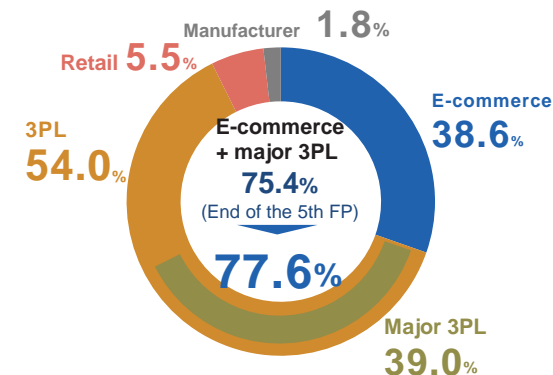
Long term

Quality Tenant

Remaining lease term (based on annual rent)



Tenant industry (based on annual rent)

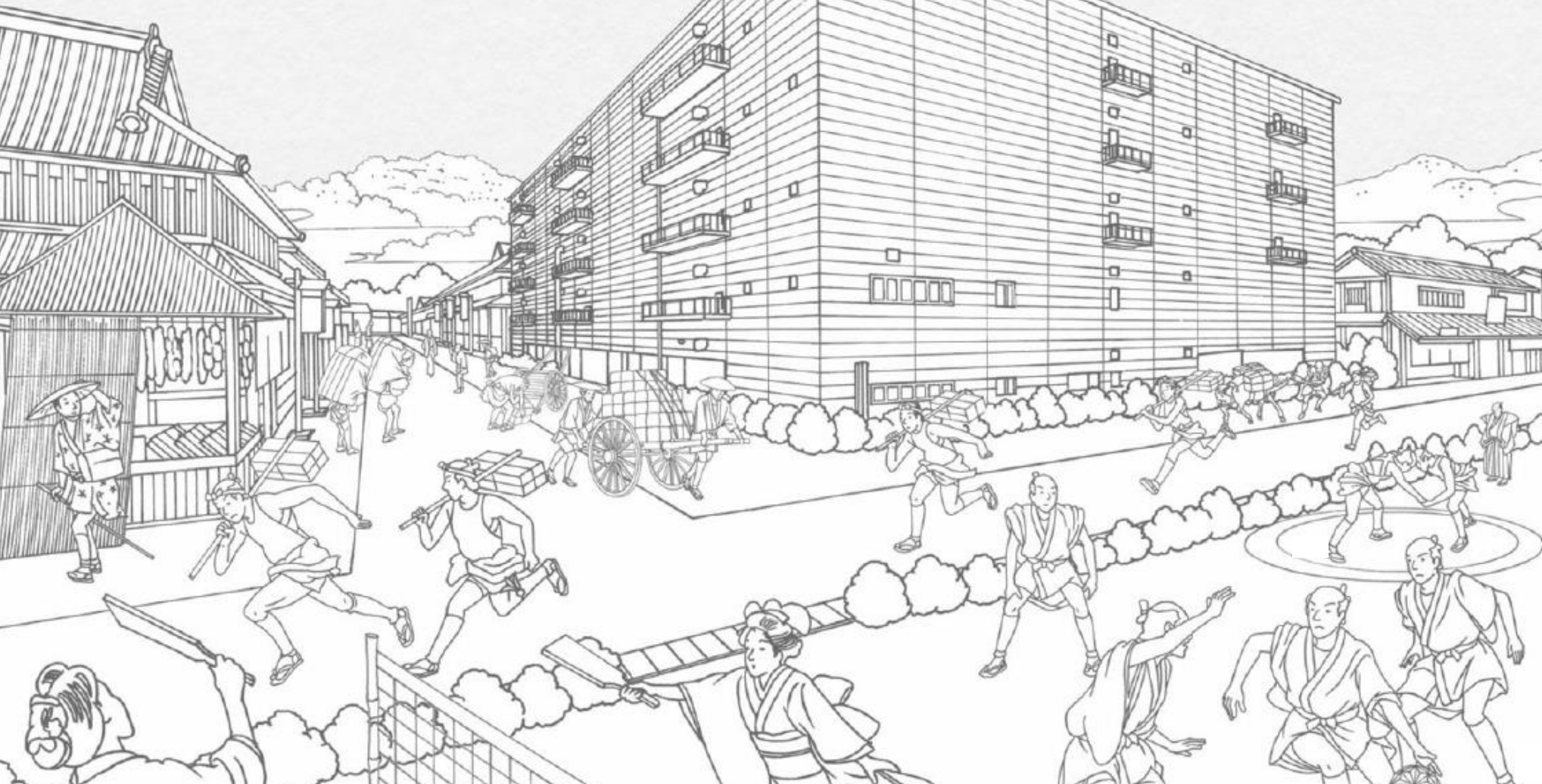


※1 Ratios are rounded to the first decimal place.

