



Ticker Symbol : 3493

ITOCHU Advance Logistics Investment Corporation

First Fiscal Period (Ended January 2019) Investor Presentation Material

March 18, 2019



President Message

“IAL’s mission”

IAL’s investment unit price has remained weak since the listing.
We have received a number of messages from our unitholders.

I have been engaged in real estate business for more than 30 years since I joined ITOCHU Corporation, including management of Advance Residence Investment Corporation since 2012.
I put all knowledge and experience acquired through my career into establishing IAL.
I stuck to the perspective on cap rate ideal for real estate during negotiations with the sponsor.
I will continue to adhere to my belief.

The asset management company secures excellent human resources with prominent experiences and distinguished competence, with whom we can share our dreams. I myself carefully talk with each of them.
On seeing sluggish investment unit prices, we all shifted the focus to next initiative to break the situation.
We are striving to take various measures at this very moment today.

Amid a paradigm shift in logistics occurred not only in Japan but also in the entire world, the ITOCHU Group, our sponsor, has its own “mission” specific to trading house.
Under the collaborative growth relationships with the ITOCHU Group, we will carry out what we should do in a reasonable period of time and earn as many fans as possible, which is “our mission.”

ITOCHU REIT Management Co., Ltd.
President Junichi Shoji

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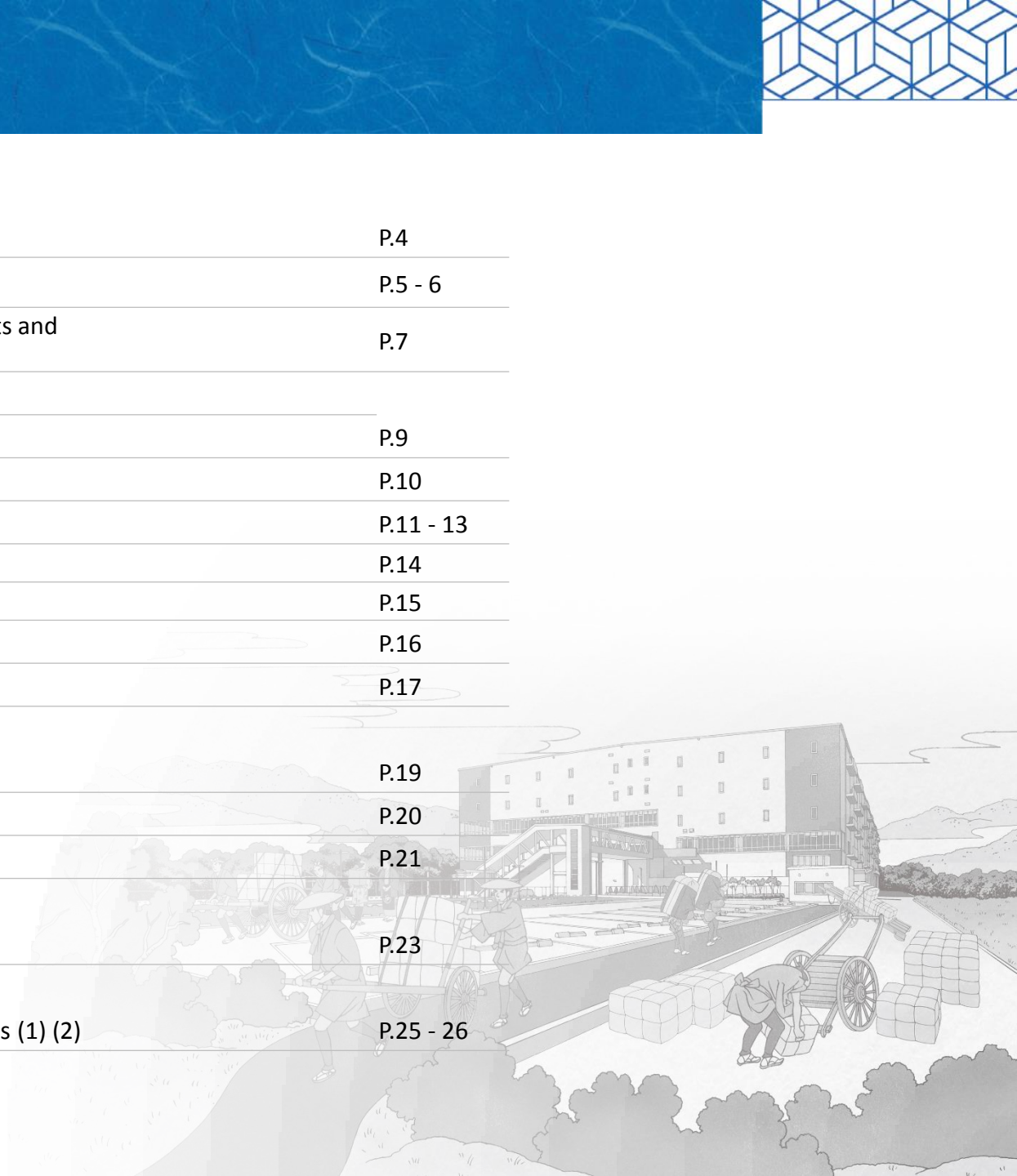
Financial Status

