



Ticker Symbol : 3493

ITOCHU Advance Logistics Investment Corporation

Second Fiscal Period (Ended July 2019) Investor Presentation Material

September 17, 2019





One year has already passed since IPO of ITOCHU Advance Logistics Corporation (“IAL”). Looking back, it really has been a tumultuous year for us.

Over the past year, we had opportunities to meet with various investors both in Japan and abroad, for which we are truly grateful. In recent interviews, we often received comments about external growth, as our current asset size is still too small for them from an investment point of view.

Now that leasing has been completed and we have achieved 100% occupancy for all of the pipeline properties accumulated by the ITOCHU Group, our sponsor, including one property yet to be completed, we believe that we have entered a stage where we must pay a close attention to financial and real estate market and competitors’ moves, and come up with a way for growth which would be highly evaluated by investors. That is our mission currently placed at the top of our agenda.

We are aware that our unitholders have high expectations for our strong collaborative relationship with the ITOCHU Group. We too are very encouraged from their support. In this fiscal period, for example, in an initiative called a “same-boat investment,” ITOCHU Corporation has made an additional acquisition of IAL’s investment units to align its interest with that of IAL’s unitholders. In addition, they also steadily provide us with leasing support both for our portfolio properties and pipeline properties, leveraging the Group-wide Merchant Channel Platform.

In order to be selected by investors for the very reason that IAL is a logistics REIT sponsored by ITOCHU Group and managed by our company, we remain committed to making aggressive moves.

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



Financial Results

Highlights of the Second Fiscal Period (ended July 2019)	P.4
Income Statement for the Second fiscal period (ended July 2019)	P.5
Earning Forecasts for the Third Fiscal Period (ending Jan. 2020) and Fourth Fiscal Period (ending July 2020)	P.6
Change of Unit Price after IPO	P.7

Growth Strategies

IAL's Three Challenges and Initiatives	P.9
Strategic Roadmap	P.10
External Growth Strategies	P.11 – 12
Internal Growth Strategies	P.13 – 14
Financial Strategies	P.15 – 16
ESG Initiatives	P.17 – 20

Portfolio

Portfolio MAP	P.22
Portfolio List	P.23
Portfolio Characteristics	P.24

Market Overview

Supply / Demand Balance of Logistics Facilities	P.26 – 27
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Appendix

Financial Results



Highlights of the Second Fiscal Period (ended July 2019)

Operational Highlights <As of the end of the second fiscal period (ended July 2019) >

Appraisal NOI yield **5.0%**
Actual NOI yield **5.1%**
(based on acquisition price)

Occupancy rate
100.0%

Appraisal value
63.5 billion yen
(refer to P.30)

NAV per unit
113,026 yen

Unrealized appraisal gain
5 billion yen
(percentage against book value **8.6%**)

DPU
(including surplus cash
distribution (SCD))

Actual result
2,311yen



Difference from
the revised forecast
announced following IPO
(Disclosed on Sep. 12, 2018)
+137 yen

up
6.3%

Difference from
the previous forecast
(Disclosed on Mar. 14, 2019; assuming additional
acquisition of two properties was made)
+ 49 yen

up
2.2%

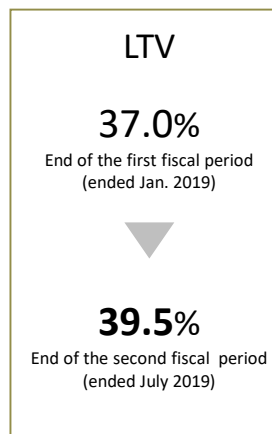


Acquisition of two properties
(4.99 billion yen)
(April 1, 2019)

Total properties owned : 8



New borrowing
5.28 billion yen
(April 1, 2019)



New credit rating
acquisition
(March 15, 2019)

Long-term
issuer rating
A+
(Stable)

by JCR
(Japan Credit Rating
Agency, Ltd.)



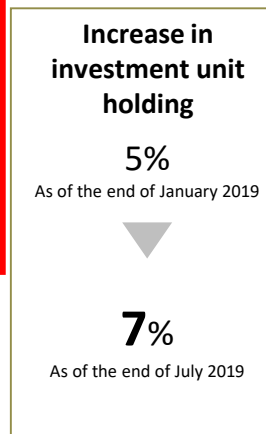
Additional acquisition
of investment units
by sponsor,
ITOCHU Corporation

GRESB
awarded only one year
after IPO
(September 10, 2019)



DBJ Green Building
Certification
(February 28, 2019)

5 properties



Note: Appraisal NOI yield is calculated by dividing (i) total appraisal NOI by (ii) total acquisition price, rounded to the first decimal place. Actual NOI yield is calculated by dividing (i) total actual NOI during the fiscal period including the properties acquired during such period by (ii) total acquisition price, and multiplying the same by 365 days, and dividing the same by 181 operation days, and rounding the results to the first decimal place. Unrealized appraisal gains are the difference between the book value and the appraisal value at the end of the fiscal period, and percentage against book value indicates the rate of difference with respect to the book value at the end of the fiscal period, rounded to the first decimal place. NAV per unit is calculated based on the following formula: (Net assets + (Appraisal value - Book value at the end of the fiscal period) - Total distributions paid (including surplus cash distributions)) / Number of investment units issued and outstanding at the end of the fiscal period. The figure is rounded down to the second decimal place.

Income Statement for the Second Fiscal Period (ended July 2019)

Difference between actual results and forecasts

DPU	FFO per unit	Operation status	as of the end of the second fiscal period (ended July 2019)
Results of Second FP: 2,311 yen +49 yen (+2.2%) from initial forecast +582 yen (+33.7%) from previous period	Results of Second FP : 3,302 yen +71 yen (+2.2%) from initial forecast +877 yen (+36.2%) from previous period	Appraisal NOI yield: 5.0% Actual NOI yield: 5.1% (based on acquisition price)	Occupancy: 100.0%

(MN Yen)	First fiscal period		Second fiscal period	
	Result	Forecast (announced on Mar. 14, 2019) (A)	Result (B)	Compared to forecast (B)-(A)
Operating revenues	1,300	1,723	1,718	-5
Operating income	736	798	810	+12
Ordinary income	521	707	733	+26
Net income	520	706	732	+26
DPU (including surplus cash distribution (SCD))	1,729 yen	2,262 yen	2,311 yen	+49 yen
Distribution per unit (excluding SCD)	1,456 yen	1,977 yen	2,050 yen	+73 yen
SCD per unit	273 yen	285 yen	261 yen	-24 yen
FFO	866	1,154	1,179	+25
FFO payout ratio	71.3%	70.0%	70.0%	—
Ratio of SCD to depreciation	28.2%	22.7%	20.8%	-1.9pt
FFO per unit	2,424 yen	3,231 yen	3,302 yen	+71 yen
AFFO	—	—	1,186	—
AFFO payout ratio	—	—	69.5%	—
AFFO per unit	—	—	3,323 yen	—

Breakdown of difference

【Operating revenues】

Decrease in utility revenues - 5

【Operating income】

Decrease in utility expenses + 4

Decrease in repair expenses + 4

Decrease in property and city planning

taxes for IMP Inzai + 3

Increase in asset management fees - 3

Decrease in administrative

service fee + 2

【Ordinary income】

Receipt of interest on consumption

tax refund + 5

Decrease in interest expenses through

an interest rate swap agreement + 7

* 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 expenditures from FFO, and adding loan-related non-cash expenses.
FFO (AFFO) payout ratio is calculated by dividing the sum of total distributions and total surplus cash distributions by FFO (AFFO), rounded to the first decimal place.

Earning Forecasts for the Third Fiscal Period (ending Jan. 2020) and Fourth Fiscal Period (ending July 2020)



(MN Yen)	Second fiscal period (ended July 2019)	Third fiscal period (ending Jan. 2020)			Fourth fiscal period (ending July 2020)
	Result (A)	Initial forecast (announced on Mar. 14, 2019)	Revised forecast (B)	Difference (B-A)	Forecast
Operating revenues	1,718	1,775	1,764	+46	1,759
Operating income	810	821	822	+12	794
Ordinary income	733	733	744	+11	716
Net income	732	732	743	+11	715
DPU (including surplus cash distribution (SCD))	2,311 yen	2,343 yen	2,366 yen	+55 yen	2,310 yen
Distribution per unit (excluding SCD)	2,050 yen	2,051 yen	2,082 yen	+32 yen	2,002 yen
SCD per unit	261 yen	292 yen	284 yen	+23 yen	308 yen
FFO	1,179	1,195	1,206	+27	1,178
FFO payout ratio	70.0%	70.0%	70.0%	—	70.0%
Ratio of SCD to depreciation	20.8%	22.5%	21.9%	+1.1pt	23.7%
FFO per unit	3,302 yen	3,347 yen	3,379 yen	+77 yen	3,299 yen
AFFO	1,186	-	1,201	+14	1,181
AFFO payout ratio	69.5%	-	70.3%	+0.8pt	69.9%
AFFO per unit	3,323 yen	-	3,364 yen	+41 yen	3,306 yen

Breakdown of difference(B-A)

【Operating revenues】

Reflection of rents of the properties acquired in the second fiscal period on a full year basis +49
Decrease in utility revenues -3

【Operating income】

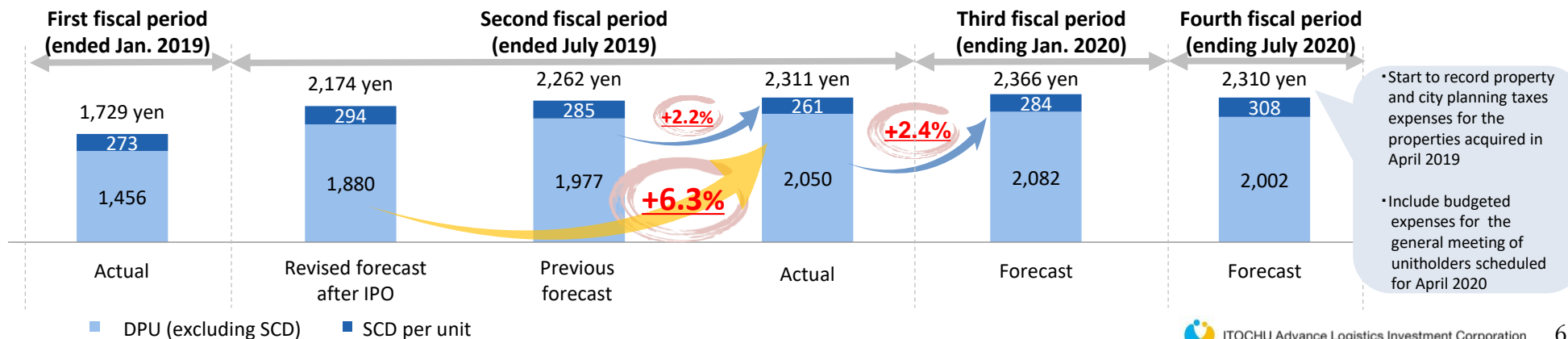
Increase in facility management expenses -1
Decrease in utility expenses +4
Increase in repair expenses -4
Increase in property and city planning taxes -1
Decrease in insurance expenses +1
Increase in depreciation -16
Increase in asset management fees -6