※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.

Market Overview

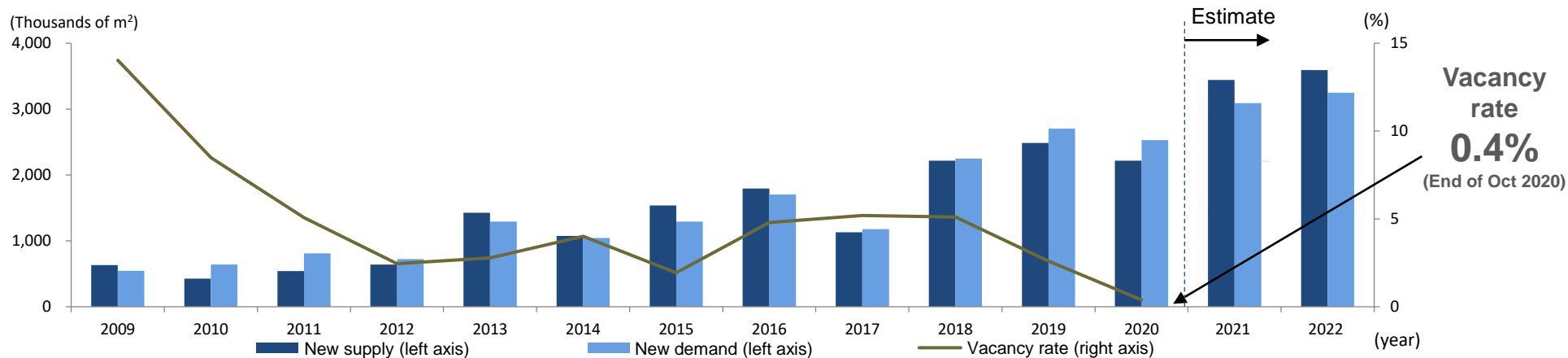


Market Overview(1) Supply/ Demand Balance of Logistics Facilities

Vacancy rate remains at a record low, supported by strong demand despite COVID-19

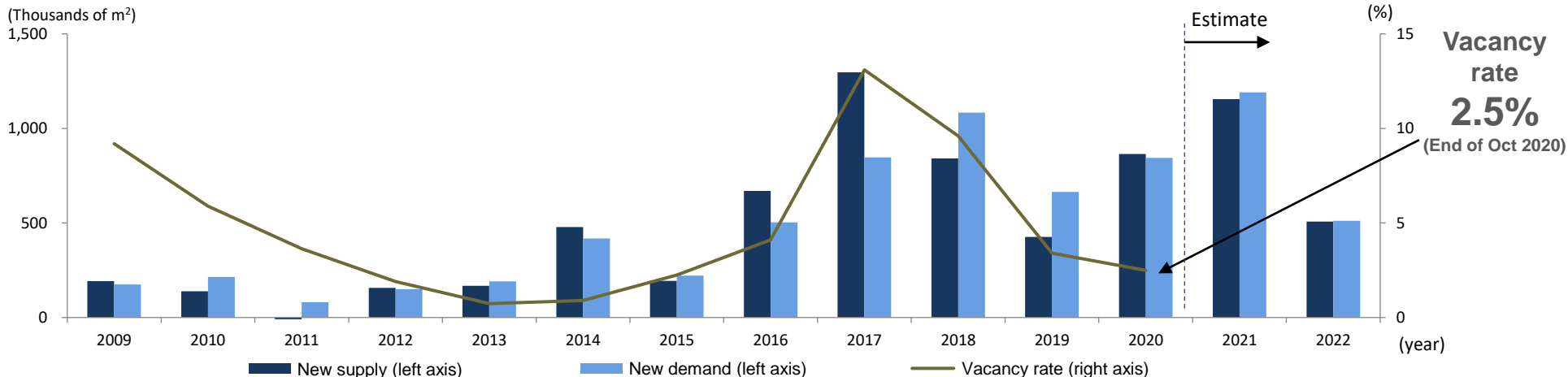
■ Vacancy rate remains low backed by strong demand in Kanto. Strong supply ahead is still expected to be absorbed.

Vacancy Rate and Supply and Demand Balance in Kanto Area



■ Vacancy rate in inland is particularly low in Kansai, making coastal area decreasing steadily. The trend will continue.