Financial Status	P.23
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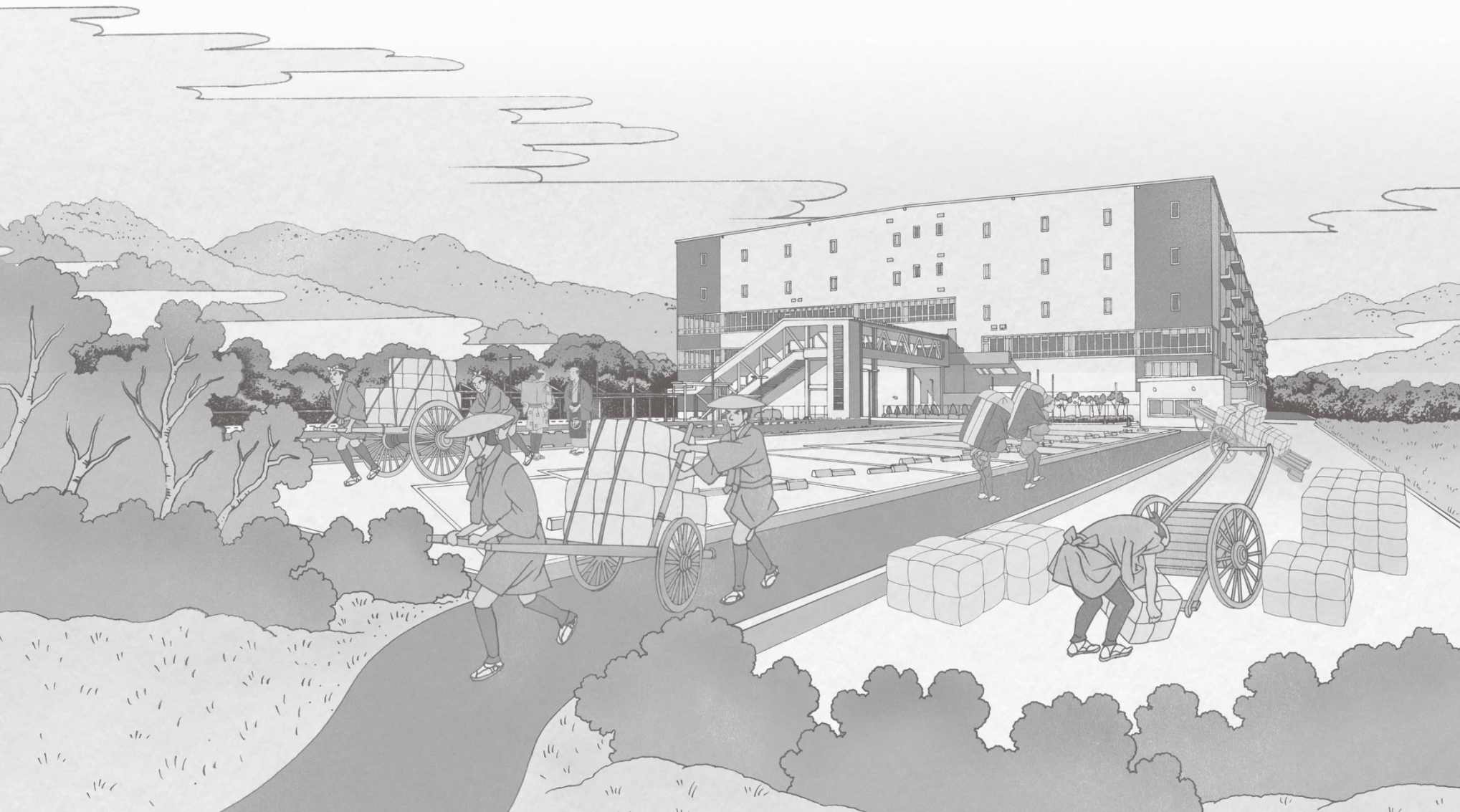
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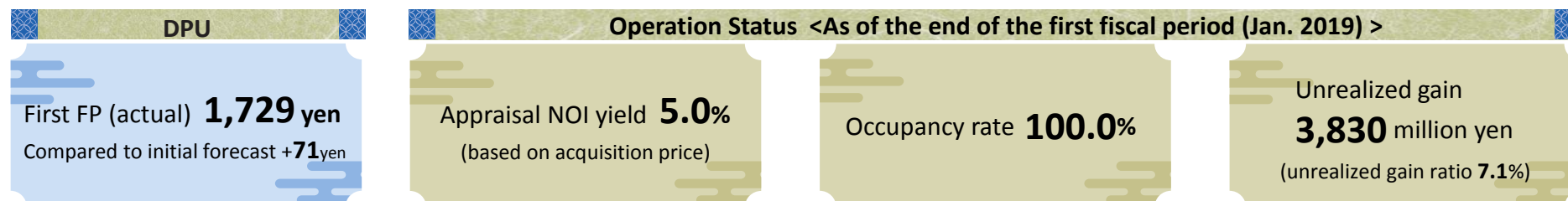
Financial Results