【Ordinary income】

Reaction to interest on consumption tax refund recorded in the second fiscal period -5
Decrease in loan-related expenses +4

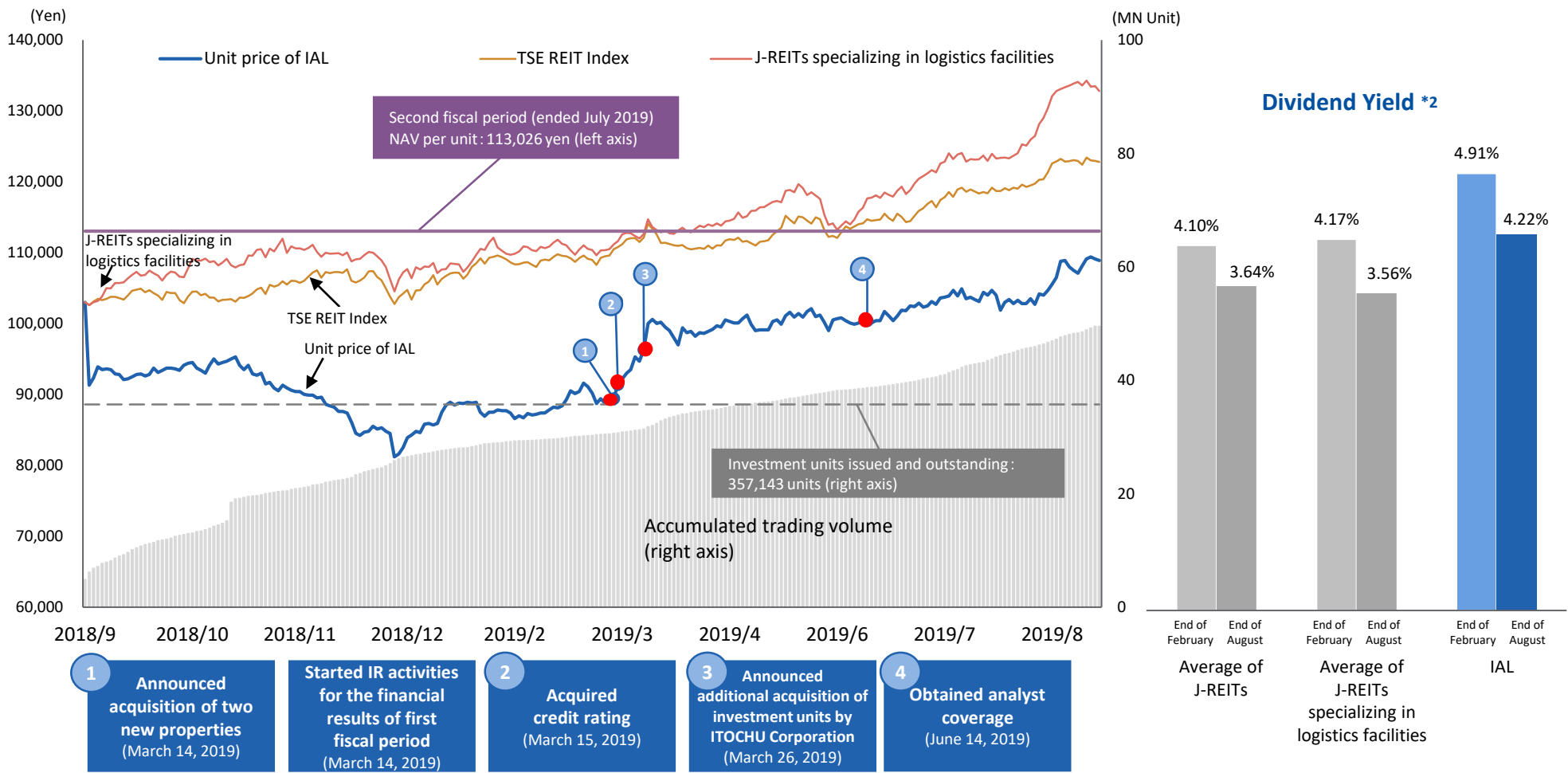
Note: The forecasts are calculated on the assumption that there will be no additional property acquisition during the period.

Forecast distributions



Change of Unit Price after IPO

A series of measures contributed to recovery in unit prices



*1 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.

*2 Average dividend yield of J-REITs and that of J-REITs specializing in logistics facilities are weighted average of dividend yield of relevant investment corporations, calculated by dividing annualized expected distributions per unit disclosed as of the end of February 2019 and as of the end of August 2019, respectively, by investment unit price as of the end of February 2019 and as of the end of August 2019, respectively. IAL's dividend yield as of the end of February 2019 is calculated based on expected annual distributions per unit for the fiscal period ended July 2019 (second fiscal period) of 2,174 yen (announced on September 12, 2018), and that as of the end of August 2019 is calculated based on the sum of expected distributions per unit for the fiscal period ended July 2019 (second fiscal period) and for the fiscal period ending January 2020 (third fiscal period) of 4,605 yen (announced on March 14, 2019).

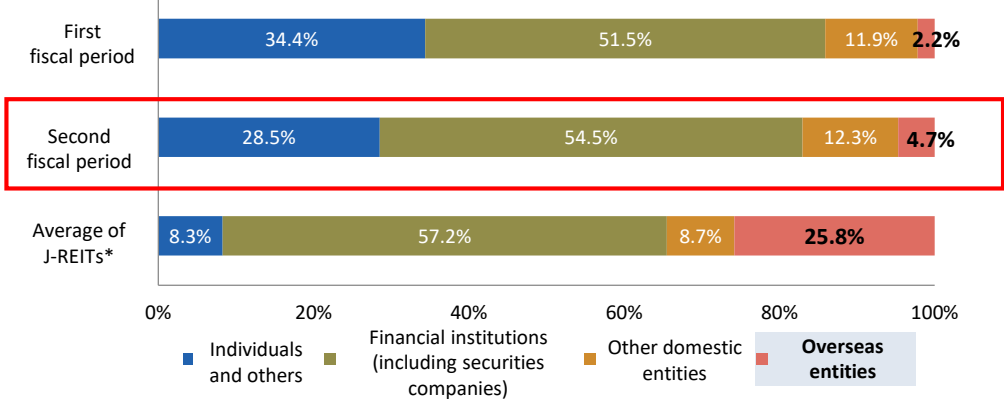
Growth Strategies



Build up a track record and expand investor base

Limited investor base

Need to expand fan base with an eye on overseas investors
(need to carry out even more proactive IR activities)



AUM smaller than other logistics J-REITx

Need to acquire pipeline properties developed by sponsor
(with an eye on market conditions)

Asset size rank of J-REITs specializing in logistics facilities



Lack of track record due to being a young J-REIT

Need to build up a track record

Achievement of DPU growth

Successful leasing in collaboration with the ITOCHU Group having strength in leasing

Pursuit of NOI improvement

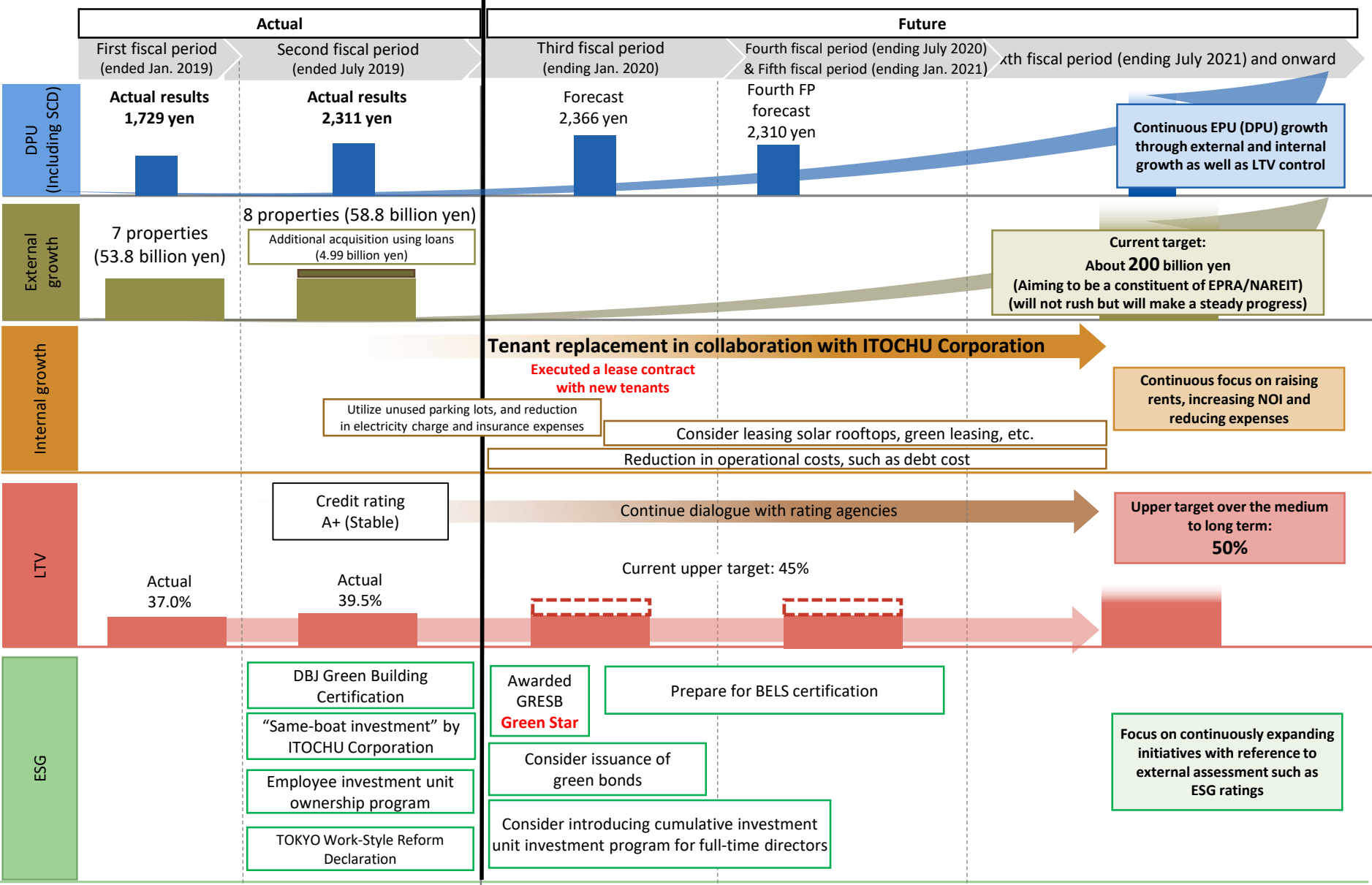
Continuous and proactive promotion of ESG initiatives

Property acquisition with an eye on portfolio NOI

Flexible cash management (careful and effective utilization of undrawn leverage and cash reserve)

* Average unitholder composition of J-REITs is weighted for market capitalization based on each investment corporation's disclosures as of the end of August 2019.