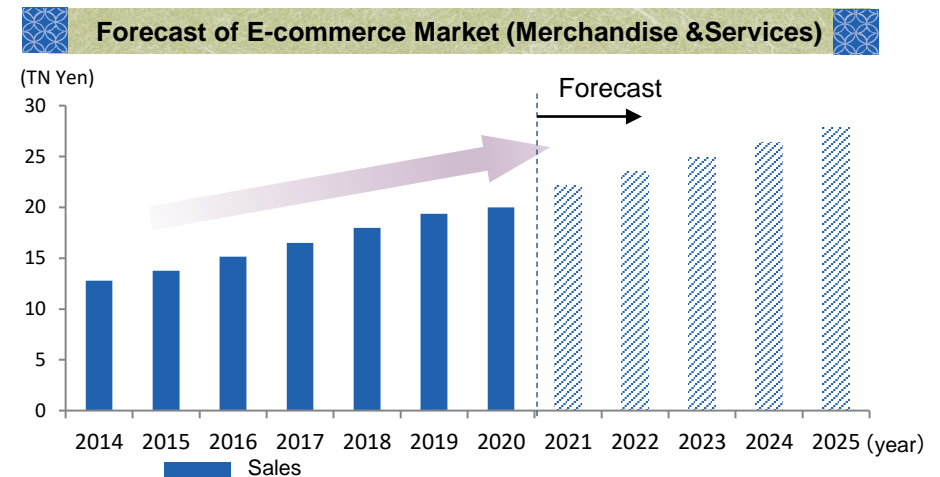
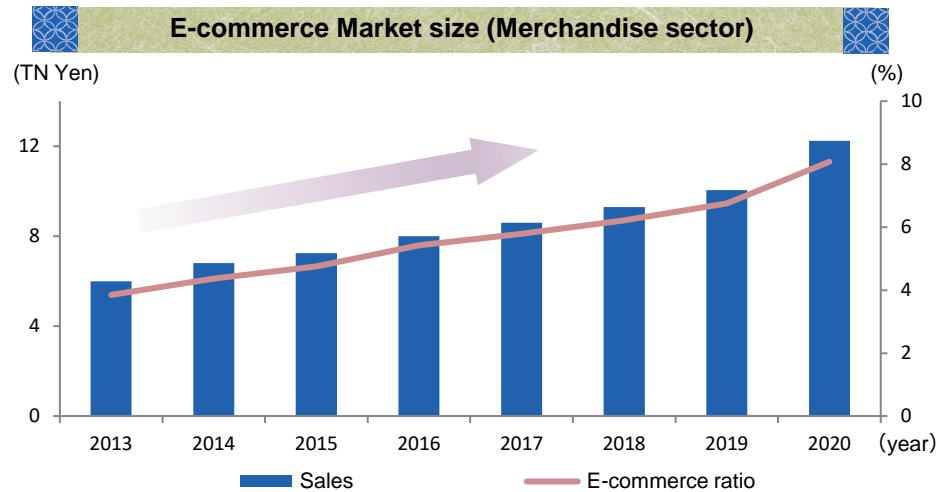
Vacancy Rate and Supply and Demand Balance in Kansai Area



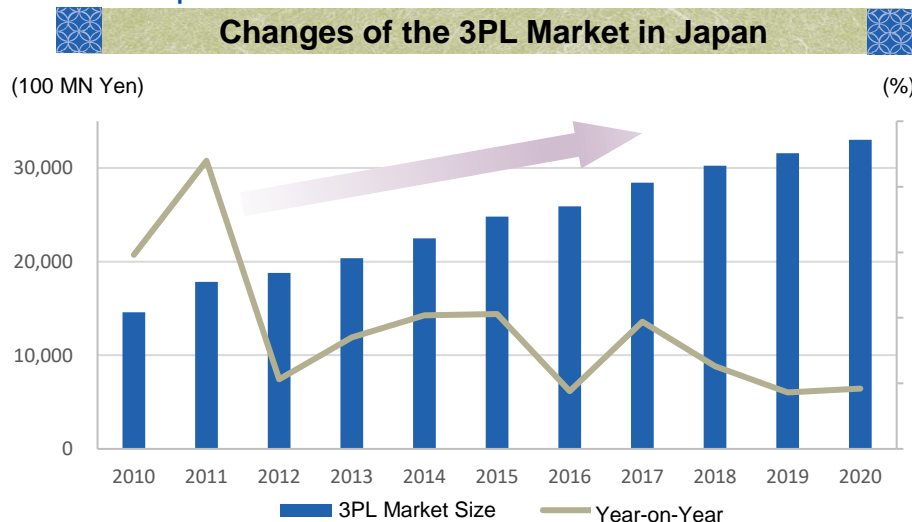
Market Overview(2) E-commerce・3PL market trend