First Fiscal Period (Jan. 2019) Financial Results

Difference between actual results and initial forecast

With an occupancy rate of 100%, exceeded the initial forecast for the first fiscal period (Jan. 2019) mainly due to decline in loan-related costs and expenses related to the offering costs associated with the issuance of investment units



Items	Initial forecast (announced on Sep. 12, 2018) (A)	Revised forecast (announced on Feb. 25, 2019) (B)	First fiscal period result (C)	Compared to initial forecast (C)-(A)
Operating revenues	1,282	1,300	1,300	+18
Operating income	740	736	736	△3
Ordinary income	495	521	521	+26
Net income	494	520	520	+26
DPU (including surplus cash distribution (SCD))	1,658 yen	1,730 yen	1,729 yen	+71 yen
Distribution per unit (excluding SCD)	1,385 yen	1,457 yen	1,456 yen	+71 yen
SCD per unit	273 yen	273 yen	273 yen	±0 yen
FFO	819	866	866	+47
FFO payout ratio	72.2%	71.3%	71.3%	△0.9%
Ratio of SCD to depreciation	30.0%	28.2%	28.2%	△1.8%

Breakdown of difference

【Operating revenues】

Increase in utility revenues +14

【Operating income】

Increase in utility expenses △10

Decrease in repair expenses +3

Increase in depreciation △21

Increase in asset management fees △4

Decrease in fees for

legal counsel, etc. +2

Decrease in other

operating expenses +5

【Ordinary income】

Decrease in interest expenses through
an interest rate swap agreement +5

Decrease in loan-related expenses +3

Decrease in expenses related to
the offering costs associated with
the issuance of investment units +27

※ The first fiscal period (ended January 2019) commenced on May 1, 2018 and ended on January 31, 2019. The substantial fiscal period, however, is 147 days from September 7, 2018 to January 31, 2019.
Appraisal NOI yield is calculated by dividing total appraisal NOI by total acquisition price, and rounded to the first decimal place. The same shall apply hereinafter.
Unrealized gains are the difference between the book value at the end of the first fiscal period and the appraisal value, and unrealized gains rate is the rate of difference in respect to the book value at the end of the fiscal period, and rounded to the first decimal place. The same shall apply hereinafter.
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). The same shall apply hereinafter.
FFO payout ratio is calculated by dividing the sum of total distributions and total surplus cash distributions, and rounded to the first decimal place. The same shall apply hereinafter.