Strategic Roadmap



External Growth Strategies (1)

Among pipeline properties, i Missions Park Ichikawa Shiohama is fully leased, and i Missions Park Miyoshi is also fully leased before completion. Leasing has been completed for all properties.




ITOCHU Advanced Logistics Investment Corporation

Ownership & management



Development & leasing




ITOCHU Corporation
ITOCHU Property Development

With an aim to further strengthening sourcing capability, ITOCHU Property Development has organized a team specializing in purchasing land for logistics, which becomes active from October 2019


Properties owned by IAL

Properties owned by IAL: 8 properties with total floor area 259,850 m²



62,750 m²

i Missions Park Noda




88,018 m²

i Missions Park Inzai
(quasi-co-ownership portion 80%)




A building: 3,909 m²
B building: 15,387 m²

i Missions Park Atsugi




9,841 m²

i Missions Park Chiba-Kita




31,976 m²

i Missions Park Kashiwa




22,506 m²

i Missions Park Misato



18,680 m²

i Missions Park Moriya




6,779 m²

i Missions Park Moriya 2



Properties owned / developed by the ITOCHU Group


Properties owned / developed by the ITOCHU Group:
6 properties with total floor area of 262,739 m²



22,004 m²

i Missions Park Inzai
(quasi-co-ownership portion 20%)


Completed and leased
Inzai city, Chiba



27,872 m²

i Missions Park Tokyo-Adachi


Completed and leased
Adachi, Tokyo



26,938 m²

i Missions Park Inzai 2


Completed and leased
Inzai city, Chiba



117,299 m²

i Missions Park Kashiwa 2


Completed and leased
Kashiwa city, Chiba



57,724 m²

i Missions Park Ichikawa Shiohama

Completed and leased
Ichikawa city, Chiba



10,900 m²

i Missions Park Miyoshi

Leased
Iruma, Saitama

Note: Total floor area is rounded down to the nearest unit. Of the properties owned or developed by the ITOCHU Group, total floor area of those currently under development may differ from actual results.

External Growth Strategies (2)

Careful selection of properties enables stable management over the medium to long term

Properties

Acquisition of pipeline properties

- Will acquire properties by keeping in mind appropriate level of NOI yield on area-by-area basis

Comparison of appraisal NOI yields (Note 1) in Kanto area in recent acquisitions (Note 2) by J-REITs specializing in logistics facilities

Area	IAL	Competitors
Tokyo Gaikan EXPWY	4.95% (1 case)	4.68% (1 case)
National Route 16	5.01% (7 cases)	4.80% (6 cases)
Metropolitan Inter-City EXPWY (Kanagawa)	4.95% (1 case)	4.55% (4 cases)
Metropolitan Inter-City EXPWY (Excluding Kanagawa)	- (No property)	5.06% (5 cases)
Bay area	- (No property)	4.60% (2 cases)

Note 1: Appraisal NOI yield = Total appraisal NOI / Total acquisition price

Note 2: Acquisitions announced in the period from IAL's IPO to the end of August 2019

On a
case-by-case
basis

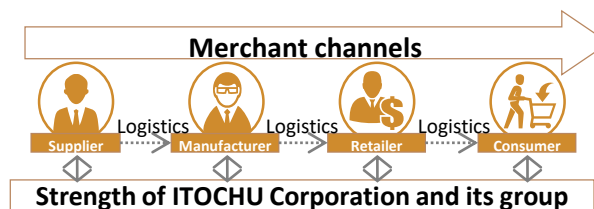
Utilize bridge schemes (currently under formation)

Establish effective schemes based on the ITOCHU Group's relationship of trust with financial institutions

- Ensure flexibility for timing of acquisition
- Take advantage of decrease in book value

Fully take advantage of properties'
strong point of being capable of
generating stable cash flow

Acquisition of third-party properties



Proposal of securitization utilizing the ITOCHU Group's network

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

**Properties with potential for
generating relatively high yield**

Portfolio

Keep a sharp eye on portfolio NOI yield

Capital Policy

**Comprehensively consider DPU growth rate, P/NAV, LTV level, implied cap rate,
and supply / demand balance in the market**

Stable cash flow generation supported by ITOCHU Corporation's strength in leasing

Achieved successful tenant replacement for the first lease expiration with no vacant period

Note: The existing tenant vacates IMP Noda at the end of February 2020, and a new tenant will move in March.

Direct leasing by ITOCHU Corporation

Utilization of the existing leasing customer network

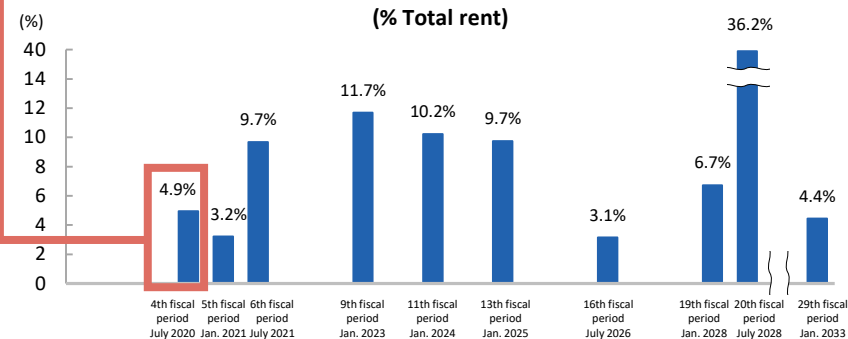
The new tenant had been leased the properties developed by the ITOCHU Group

Utilization of ITOCHU's business network

The new tenant has been entrusted with logistics services from the ITOCHU Group

Timing of Lease Expiration

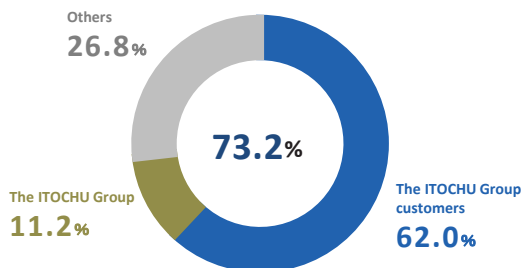
Indicating the capability of generating stable cash flow over long-term even with the current small-size portfolio



(As of the end of July 2019)

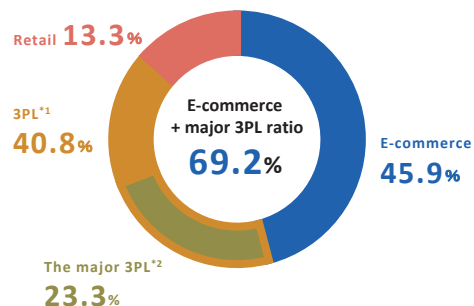
ITOCHU Group Network

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



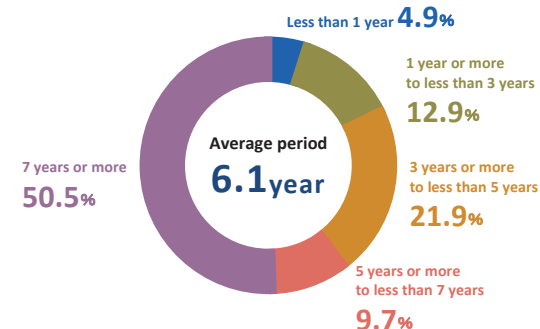
Quality Tenant

Tenant industry
(based on annual rent)



Long-term contract

Remaining lease term
(based on annual rent)



“Goyo-kiki” for enhancing tenant satisfaction

Review of insurance expenses	Change of electricity suppliers (2 properties)	Parking space leasing
Reduced expenses by approx. 1.8 million yen per fiscal period	Reduced electricity charges by approx. 25% for two properties	Effectively used vacant parking spaces as pay-by-the-hour parking lots
Aim for continuing to reduce the insurance expenses using economies of scale as well as expanding portfolio	Improved tenant satisfaction by reducing electricity charges bourn by tenants	Contributed to greater commuting convenience for tenants' employees and increased revenue
	Plan to continue periodic review	

“Goyo-kiki” (i.e., provision of solutions by ITOCHU Group which cater to the unique needs of tenants and customers)

Utilization of the ITOCHU Group’s collective strengths

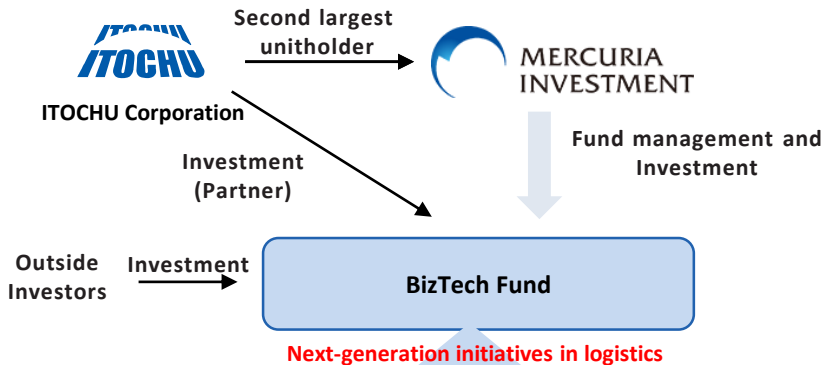
- Provision of corrugated boards to major E-commerce companies
- Provision of truck delivery systems to major furniture manufacturers
- Provision of call center services to mail order business operators
- Maintenance and inspection of warehouse facilities



Building a foundation for next-generation logistics initiatives

- Enhancement of mid- to long-term services-

In collaboration with Mercuria Investment Co., Ltd., ITOCHU Corporation formed a fund to invest in innovation areas in real estate and logistics sectors, with an aim to actively deliver services generated by the fund to tenants



Advancement and labor saving of warehouse operations:
robot, material handling, drone
Advancement and labor saving of transportation operations:
driver matching, IoT delivery hub, automatic driving, RFID

Stable revenues derived from “tenant stickiness”

Conservative financial management with consideration for financing capacities

- Established a stable financial base focused on long-term debt with fixed interest rate, with the bank formation composed mainly of mega-banks
- Continued to maintain LTV level below 40% even after using loan for property acquisition in the second fiscal period, and further lowered LTV level through repayment using cash in hand at refinancing

Borrowing status

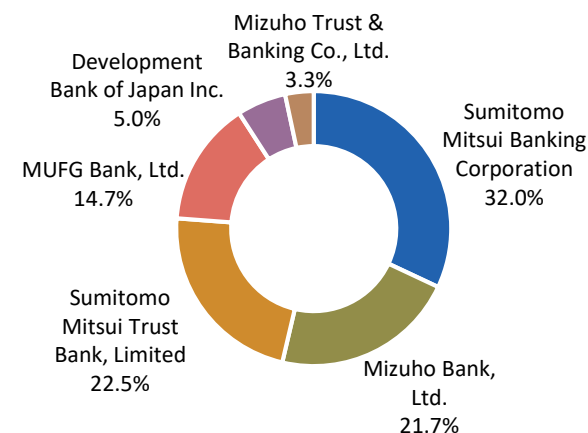
	Second fiscal period (ended July 2019)		Third fiscal period (ending Jan. 2020) (after refinance)
Interest-bearing debt	24,580 million yen		23,940 million yen
Consumption tax loans	260 million yen		0 million yen
LTV	39.5%		38.1%
Fixed interest ratio	91.3%		93.7%
Long-term debt ratio	91.3%		93.7%
Average debt cost	0.48%		-
Average remaining debt duration	5.25 years		-