Expansion of e-commerce and 3PL markets boosts logistics real estate market

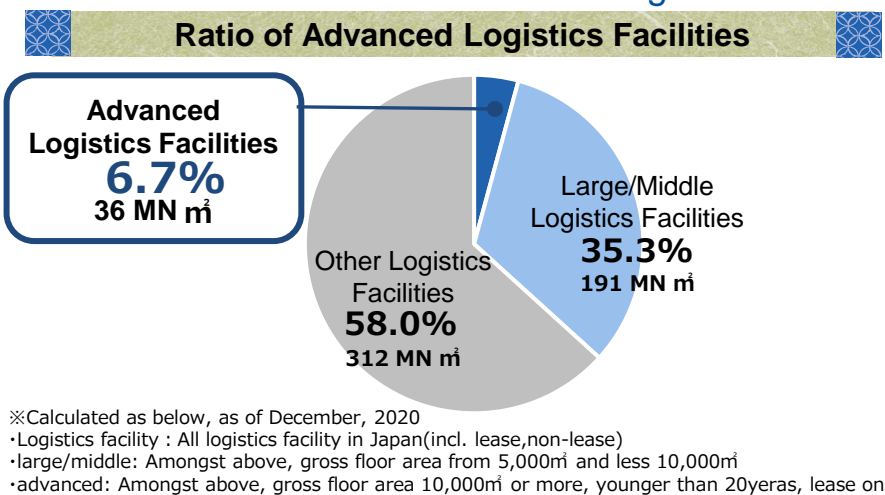
■ COVID-19 accelerated spread of e-commerce which is expected to grow further going forward



■ 3PL expansion boosts advanced facilities demand



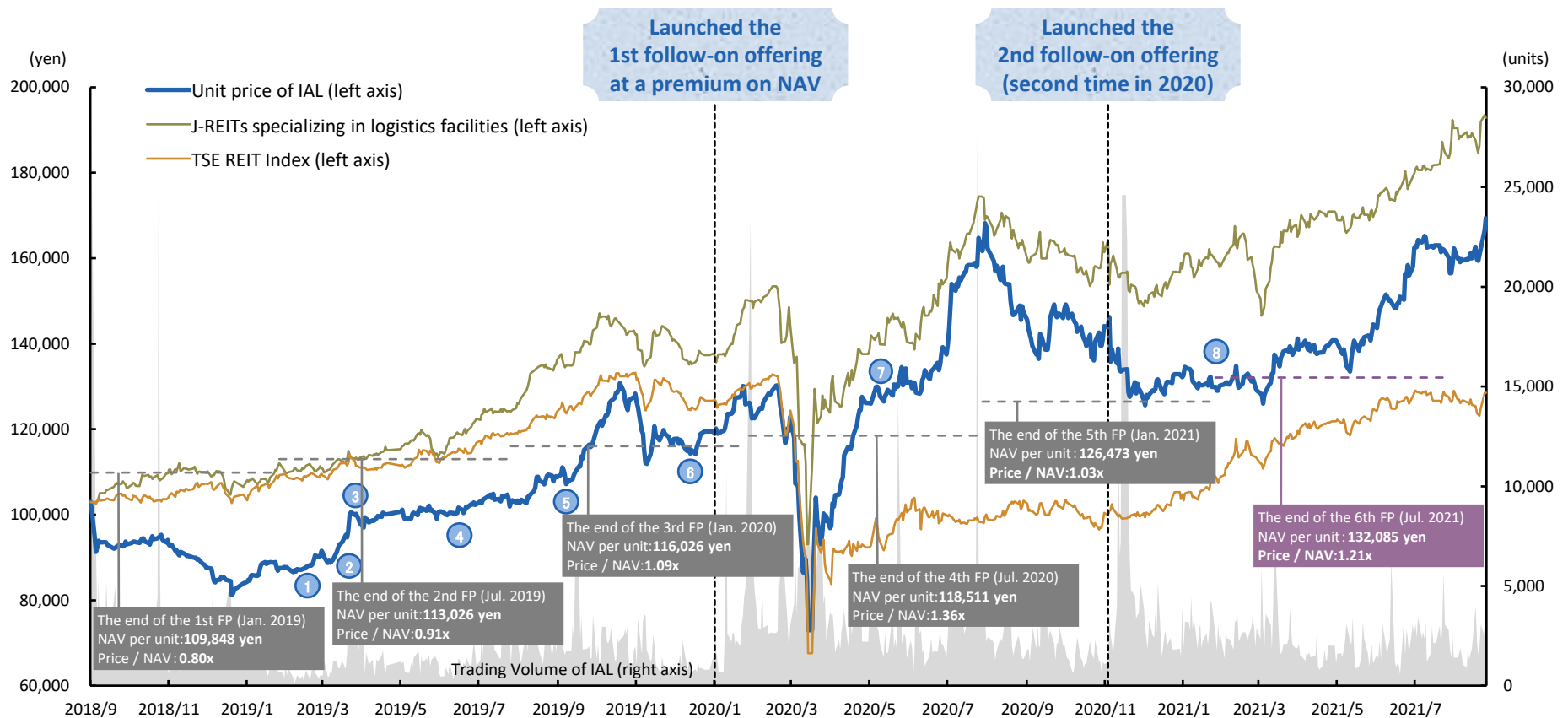
■ Older/conventional shift to advanced logistics facilities