Initiatives Announced to Date (1)

Initiatives as a first step for further growth

Implementation of timely external growth

Announced on March 14

Newly acquisition of two properties
(incl. one property additional acquisition)
**Property acquisition of
4.99 billion yen**
(Acquisition value base)

Additional acquisition



IMP Inzai (quasi-co-ownership portion 15%)

Newly acquisition



IMP Moriya 2

Utilization of financial capacity

Announced on March 14

Newly borrowing
Procurement plan of
5.28 billion yen

LTV

37.0%

End of the first fiscal period
(Jan. 2019)



39.9%

End of the second fiscal period
(Jul. 2019)
(Estimate)

Acquisition of credit rating

Announced on March 15

**Newly credit rating
acquisition**

A+
(Stable)

JCR

ESG initiatives

Announced on February 28



DBJ Green Building

Certification acquisition
(for five properties)

Introduction of
investment unit
ownership program

Initiatives Announced to Date (2)

Overview of anticipated acquisition properties

Acquired part of pipelines utilizing preferential negotiation right

	Index	End of first fiscal period (Jan. 2019)	Second fiscal period (Jul. 2019) initiatives		Total / Average	Total / Average (As of April 1, 2019)
			i Missions Park Inzai (quasi-co-ownership portion 15%)	i Missions Park Moriya 2		
Asset	Number of properties	7 properties	1 property (additional acquisition of quasi-co-ownership portion)	1 property	2 properties	8 properties
	Acquisition price	53,840 million yen	4,240 million yen	750 million yen	4,990 million yen	58,830 million yen
	Appraisal value	57,720 million yen	4,440 million yen	845 million yen	5,285 million yen	63,005 million yen
	Appraisal NOI yield	5.0%	4.9%	6.6%	5.2%	5.0%
	Property age	2.4 years	1.1 years	24.3 years	4.6 years	2.8 years
	Occupancy rate	100.0%	100.0%	100.0%	100.0%	100.0%
	Total floor area	236,567.50 m ²	16,503.37 m ²	6,779.95 m ²	23,283.32 m ²	259,850.82 m ²
	Location		Inzai City, Chiba	Tsukubamirai City, Ibaraki		
Debt	Interest-bearing debt	21,990 million yen	Plan to borrow 5.28 billion yen			27,270 million yen
	LTV	37.0%				39.9% (forecast for 2nd FP (Jul. 2019))
Equity	DPU	1,729 yen				2,262 yen (forecast for 2nd FP (Jul. 2019))
	NAV per unit	109,848 yen				

Other initiatives

ESG	<ul style="list-style-type: none"> Acquired DBJ Green Building certification (IMP Inzai : 5 stars, IMP Kashiwa • IMP Noda • IMP Moriya • IMP Misato : 4 stars) Introduction of an investment unit ownership program Contribution to society in collaboration with the ITOCHU Group
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※ Building age shown in Total/Average is as of April 1, 2019, rounded to the first decimal place.
 For i Missions Park Inzai (quasi-co-ownership portion: 15%), total floor area is calculated in proportion to IAL's co-ownership interest of trust beneficiary right to the property's total floor area (110,022.51 m²), and rounded down to the second decimal place.
 NAV per unit is calculated based on the following formula: (Net assets + (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 (357,143 units). The figure is rounded down to the second decimal place.