Further lowering LTV

At the time of refinancing,
repaid **0.38 billion yen**
using cash in hand
(Repaid 1.88 billion yen and
newly borrowed 1.5 billion yen
on September 9, 2019)
In addition, plan to further repay
consumption tax loans of
0.26 billion yen

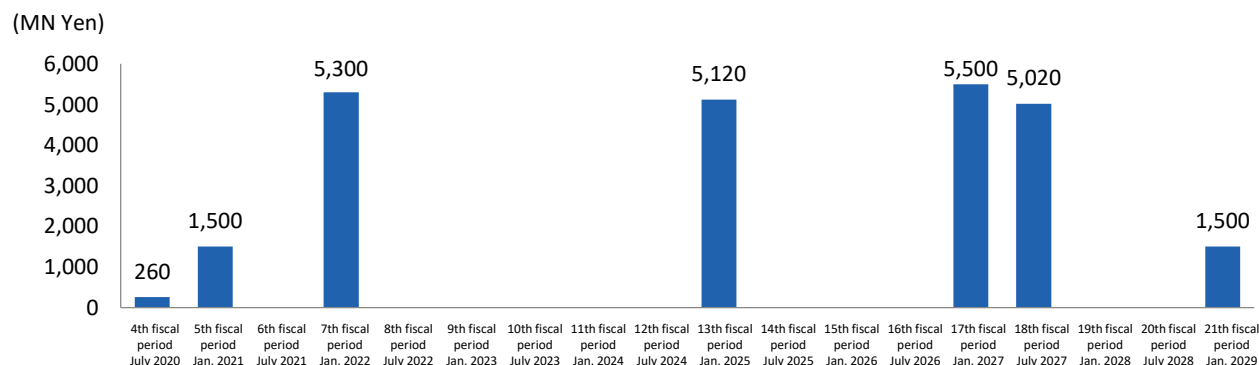
Bank Formation

After the refinance on September 9, 2019



- Financing capacities when increasing LTV to 45% is approx. 6.2 billion yen*
Note: Estimated number as of July 31, 2019 (end of the second fiscal period)

Maturity Ladder (After the refinance on September 9, 2019)



Credit Rating / Diversifying financing methods

- Continue careful dialogue with rating agencies

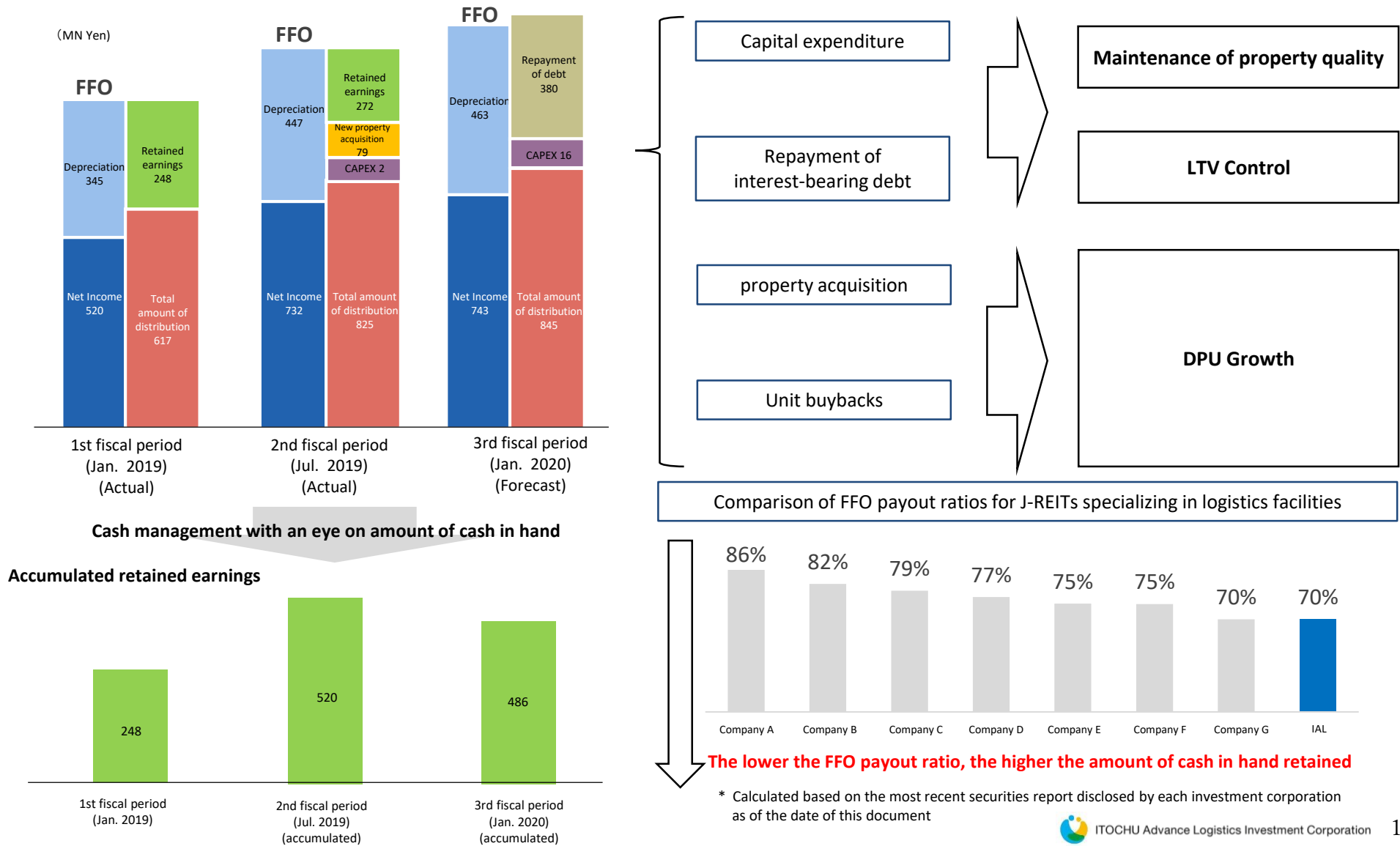
Long-term issuer rating
by Japan Credit Rating Agency, Ltd. (JCR)

A+ (Stable)

With issuance of green bonds in mind

* Ratios are rounded to the first decimal place.

Conservative distribution policy with a guideline set at “70% of FFO” allows effective utilization of cash for various purposes as required



Strong commitment to ESG initiatives: Awarded “Green Star” status by GRESB only one year after IPO



GRESB Real Estate Assessment

Awarded “Green Star” status by GRESB Real Estate Assessment and granted “three-star” in the GRESB Rating

Timely implementation of measures
at an early stage

The Asset Management Company’s sustainability-related basic policy



Environment

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



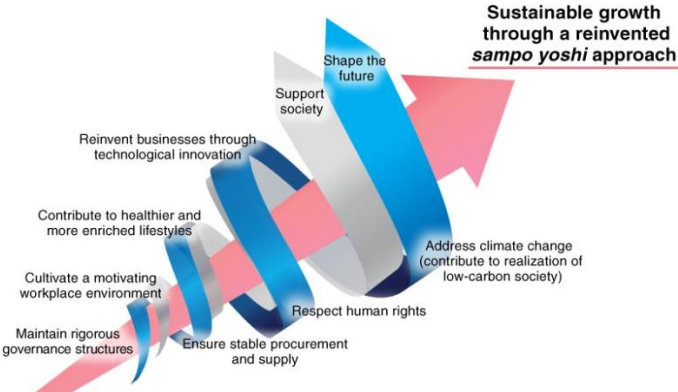
Society

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



Governance

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



ITOCHU Group’s Commitment

The United Nations Global Compact

ITOCHU Corporation participated in April 2009



TCFD (Task Force on Climate-related Financial Disclosures)

ITOCHU Corporation participated in TCFD Consortium in May 2019



ESG Initiatives (1) Environmental Initiatives

Energy Consumption Reduction and Resources Saving

<Energy consumption reduction>



Installing LED lighting

<Water consumption reduction>



Installing water-saving toilet system

<Renewable energy generation>



Solar panels

<Greening>



Greening parking lots

<CO₂ emissions reduction>



Promoting CO₂ emissions reduction in cooperation among tenants based on applicable law* (administrative report)

<Tenant education>



Raising awareness through posters, etc.

Acquisition of DBJ Green Building (Environmental Certification)



Certification rating	Property name
5	IMP Inzai
4	IMP Noda, IMP Kashiwa, IMP Misato, IMP Moriya

<Percentage of properties certified>

Number of properties

62.5%

Total	8
Certified properties	5

Total floor area (m²)

86.2%

Total	259,850.82m ²
Certified properties	223,932.03m ²

Environmental Targets and Environmental Performance data

	Short-term target	Long-term target
Total energy consumption	Every fiscal year Reduce energy intensity by 1%	Five-year period* Reduce energy intensity by 5%
Total CO ₂ emissions	Every fiscal year Reduce emissions intensity by 1%	Five-year period* Reduce emissions intensity by 5%
Total water consumption	Every fiscal year No increase in consumption intensity	Five-year period* No increase in consumption intensity
Total waste generation	Every fiscal year No increase in generation intensity	Five-year period* No increase in generation intensity

* Based on FY2018.

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

ESG Initiatives (2) Social Contribution

ESG initiatives with suppliers

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

Cooperation with tenant companies

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

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

Ensuring employee safety



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

Inbuilt amenity



A company cafeteria equipped with cooking facilities increases the amenity of the work environment for employees

Coexistence with local communities

Support for education



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

Helping people with disabilities



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

Volunteer activities



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

Consideration to local communities



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

Initiatives for employees

TOKYO Work-Style Reform Declaration

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

Improve employees' ways of taking leave

Improve employees' ways of working

- **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. Several employees of the Asset Management Company also participate in it

Alignment of interests with unitholders

Increased investment unit holding of the sponsor ITOCHU Corporation in IAL

- Reaffirmed the sponsor support towards IAL
- Indicated timely response through market purchase, which is unprecedented among J-REIT sponsors



Consider “Cumulative investment unit investment program” for full-time directors^(Note) / and Introduced “Employee investment unit ownership program” for employees

- To align the interest of the Asset Management Company’s officers and employees with the interest of unitholders

Note: The cumulative investment unit investment program for full-time directors will start when it becomes no longer subject to insider trading regulations.