Appendix



Implemented Initiatives and Unit Price Trend



- 1** Announced acquisition of two new properties (March 14, 2019)
- 2** Acquired credit rating (March 15, 2019)
- 3** Announced secondary additional acquisition of investment units by ITOCHU corporation (March 26, 2019)
- 4** Analyst coverage started (June 14, 2019)
- 5** Awarded the "Green Star" (with GRESB rating being "three stars") (September 10, 2019)
- 6** Issued green bonds (December 12, 2019)
- 7** Announced inclusion in MSCI Japan Small Cap Index (May 12, 2020)
- 8** JCR changed the outlook of IAL's long-term issuer rating to A+(positive) from A+(stable) (February 1, 2021)

※ 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.

Income Statement and Balance Sheet

6th Fiscal Period (Jul. 2021)

Income Statement

(Thousands of Yen)
6th Fiscal Period
From February 1, 2021
to July 31, 2021

Operating revenues	
Rental revenues	3,031,868
Other rental revenues	28,057
Total operating revenue	3,059,926
Operating expenses	
Property related expenses	1,146,040
Asset management fees	366,779
Asset custody fees / Administrative service fees	11,128
Directors' compensation	2,640
Other operating expenses	43,708
Total operating expenses	1,570,297
Operating income	1,489,628
Non-operating income	
Interest income	25
Interest on refund	214
Subsidy income	120
Total non-operating income	360
Non-operating expenses	
Interest expenses on loans payable	98,507
Interest expenses on investment corporation bonds	2,237
Amortization of investment unit issuance	0
Amortization of investment corporation bond issuance costs	1,276
Borrowing related expenses	33,130
Other	991
Total non-operating expenses	136,143
Ordinary income	1,353,846
Income before income taxes	1,353,846
Income taxes-current	971
Income taxes-deferred	(1)
Total income taxes	969
Net income	1,352,876
Accumulated earnings brought forward	279
Unappropriated retained earnings (undisposed loss)	1,353,156

Balance Sheet

(Thousands of Yen)
6th Fiscal Period
As of July 31, 2021

Assets	
Current assets	
Cash and deposits	2,056,841
Cash and deposits in trust	4,158,986
Operating accounts receivable	47,114
Consumption taxes receivable	199,436
Prepaid expenses	62,749
Total current assets	6,525,128
Non-current assets	
Property, plant and equipment	
Buildings in trust	60,371,130
Accumulated depreciation	(2,990,335)
Buildings in trust, net	57,380,795
Structures in trust	2,214,959
Accumulated depreciation	(247,992)
Structures in trust, net	1,966,967
Machinery and equipment in trust	1,666,312
Accumulated depreciation	(139,035)
Machinery and equipment in trust, net	1,527,277
Tools, furniture and fixtures in trust	3,054
Accumulated depreciation	(738)
Tools, furniture and fixtures in trust, net	2,315
Land in trust	48,131,041
Total property, plant and equipment	109,008,398
Intangible assets	
Software	2,547
Total intangible assets	2,547
Investments and other assets	
Lease and guarantee deposits	10,000
Long-term prepaid expenses	192,572
Deferred tax asset	17
Total investments and other assets	202,590
Total noncurrent assets	109,213,536
Deferred assets	
Investment corporation bond issuance costs	8,509
Total deferred assets	8,509
Total assets	115,747,173