Second Fiscal Period (Jul. 2019) Earning Forecasts and Third Fiscal Period (Jan. 2020) Earning Forecasts

Second fiscal period and third fiscal period earning forecasts

Items	Initial forecast for Second fiscal period (announced on Sep. 12, 2018) (A)	Revised forecast for Second fiscal period (announced on Mar. 14, 2019) (B)	Difference (B) – (A)	Forecast for third fiscal period (announced on Mar. 14, 2019)
	(A)	(B)		
Operating revenues	1,597	1,723	126	1,775
Operating income	741	798	56	821
Ordinary income	672	707	35	733
Net income	671	706	35	732
DPU (including surplus cash distribution (SCD))	2,174 yen	2,262 yen	88 yen	2,343 yen
Distribution per unit (excluding SCD)	1,880 yen	1,977 yen	97 yen	2,051 yen
SCD per unit	294 yen	285 yen	△9 yen	292 yen
FFO	1,071	1,154	83	1,195
FFO payout ratio	72.4%	70.0%	△2.4%	70.0%
Ratio of SCD to depreciation	26.2%	22.7%	△3.5%	22.5%

Breakdown of difference in the second fiscal period (Jul. 2019)

【Operating revenues】

Increase due to property acquisition	
Rent revenues	+103
Utility revenues	+21

【Operating income】

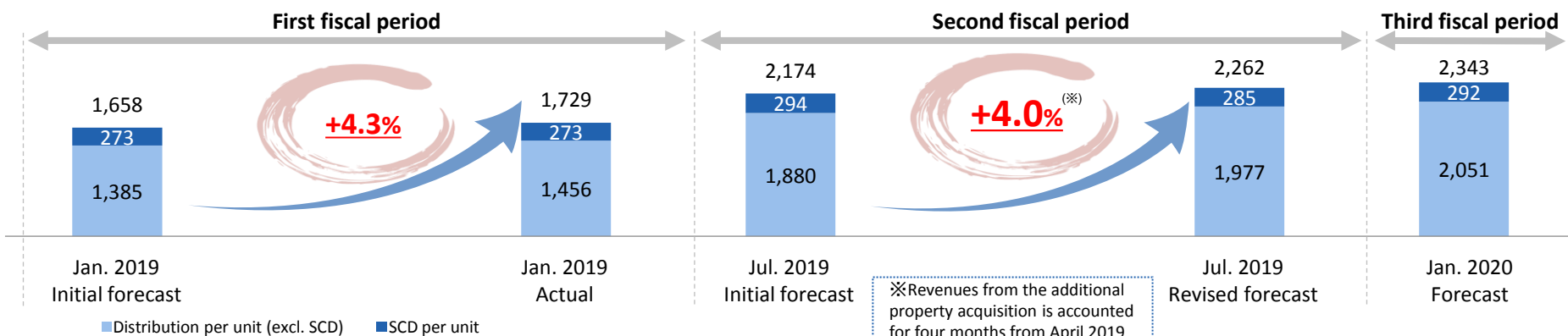
Cost increase due to property acquisition	
Utility expenses	△18
Asset management fees	△15
Depreciation	△47
Decrease in property and city planning taxes for IMP Inzai (difference from the estimation)	+11
Increase in expenses due to an increase in the number of unitholders (assumed contrast)	△4

【Ordinary income】

Increase in non-operating expenses due to property acquisition	
Interest expenses	△9
Borrowing related expenses	△11

Forecast distributions

Projected 4.0% growth in dividends for the second fiscal period (Jul. 2019) due to the acquisition of new properties



Growth Strategies

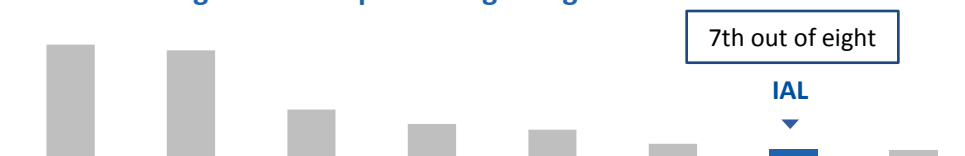


Need to enhance its presence in the J-REIT market

(1) Behind other J-REITs in terms of asset size

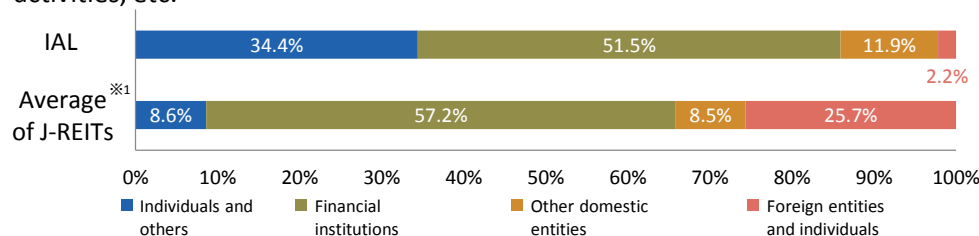
- Increase in the probability to expand asset size and pursuit of high growth rate
- Highlighting the features of long-term stable portfolio independent of the size