Ensure management fee structure committing to resolving the following three challenges imposed on IAL

- Expand the asset size which is currently smaller compared to other J-REITs
- Maintain and further expand property value with successful leasing and continuous cost saving
- Increase earnings per unit (EPU) and distribution per unit (DPU) to meet investors’ expectation

Asset management fees I	Total assets × 0.2% (upper limit)
Asset management fees II	NOI of rental business × 5.0% (upper limit)
Asset management fees III	Income before income taxed × adjusted EPU × 0.005% (upper limit)

Appropriate decision-making process

Decision-making process when acquiring assets from or transferring assets to stakeholders



Personnel organization mainly consisting of employees not seconded from the sponsors

(September 13, 2019)

	Total	Of which, employees seconded from the ITOCHU Group
Full-time Director	2	0
Employees	13	3
Total	15	3

* Representative director, president & CEO has resigned from sponsor and joined the Asset Management Company

Two employees are seconded from ITOCHU Corporation and one from ITOCHU Property Development. No seconded employees are appointed to serve positions of general manager or above.

Portfolio



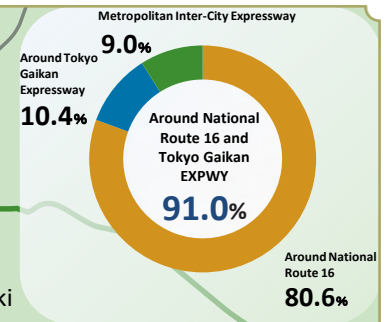
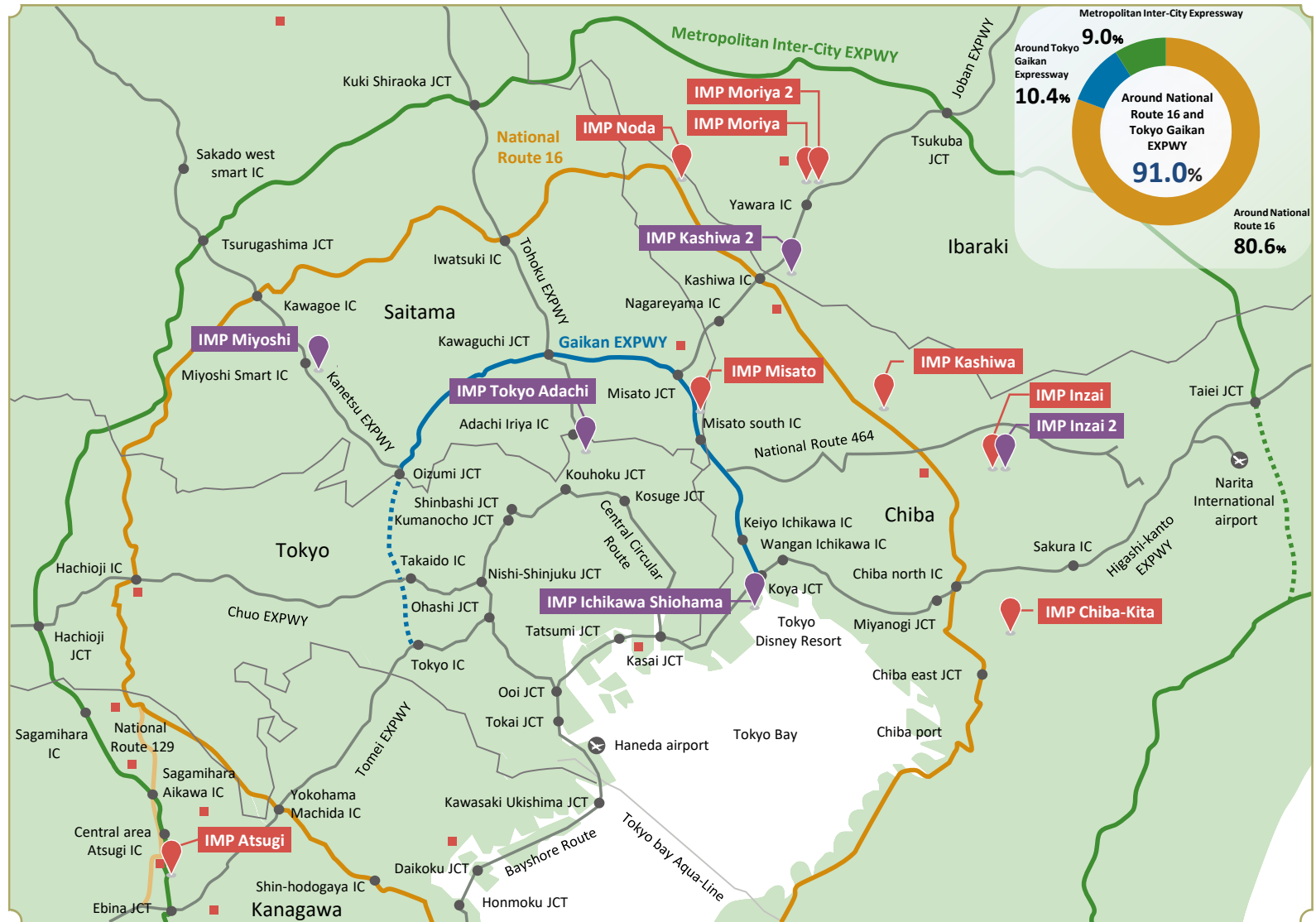
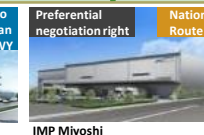
Portfolio Map



Properties owned

Properties Acquired
in the 2nd period

Properties
owned /
developed by the
ITOCHU Group



Portfolio List



By investing mainly in logistics real estate developed by the ITOCHU Group (entitled “i Missions Park” or “IMP”), continue to establish portfolio with long-term stability

Category	Property No.	Property name	Location	Acquisition price (MN Yen)	Book value at the end of the period ^{(*)3} (MN Yen)	Appraisal value (MN Yen)	Unrealized gains (MN Yen) ^{(*)3}	Appraisal NOI yield (%) ^{(*)2}	Total floor area (m ²)	Property age (years)	Occupancy rate (%)
Acquired properties	L-1	i Missions Park Atsugi	Atsugi City, Kanagawa	5,300	5,287	5,840	552	5.0	Building A : 3,909.97 Building B : 15,387.63	6.9	100.0
	L-2	i Missions Park Kashiwa	Kashiwa City, Chiba	6,140	6,104	6,830	725	5.1	31,976.44	4.4	100.0
	L-3	i Missions Park Noda	Noda City, Chiba	12,600	12,516	13,300	783	4.9	62,750.90	3.5	100.0
	L-4	i Missions Park Moriya	Tsukuba Mirai City, Ibaraki	3,200	3,173	3,440	266	5.2	18,680.16	2.3	100.0
	L-5	i Missions Park Misato	Misato City, Saitama	6,100	6,073	6,760	686	5.0	22,506.53	2.0	100.0
	L-6	i Missions Park Chiba-Kita	Chiba City, Chiba	2,600	2,597	2,830	232	5.3	9,841.24	1.7	100.0
	L-7	i Missions Park Inzai (quasi-co-ownership portion 80%)	Inzai City, Chiba	22,140	21,975	23,700	1,724	5.1	110,022.51 (88,018.00) ^{(*)1}	1.4	100.0
	L-8	i Missions Park Moriya 2	Tsukuba Mirai City, Ibaraki	750	758	845	86	6.6	6,779.95	24.6	100.0
Total (As of the end of the second fiscal period (Jul. 2019))				58,830	58,486	63,545	5,058	5.0	281,855.33 (259,850.82)	3.1	100.0

*1 For i Missions Park Inzai, the figure in parentheses under total floor area is calculated in proportion to IAL's co-ownership interest of trust beneficiary right to the property 80%, rounded down to the second decimal place.

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

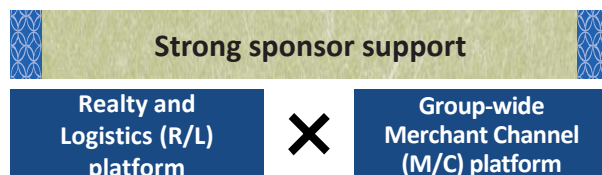
*3 Book value at the end of the fiscal period and unrealized gains are rounded down to the nearest unit.



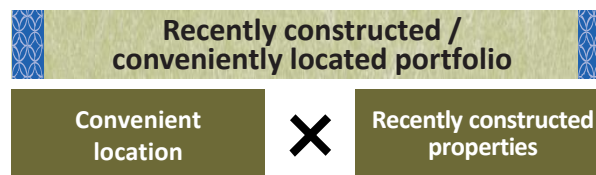
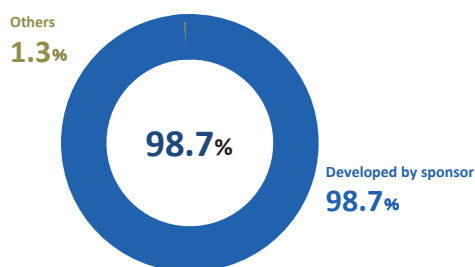
Portfolio Characteristics

Portfolio with long-term stability achieved by selective investment and deeper relationships with tenants

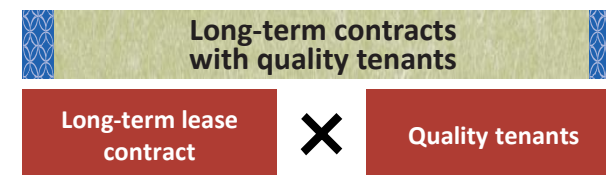
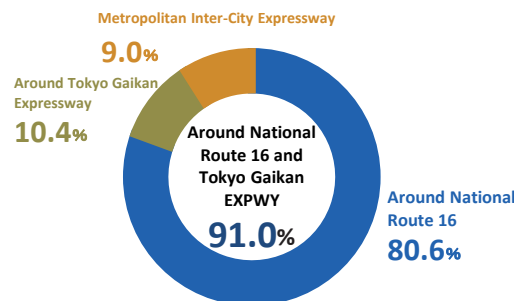
(As of the end of July, 2019)



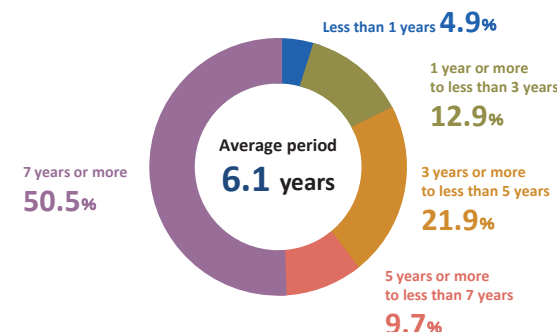
Properties developed by sponsor
(based on acquisition price)



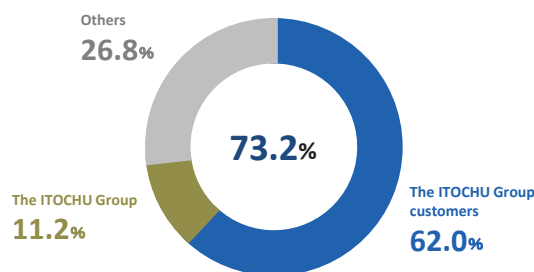
Location
(based on acquisition price)



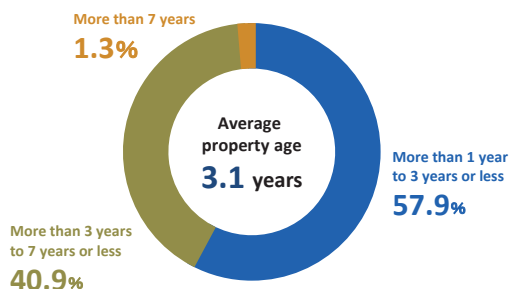
Remaining lease term
(based on annual rent)



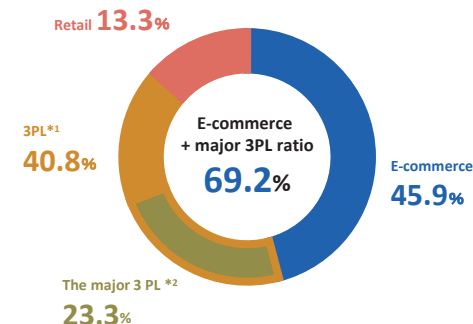
The ITOCHU Group and the Group customer tenant
(based on annual rent)



Property age
(based on acquisition price)



Tenant industry
(based on annual rent)



* Ratios are rounded to the first decimal place.