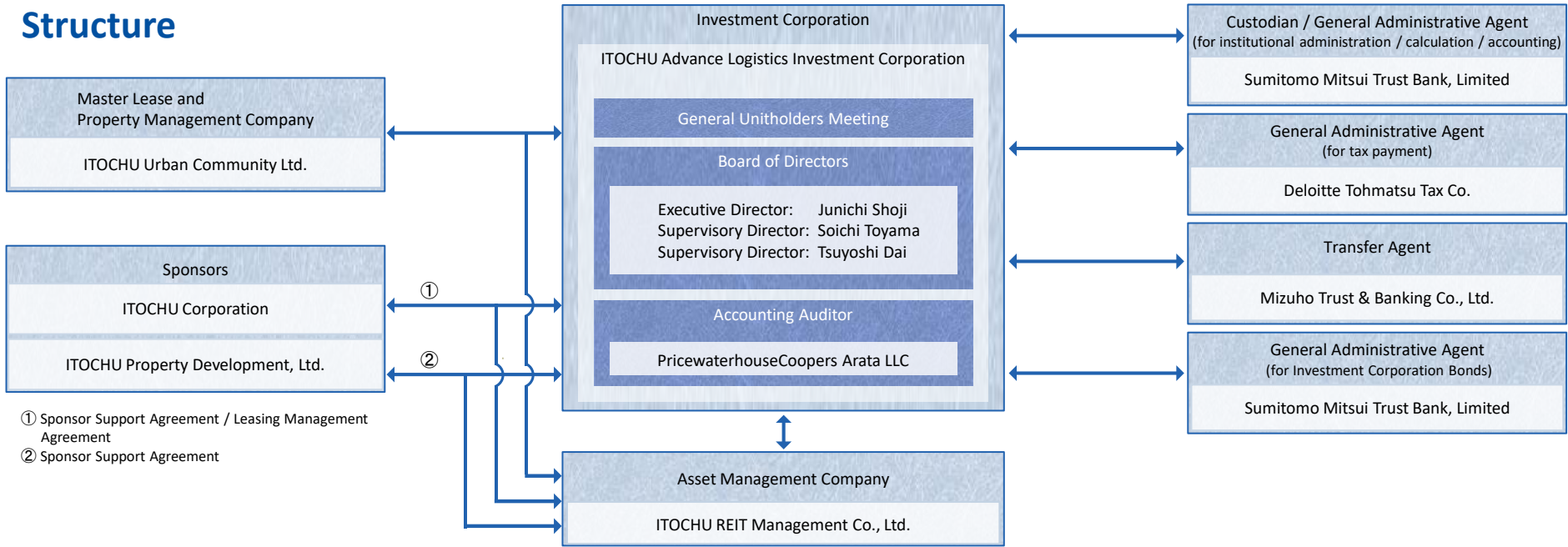
(Thousands of Yen)
6th Fiscal Period
As of July 31, 2021

Liabilities	
Current Liabilities	
Accounts payable	19,157
Short-term loans payable	433,000
Accounts payable-other	38,152
Accrued expenses	447,953
Current portion of long-term loans payable	5,300,000
Income taxes payable	967
Advances received	581,699
Other	5,353
Total current liabilities	6,826,283
Noncurrent liabilities	
Investment Corporation Bonds	1,500,000
Long-term loans payable	40,490,000
Tenant leasehold and security deposits in trust	1,674,231
Other	923
Total noncurrent liabilities	43,665,155
Total liabilities	50,491,438
Net assets	
Unitholders' equity	
Unitholders' capital	64,647,572
Deductions from unitholder's capital	(744,993)
Unitholders' capital, net	63,902,579
Surplus	
Unappropriated retained earnings (undisposed loss)	1,353,156
Total surplus	1,353,156
Total unitholders' equity	65,255,735
Total net assets	65,255,735
Total liabilities and net assets	115,747,173