Asset size ranking in J-REITs specializing in logistics facilities



(2) Limited investor universe

- Deeper relationships with the existing unitholders and further expansion of fan investor base
- Further showcasing IAL's strength and growth strategies through detailed IR activities, etc.

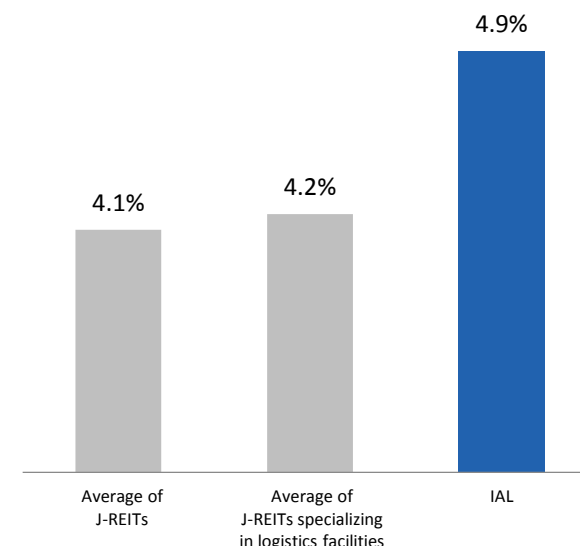


(3) Insufficient track record

- Steady growth of distributions
- Timely and proactively carrying out measures

Dividend Yield ※2

Dividend Yield



To be a **“Preferentially Selected REIT”**
from domestic and overseas investors

※1 Average unitholder composition of J-REITs is weighted for the market capitalization as of January 31, 2019 based on each investment corporation's disclosures announced by the fiscal period ended December 2018.




※2 Dividend yield is calculated by dividing expected distributions per unit disclosed by each investment corporation and calculated for 365 days by investment unit price as of March 1, 2019. IAL's dividend yield is calculated based on expected distributions per unit for the fiscal year ending July 2019 (second fiscal period) of 2,174 yen (announced on September 12, 2018). Average dividend yield of J-REITs and that of J-REITs specializing in logistics facilities are a weighted average of the dividend yield of relevant investment corporations based on the market capitalization as of March 1, 2019.


Current Issues and Measures

Issues

Measures

Accumulate timely and aggressive measures

-  Increase in the probability to expand asset size and pursuit of high growth rate
-  Steady growth of distributions
-  Highlighting the features of long-term stable portfolio independent of the size

-  Deeper relationships with the existing unitholders and further expansion of fan investor base

Further showcasing IAL's strength and growth strategies through detailed IR activities, etc.

Implementation
of timely external
growth

Utilization
of financial
capacity

Property acquisition
utilizing leverage

Consecutive commitment to
IR activities

Acquisition
of credit
rating

Acquisition of credit rating
A+ (Stable): JCR

ESG
initiatives

Acquisition of DBJ Green
Building certification
Introduction of an investment
unit ownership program

Basic Strategies (1)

Build a growth spiral based on collaborative growth relationships by taking advantage of the support provided by the sponsor group, which has a rich history of logistics real estate development and acquisition (Reality and Logistics Platform) and a network of approximately 100,000 clients (Group-wide Merchant Channel Platform)