*1 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.

*2 Large 3PLs mean 3PLs with consolidated sales exceeding 100 billion yen including such 3PLs.

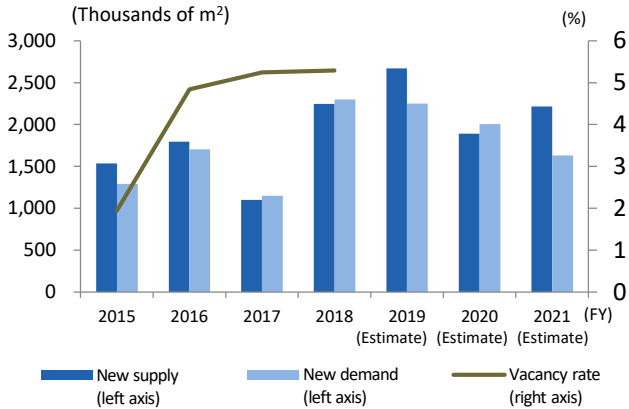
Market Overview



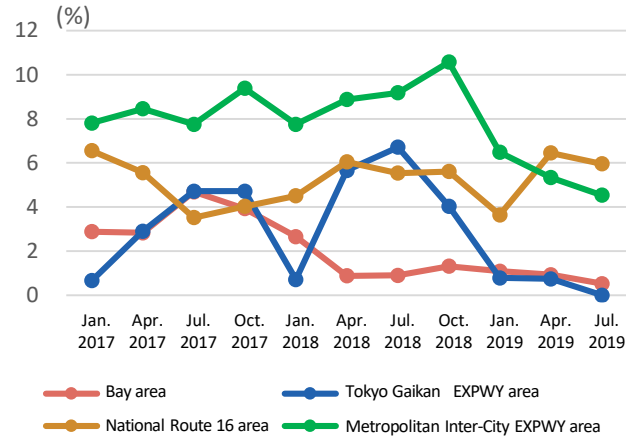
Supply / Demand Balance of Logistics Facilities (1)

Logistics market in Kanto / Kansai area

Vacancy rate and supply and demand balance in Kanto area



Vacancy rate by metropolitan area

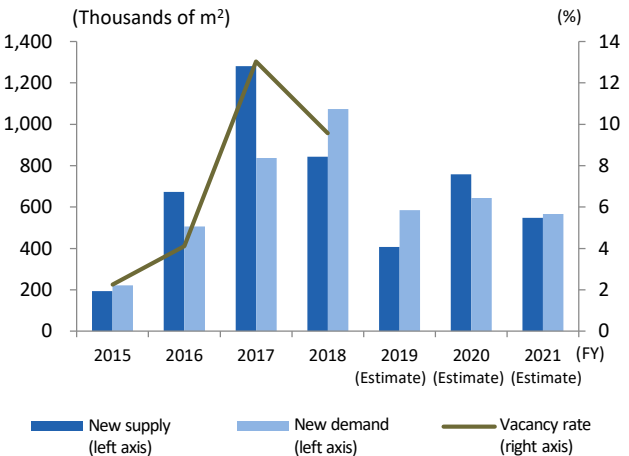


Maintained low vacancy rate in Kanto area.

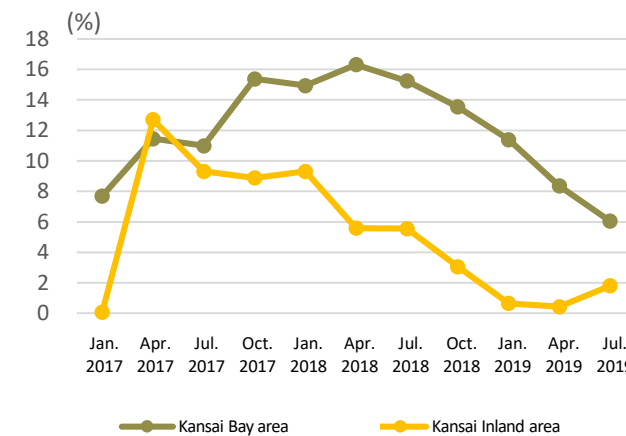
Improved vacancy rate in National Route 16 area, where the rate had been higher, as a result of supply being held down recently.

While large supply continues in National Route 16 area in 2019, vacancy rate remains stable thanks to firm demand.

Vacancy rate and supply and demand balance in Kansai area



Vacancy rate by Kansai area



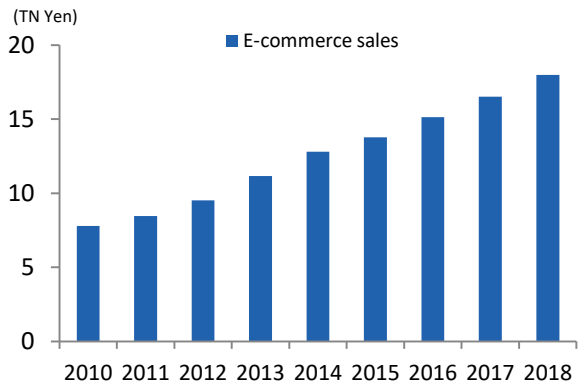
Improved vacancy rate in Kansai Bay area

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

Supply / Demand Balance of Logistics Facilities (2)

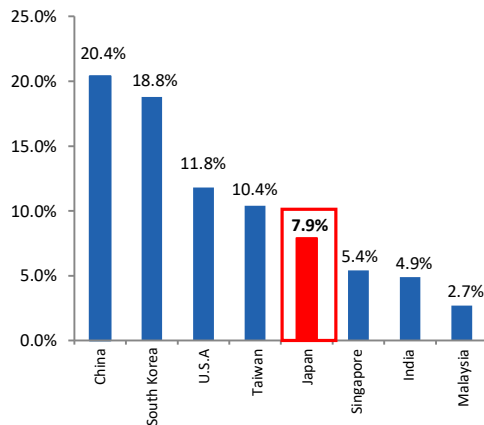
Expansion of e-commerce and 3PL markets increases delivery frequency and smaller parcels

Market size of online shopping



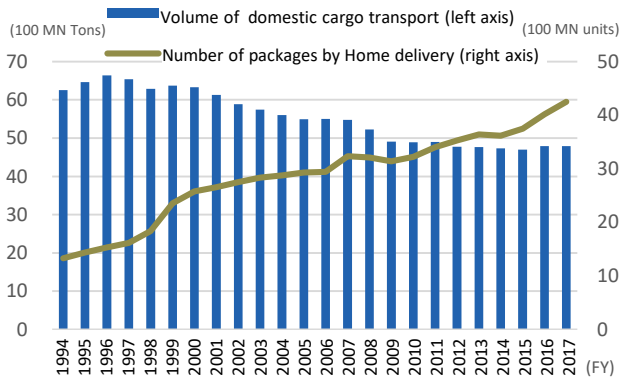
Source: Outline of the E-Commerce Market Survey (Ministry of Economy, Trade and Industry)

E-commerce ratio of major countries



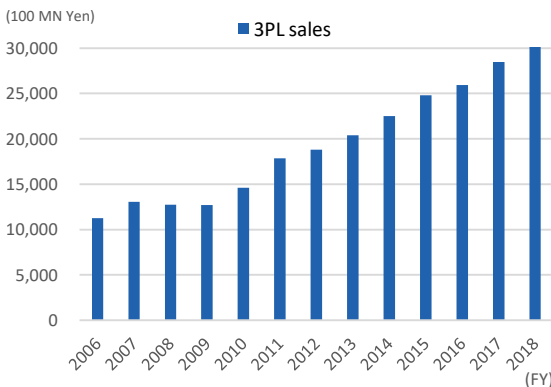
Source: Outline of the E-Commerce Market Survey (Ministry of Economy, Trade and Industry)

Changes in the number of packages by home delivery and the volume of domestic cargo transport



Source: Traffic Statistics (Ministry of Land, Infrastructure, Transport and Tourism)
FY2017 Survey of the number of packages by home delivery (Ministry of Land, Infrastructure, Transport and Tourism)

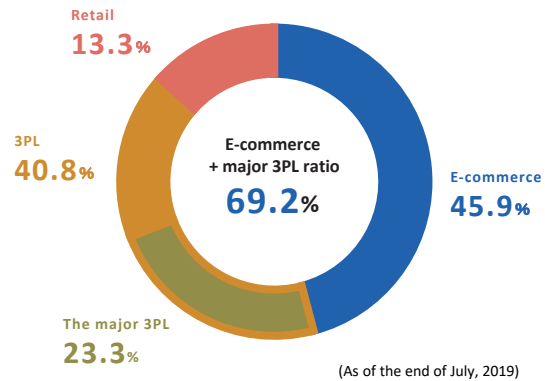
Changes of the 3PL market in Japan



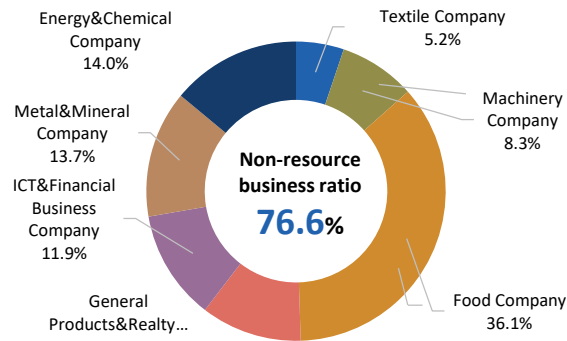
Source: OGI-BIZ (Rhinos Publications, Inc.)