About the Investment Corporation and the Asset Management Company

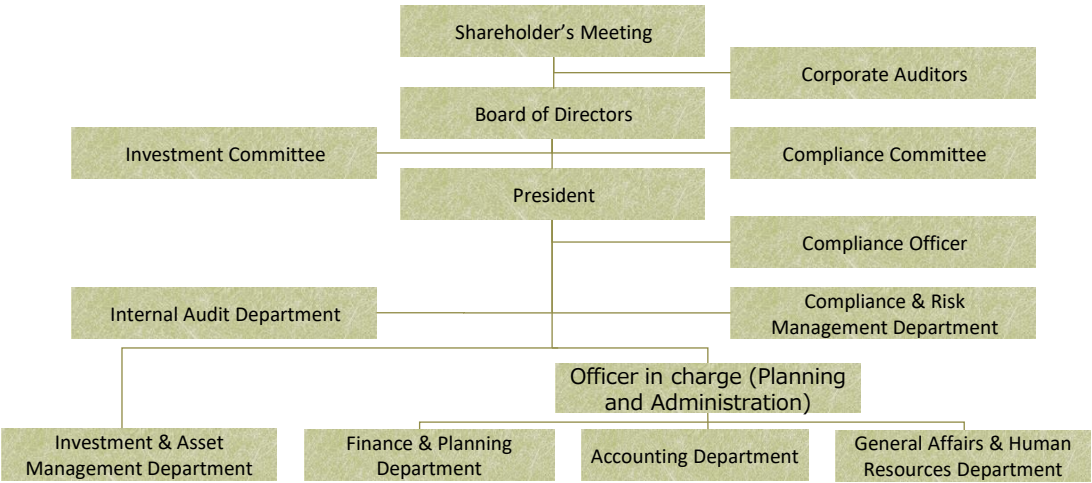
Structure



Overview of the Asset Management Company

As of Jul. 31, 2021

Company name	ITOCHU REIT Management Co., Ltd.
Established	February 15, 2017
Capital	150 million yen
Shareholders	ITOCHU Corporation 80% ITOCHU Property Development, Ltd. 20%
Main business	Investment management
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 Jul 31, 2021)

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 ²)	Property age (years)	Occupancy Rate (%)
Acquired Properties	L-1	IMP Atsugi	Atsugi City, Kanagawa	5,300	5,180	6,140	959	5.0	A: 3,909.97 B:15,387.63	8.9	100.0
	L-2	IMP Kashiwa	Kashiwa City, Chiba	6,140	5,922	6,980	1,057	5.1	31,976.44	6.4	100.0
	L-3	IMP Noda	Noda City, Chiba	12,600	12,147	14,500	2,352	4.9	62,750.90	5.5	99.5
	L-4	IMP Moriya	Tsukuba Mirai City, Ibaraki	3,200	3,054	3,660	605	5.3	18,680.16	4.3	100.0
	L-5	IMP Misato	Misato City, Saitama	6,100	5,916	7,100	1,183	5.0	22,506.53	4.0	100.0
	L-6	IMP Chiba-Kita	Chiba City, Chiba	2,600	2,531	2,970	438	5.3	9,841.24	3.7	100.0
	L-7	IMP Inzai	Inzai City, Chiba	27,810	26,766	31,200	4,433	5.1	110,022.51	3.4	100.0
	L-8	IMP Moriya 2	Tsukuba Mirai City, Ibaraki	750	745	896	150	6.7	6,779.95	26.6	100.0
	L-9	IMP Kashiwa 2	Kashiwa City, Chiba	28,320	28,069	31,400	3,330	4.7	117,435.21	3.0	100.0
	L-10	IMP Inzai 2	Inzai City, Chiba	5,367	5,354	5,820	465	5.0	26,938.75	2.4	100.0
	L-11	IMP Tokyo-Adachi	Adachi ward, Tokyo	10,915	10,982	11,300	317	4.2	27,872.43	3.2	100.0
	L-12	IMP Miyoshi	Miyoshi Town, Iruma County, Saitama	2,320	2,336	2,550	213	5.0	10,300.66	1.9	100.0
Total / Average (6th fiscal period (Jul. 2021))				111,422	109,008	124,516	15,507	4.9	464,402.38	4.1	99.9

※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 Property age rounded to the first decimal place.

※4 Occupancy rate indicates the ratio of leased area to leasable area, rounded to the first decimal place.



Revenue and Expenditure for Each Properties

6th Fiscal Period (Jul. 2021)

(Thousands of Yen)