ITOCHU Advance Logistics Investment Corporation
Ownership / Management

Number of properties



IMP Inzai



IMP Noda



IMP Kashiwa



IMP Moriya



IMP Chiba-Kita



IMP Atsugi



IMP Misato



IMP Moriya 2

Strengthening the ITOCHU Group's
business platform through IAL

Collaborative
growth
relationships

Growth of IAL by utilizing
the ITOCHU Group's
business platforms



ITOCHU Corporation
Development / Leasing

ITOCHU Group's two business platforms



ITOCHU Corporation owned / developed properties



IMP Inzai



IMP Tokyo-Adachi



IMP Kashiwa 2



IMP Inzai 2



IMP Ichikawa Shiohama



IMP Miyoshi

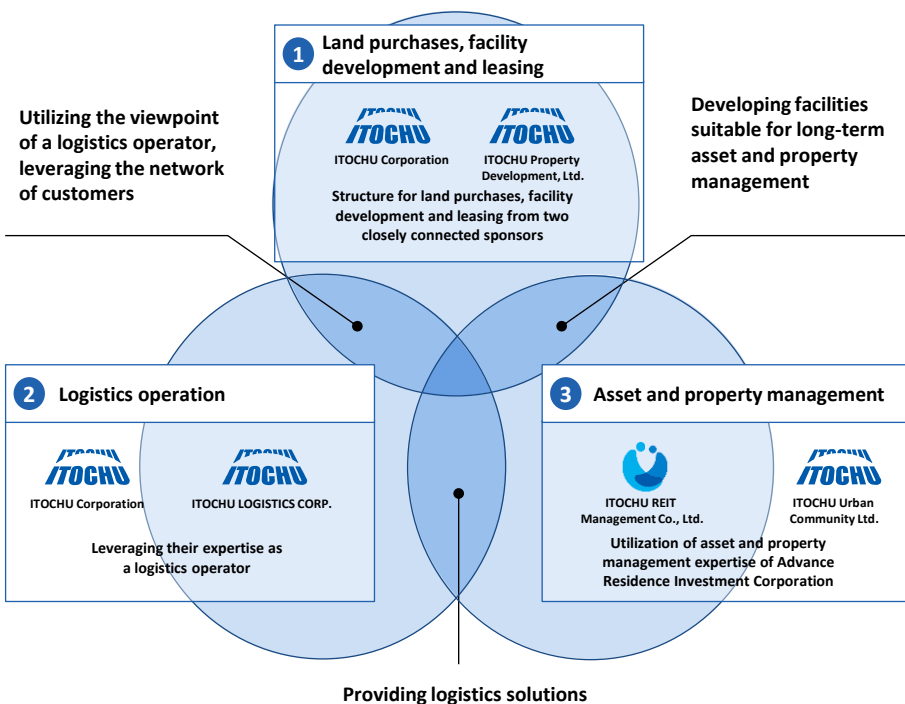
Basic Strategies (2)

The two business platform that provide 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**

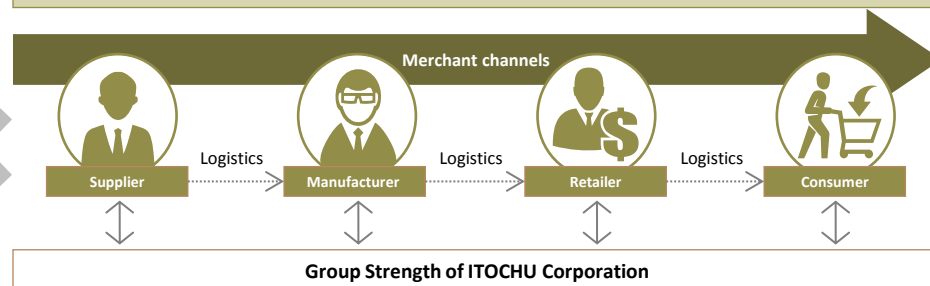
Real Estate & Logistics function of General Products & Realty Company of ITOCHU Corporation, which has integrated responsibility for ①, ② and ③