Recent logistics trends bode well for IAL in light of tenant industry and sponsor group's profit structure

Tenant industry



The ITOCHU Group's profit structure centering on non-resources business



Source : ITOCHU Corporation
"FY2018 Presentation Materials"

Second fiscal period (ended July 2019)

(Thousands of Yen) Second Fiscal Period From February 1, 2019 to July 31, 2019		(Thousands of Yen) Second Fiscal Period As of July 31, 2019		(Thousands of Yen) Second Fiscal Period As of July 31, 2019	
Income Statement		Balance Sheet		Liabilities	
Operating revenues		Assets		Current Liabilities	
Rental revenues	1,681,133	Current assets		Accounts payable	19,940
Other rental revenues	36,924	Cash and deposits	1,184,413	Short-term loans payable	2,140,000
Total operating revenue	1,718,058	Cash and deposits in trust	2,134,580	Accounts payable-other	15,735
Operating expenses		Accounts receivable-trade	68,946	Accrued expenses	225,252
Property related expenses	676,237	Consumption taxes receivable	156,796	Income taxes payable	891
Asset management fees	193,237	Prepaid expenses	38,765	Advances received	313,375
Asset custody fees / Administrative service fees	9,067	Other	510	Other	2,145
Directors' compensation	2,640	Total current assets	3,584,013	Total current liabilities	2,717,340
Other operating expenses	26,841	Noncurrent assets		Noncurrent liabilities	
Total operating expenses	908,023	Property, plant and equipment		Long-term loans payable	22,440,000
Operating income	810,034	Buildings in trust	34,908,809	Tenant leasehold and security deposits in trust	929,571
Non-operating income		Accumulated depreciation	(702,807)	Total noncurrent liabilities	23,369,571
Interest income	10	Buildings in trust, net	34,206,002	Total liabilities	26,086,911
Interest on refund	5,346	Structures in trust	1,235,508	Net assets	
Total non-operating income	5,357	Accumulated depreciation	(56,736)	Unitholders' equity	
Non-operating expenses		Structures in trust, net	1,178,772	Unitholders' capital	35,498,833
Interest expenses	59,794	Machinery and equipment in trust	1,005,404	Deduction from unitholders' capital	(97,500)
Borrowing related expenses	22,210	Accumulated depreciation	(33,496)	Unitholders' capital, net	35,401,333
Other	244	Machinery and equipment in trust, net	971,907	Surplus	
Total non-operating expenses	82,248	Tools, furniture and fixtures in trust	1,751	Unappropriated retained earnings (undisposed loss)	732,274
Ordinary income	733,142	Accumulated depreciation	(24)	Total surplus	732,274
Income before income taxes	733,142	Tools, furniture and fixtures in trust, net	1,726	Total unitholders' equity	36,133,608
Income taxes-current	893	Land in trust	22,128,070	Total net assets	36,133,608
Income taxes-deferred	14	Total property, plant and equipment	58,486,480	Total liabilities and net assets	62,220,520
Total income taxes	907	Intangible assets			
Net income	732,234	Software	4,776		
Accumulated earnings brought forward	40	Total intangible assets	4,776		
Unappropriated retained earnings (undisposed loss)	732,274	Investments and other assets			
		Lease and guarantee deposits	10,000		
		Long-term prepaid expenses	135,236		
		Deferred tax asset	13		
		Total investments and other assets	145,250		
		Total noncurrent assets	58,636,506		
		Total assets	62,220,520		

Second fiscal period (ended July 2019)

(Thousands of Yen)

Property number	L-1	L-2	L-3	L-4	L-5	L-6	L-7	L-8	
Property name	i Missions Park Atsugi	i Missions Park Kashiwa	i Missions Park Noda	i Missions Park Moriya	i Missions Park Misato	i Missions Park Chiba- Kita	i Missions Park Inzai	i Missions Park Moriya 2	Total
Number of operating days in the second fiscal period	181 days	181 days	181 days	181 days	181 days	181 days	181 days	122 days	-
(A) Total revenues from property leasing			419,872						1,718,058
Rental revenues			397,095						1,681,133
Other rental revenues			22,777						36,924
(B) Total property-related expenses			183,766						676,237
Taxes and public dues			40,306						146,684
Property management fees	-	-	20,581	-	-	-	-	-	35,077
Utility expenses			22,887						36,172
Repair expenses			424						1,679
Insurance expenses			2,003						7,831
Trust fees			250						1,685
Others			5						28
Depreciation	27,804	45,457	97,308	29,813	39,064	16,554	186,149	4,924	447,078
(C) Income from property leasing (A) - (B)	103,786	107,416	236,105	61,816	113,016	52,053	352,140	15,484	1,041,820
(D) NOI (= (C) + depreciation)	131,591	152,874	333,414	91,630	152,080	68,607	538,289	20,409	1,488,899

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

As of the end of the second fiscal period (ended July 2019)

Category	Property No.	Property name	Location	Acquisition price (MN Yen)	Book value (A) (MN Yen)	Appraisal value (B) (MN Yen)	Direct cap rate (%)	Unrealized gains (B)-(A) (MN Yen)
Logistics real estate	L-1	i Missions Park Atsugi	Atsugi city, Kanagawa	5,300	5,287	5,840	4.4	552
	L-2	i Missions Park Kashiwa	Kashiwa City, Chiba	6,140	6,104	6,830	4.5	725
	L-3	i Missions Park Noda	Noda City, Chiba	12,600	12,516	13,300	4.5	783
	L-4	i Missions Park Moriya	Tsukuba Mirai City Ibaraki	3,200	3,173	3,440	4.7	266
	L-5	i Missions Park Misato	Misato City, Saitama	6,100	6,073	6,760	4.4	686
	L-6	i Missions Park Chiba-Kita	Chiba City, Chiba	2,600	2,597	2,830	4.7	232
	L-7	i Missions Park Inzai (quasi-co-ownership portion 80%)	Inzai City, Chiba	22,140	21,975	23,700	4.6	1,724
	L-8	i Missions Park Moriya 2	Tsukuba Mirai City, Ibaraki	750	758	845	4.9	86
Total (As of the end of the second fiscal period)				58,830	58,486	63,545	—	5,058

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

As of the end of the second fiscal period (ended July 2019)

Category	Lender	Borrowing amount (MN Yen)	Interest rate	Borrowing date	Repayment date	Collateral
Short-term	Sumitomo Mitsui Banking Corporation	1,880	Base interest rate +0.15%	September 7, 2018	September 9, 2019	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.					
	MUFG Bank, Ltd.					
	Sumitomo Mitsui Banking Corporation	260	Base interest rate +0.15%	April 1, 2019	March 31, 2020	Unsecured and non-guaranteed
	Subtotal	2,140	-	-	-	-
Long-term	Sumitomo Mitsui Banking Corporation	5,300	0.23505%	September 7, 2018	September 7, 2021	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.					
	Sumitomo Mitsui Trust Bank, Limited					
	Sumitomo Mitsui Banking Corporation	5,120	0.53660%	September 7, 2018	September 9, 2024	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.					
	Sumitomo Mitsui Trust Bank, Limited					
	MUFG Bank, Ltd.	5,500	0.72645%	September 7, 2018	September 7, 2026	Unsecured and non-guaranteed
	Mizuho Trust & Banking Co., Ltd.					
	Development Bank of Japan Inc.					
	Sumitomo Mitsui Banking Corporation	1,500	0.91670%	September 7, 2018	September 7, 2028	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.					
	Development Bank of Japan Inc.					
	Sumitomo Mitsui Banking Corporation	5,020	0.55000%	April 1, 2019	March 31, 2027	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.					
	Sumitomo Mitsui Trust Bank, Limited					
	MUFG Bank, Ltd.	5,020	0.55000%	April 1, 2019	March 31, 2027	Unsecured and non-guaranteed
	Mizuho Trust & Banking Co., Ltd.					
	Development Bank of Japan Inc.					
Subtotal		22,440	-	-	-	-
Total		24,580	-	-	-	-

* The one-month Japanese yen TIBOR is applied as a base interest rate for short-term borrowings. Please refer to the TIBOR Administration's website for the Japanese yen TIBOR.

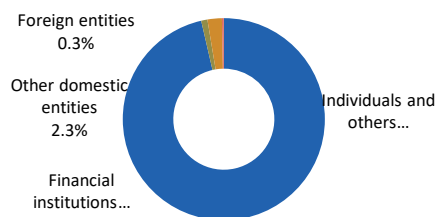
The long-term borrowings have a floating interest rate, but an interest rate swap agreement has been entered into in order to hedge risks arising from interest rate fluctuation. Accordingly, the fixed interest rate following the swap is stated.
The repayment method is bullet repayment for all borrowings.

Second fiscal period (ended July 2019)

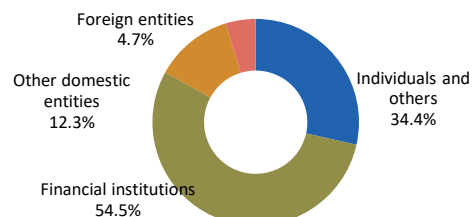
Number of unitholders and units by type of unitholders

	Unit holders	Ratio	Investment units (unit)	Ratio
Individuals and others	11,899	96.4%	101,943	28.5%
Financial institutions (including securities companies)	122	1.0%	194,454	54.5%
Other domestic entities	290	2.3%	44,015	12.3%
Foreign entities	37	0.3%	16,731	4.7%
Total	12,348	100.0%	357,143	100.0%

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	Japan Trustee Services Bank, Ltd. (Trust Account)	61,505	17.2%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	28,338	7.9%
3	ITOCHU Corporation	25,000	7.0%
4	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	13,661	3.8%
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	9,545	2.7%
6	The Hachijuni Bank, Ltd.	9,282	2.6%
7	The Shinkumi Federation Bank	5,714	1.6%
8	BNYM SA / NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	4,100	1.1%
9	Aozora Bank, Ltd.	4,069	1.1%
10	J.P.MORGAN SECURITIES PLC	3,808	1.1%
Total (top 10 unit holders)		165,022	46.2%

Build a growth spiral based on collaborative growth relationships

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

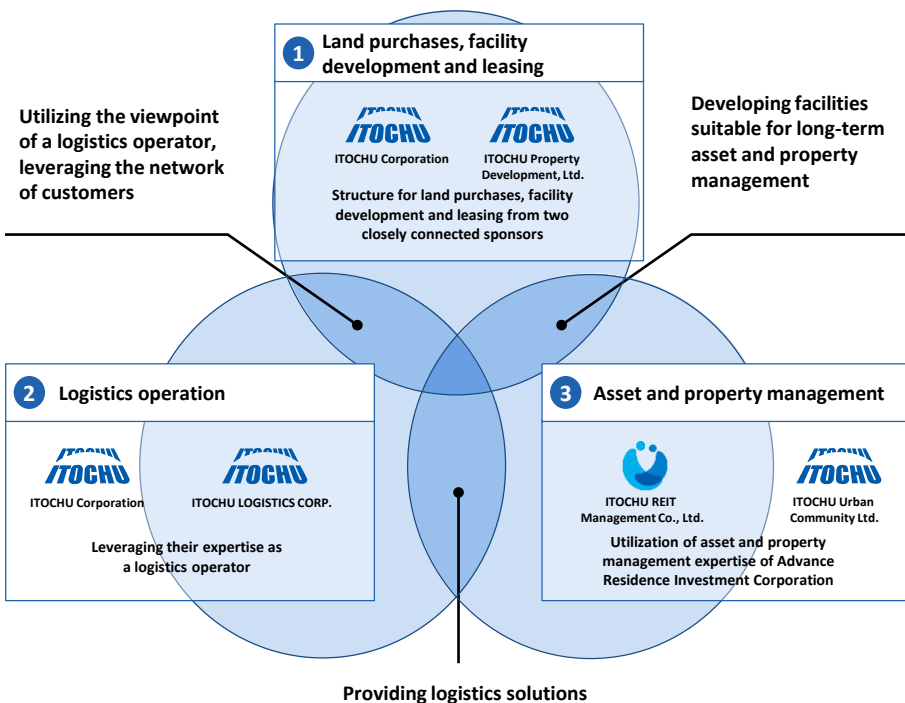


A dual business platform that provides the foundation for the collaborative growth relationships