Property No.	L-1	L-2	L-3	L-4	L-5	L-6	L-7	L-8	L-9	L-10	L-11	L-12	
Property name	IMP Atsugi	IMP Kashiwa	IMP Noda	IMP Moriya	IMP Misato	IMP Chiba-Kita	IMP Inzai	IMP Moriya 2	IMP Kashiwa 2	IMP Inzai 2	IMP Tokyo- Adachi	IMP Miyoshi	Total
Number of operating days in the 6th fiscal period	181days	181days	181days	181days	181days	181days	181days	181days	181days	181days	122days	122days	-
(A) Total revenues from property leasing			406,579										3,059,926
Rental revenues			393,151										3,031,868
Other rental revenues			13,428										28,057
(B) Total property-related expenses			177,555										1,146,040
Taxes and public dues			39,736										276,622
Property management fees	-	-	20,194	-	-	-	-	-	-	-	-	-	45,053
Utility expenses			12,018										23,155
Repair expenses			5,838										7,069
Insurance expenses			1,247										8,783
Trust fees			250										2,584
Others			57										124
Depreciation	27,893	45,461	98,213	29,813	39,064	16,554	249,282	7,958	202,794	32,507	24,026	9,076	782,647
(C) Income from property leasing (= (A) - (B))	105,188	107,993	229,024	63,962	113,658	52,390	462,190	19,471	478,186	103,712	144,309	33,797	1,913,885
(D) NOI (= (C) + depreciation)	133,082	153,454	327,237	93,776	152,722	68,944	711,473	27,430	680,981	136,219	168,336	42,874	2,696,533

※ For properties other than IMP 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

6th Fiscal Period (Jul. 2021)

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	IMP Atsugi	Atsugi City, Kanagawa	5,300	5,180	6,140	4.2%	959
	L-2	IMP Kashiwa	Kashiwa City, Chiba	6,140	5,922	6,980	4.4%	1,057
	L-3	IMP Noda	Noda City, Chiba	12,600	12,147	14,500	4.2%	2,352
	L-4	IMP Moriya	Tsukuba Mirai City, Ibaraki	3,200	3,054	3,660	4.5%	605
	L-5	IMP Misato	Misato City, Saitama	6,100	5,916	7,100	4.2%	1,183
	L-6	IMP Chiba-Kita	Chiba City, Chiba	2,600	2,531	2,970	4.5%	438
	L-7	IMP Inzai	Inzai City, Chiba	27,810	26,766	31,200	4.4%	4,433
	L-8	IMP Moriya 2	Tsukuba Mirai City, Ibaraki	750	745	896	4.7%	150
	L-9	IMP Kashiwa 2	Kashiwa City, Chiba	28,320	28,069	31,400	4.1%	3,330
	L-10	IMP Inzai 2	Inzai City, Chiba	5,367	5,354	5,820	4.5%	465
	L-11	IMP Tokyo-Adachi	Adachi ward, Tokyo	10,915	10,982	11,300	4.0%	317
	L-12	IMP Miyoshi	Miyoshi Town, Iruma County, Saitama	2,320	2,336	2,550	4.4%	213
Total				111,422	109,008	124,516	-	15,507

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

Status of Unitholders

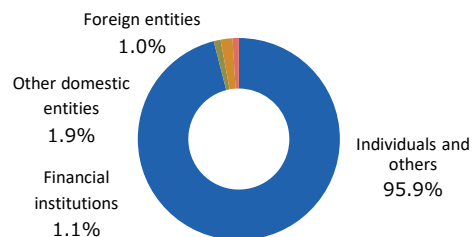
6th Fiscal Period (Jul. 2021)

Number of unitholders and units by type of unitholders

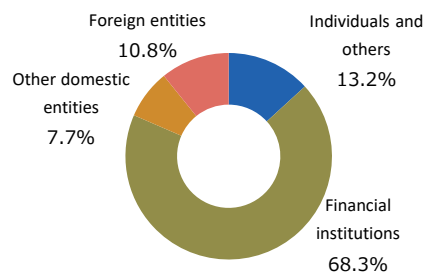
	Unit holders	Ratio	Investment units (unit)	Ratio
Individuals and others	12,308	95.9%	79,446	13.2%
Financial institutions (including securities companies)	147	1.1%	409,894	68.3%
Other domestic entities	249	1.9%	46,243	7.7%
Foreign entities	128	1.0%	64,544	10.8%
Total	12,832	100.0%	600,127	100.0%

※ Percentages are rounded to the first decimal place.

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)	96,998	16.16%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	78,090	13.01%
3	Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	45,372	7.56%
4	ITOCHU Corporation	33,635	5.60%
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust)	23,720	3.95%
6	The Shinkumi Federation Bank	12,999	2.16%
7	The Hachijuni Bank, Ltd.	10,568	1.76%
8	AICHI BANK, LTD.	10,290	1.71%
9	Custody Bank of Japan, Ltd. (Money Trust Tax Account)	9,476	1.57%
10	THE HYAKUJUSHI BANK, LTD.	8,500	1.41%
Total (Top 10 unitholders)		329,648	54.92%

※ Percentages are rounded down to the second decimal place.

Disclaimer

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Ticker Symbol: 3493

ITOCHU Advance Logistics Investment Corporation

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