Realty and Logistics (R/L) Platform

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

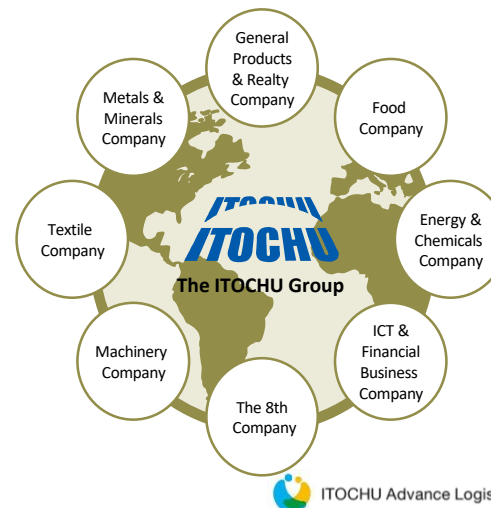
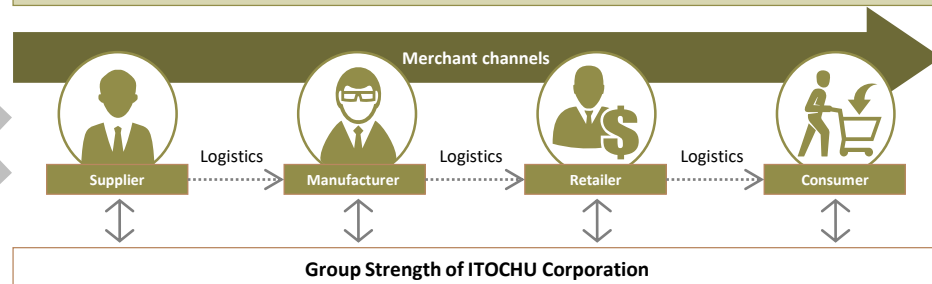
Real Estate & Logistics function of General Products & Realty Company of ITOCHU Corporation, which has integrated responsibility for ①, ② and ③



Group-wide Merchant Channel (M/C) Platform

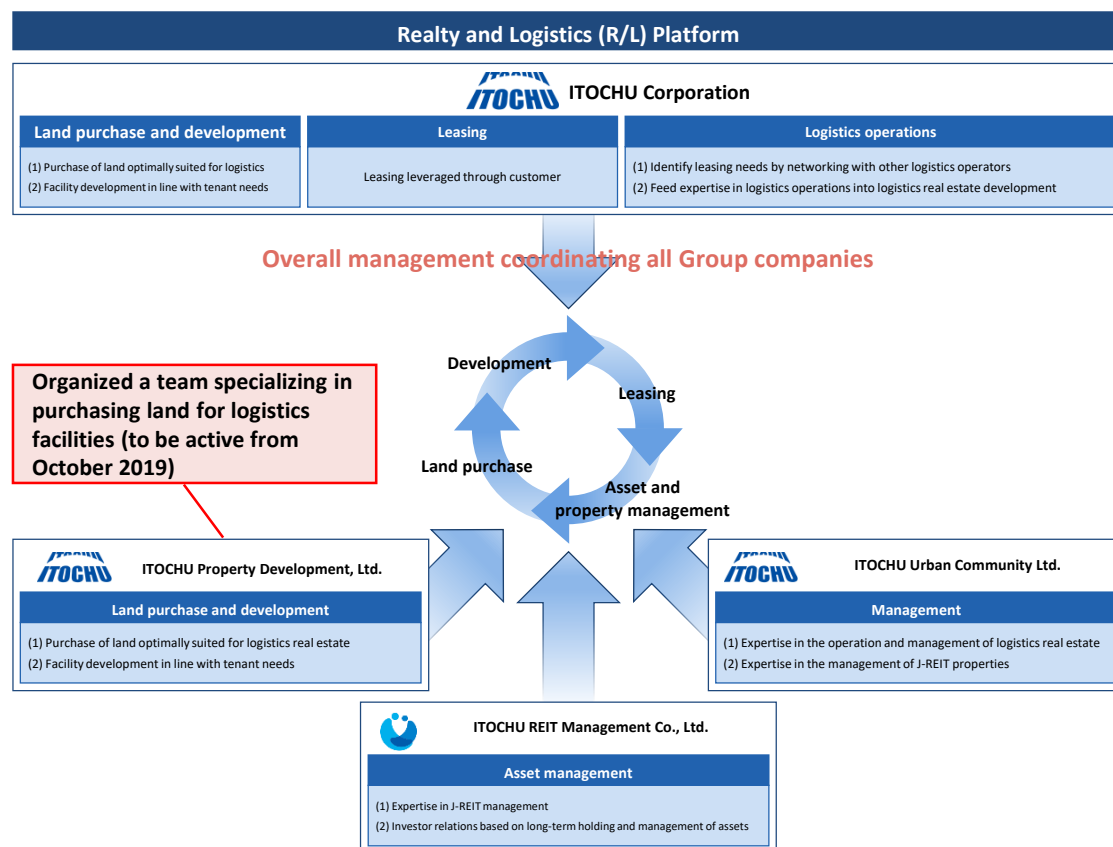
- ① Extensive customer network covering 100,000 companies
- ② A wide business domain covering upstream to downstream merchant channels
- ③ Strong presence in consumer-related businesses

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



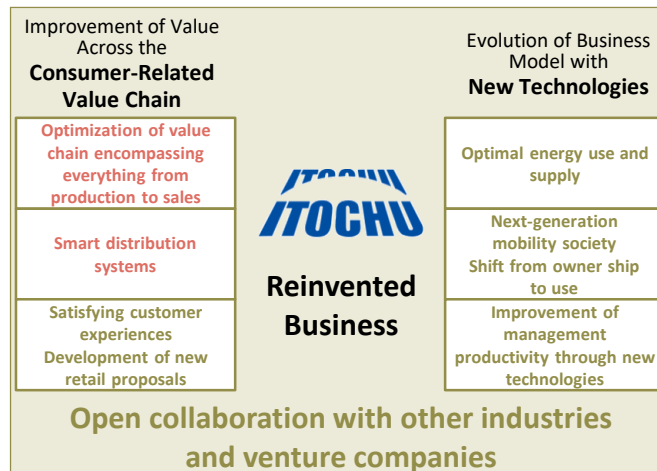
The ITOCHU Corporation has the Construction, Realty & Logistics Division, which is a single organization responsible for handling both the real estate development business and the logistics solutions business. By bringing together the human resources of the two business sectors, the ITOCHU Group has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

Integrated management system for real estate development and logistics solutions

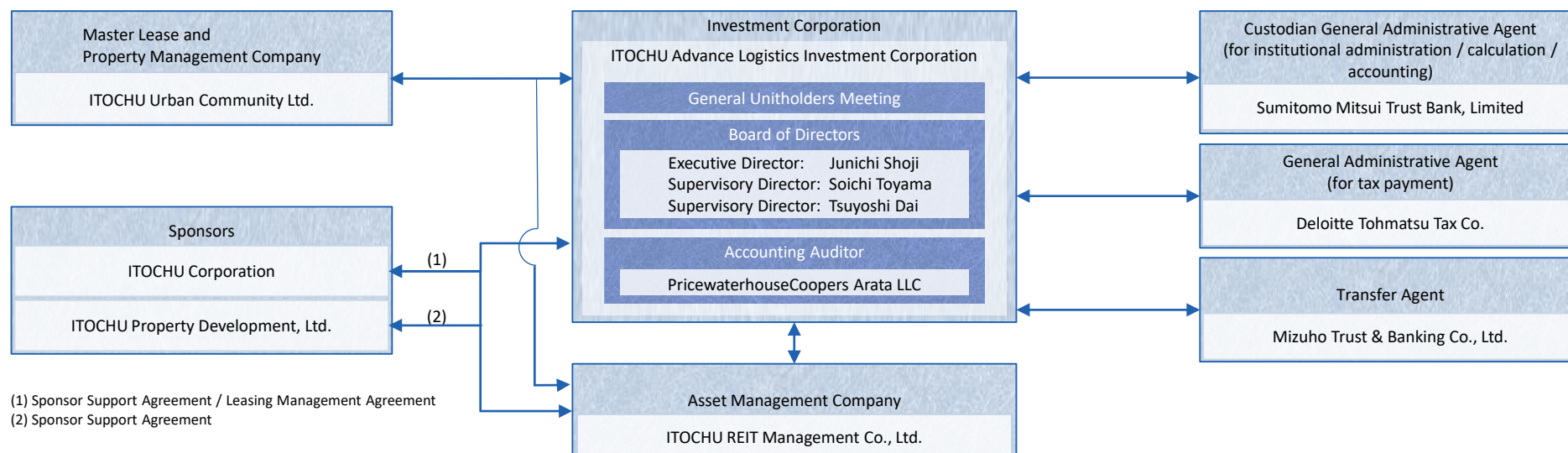


ITOCHU Corporation Medium-Term Management Plan "Brand-new Deal 2020"

On May 2, 2018, ITOCHU Corporation formulated its medium-term management plan "Brand-new Deal 2020"



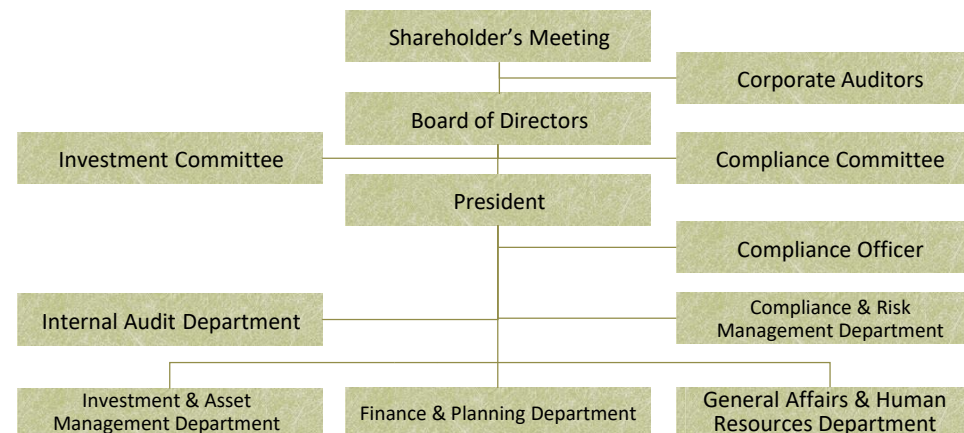
Structure



Overview of the Asset Management Company

As of July 31, 2019

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