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

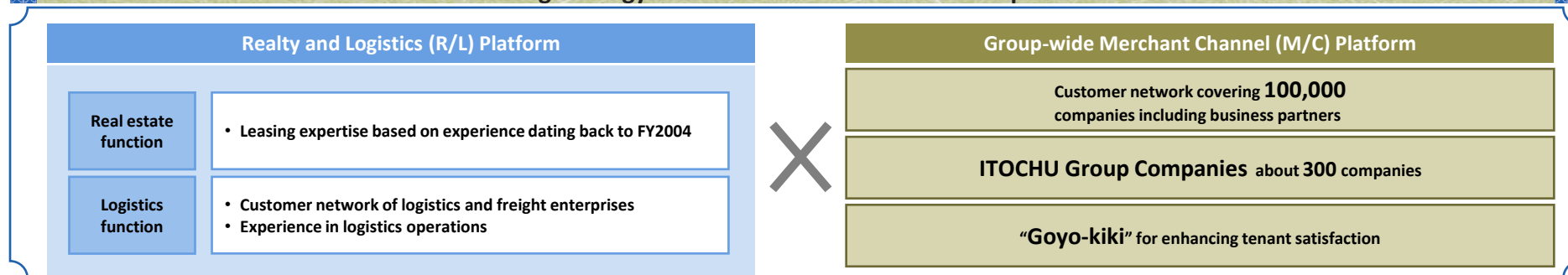


Basic Strategies (3) “Goyo-kiki”

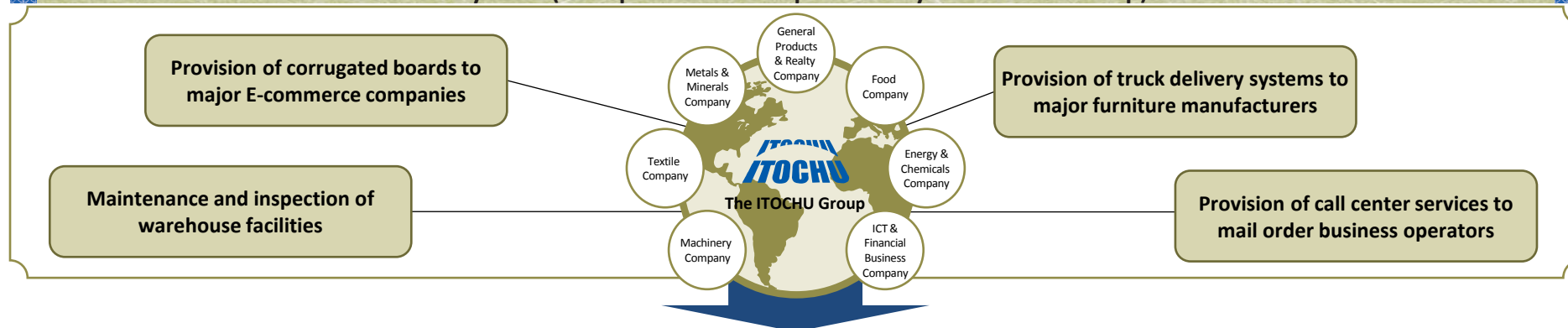
Leasing system and Goyo-kiki with the distinctive mark of the ITOCHU Group

- The Investment Corporation aims to achieve internal growth based on a leasing system with the distinctive mark of the ITOCHU Group that makes the most of Realty and Logistics Platform and Group-wide Merchant Channel Platform
- The ITOCHU Group enhances tenant satisfaction with appropriate solutions to various management issues

Leasing strategy that makes the most of the two platforms



Goyo-kiki (examples of services provided by the ITOCHU Group)



Stable revenue from deeper relationships with tenants

Characteristics of LAL

Focused investment on “logistics real estate”
developed by the ITOCHU Group

- Developed by the ITOCHU Group to meet tenant needs
- Excellent tenants invited by the ITOCHU Group

External growth and internal growth based on
“the collaborative growth relationships”

- Utilization of “Realty and Logistics Platform” and “Group-wide Merchant Channel Platform”
- Utilization of ITOCHU Corporation’s customer network covering 100,000 companies
- Long-term stable growth through deeper relationships with tenants by “Goyo-kiki”

Conservative financial management

- Stabilization of the financial base through extending the maturity dates of borrowings, diversifying the maturity and the amount and fixing interest rates
- LTV control stimulating growth potential and efficient cash management

Initiatives aimed at increase
in unitholder value

- Same-boat investment by ITOCHU Corporation
- Management fee structure of Asset Management Company linked to total assets, NOI and EPU

<Thoughts for i Missions Park>

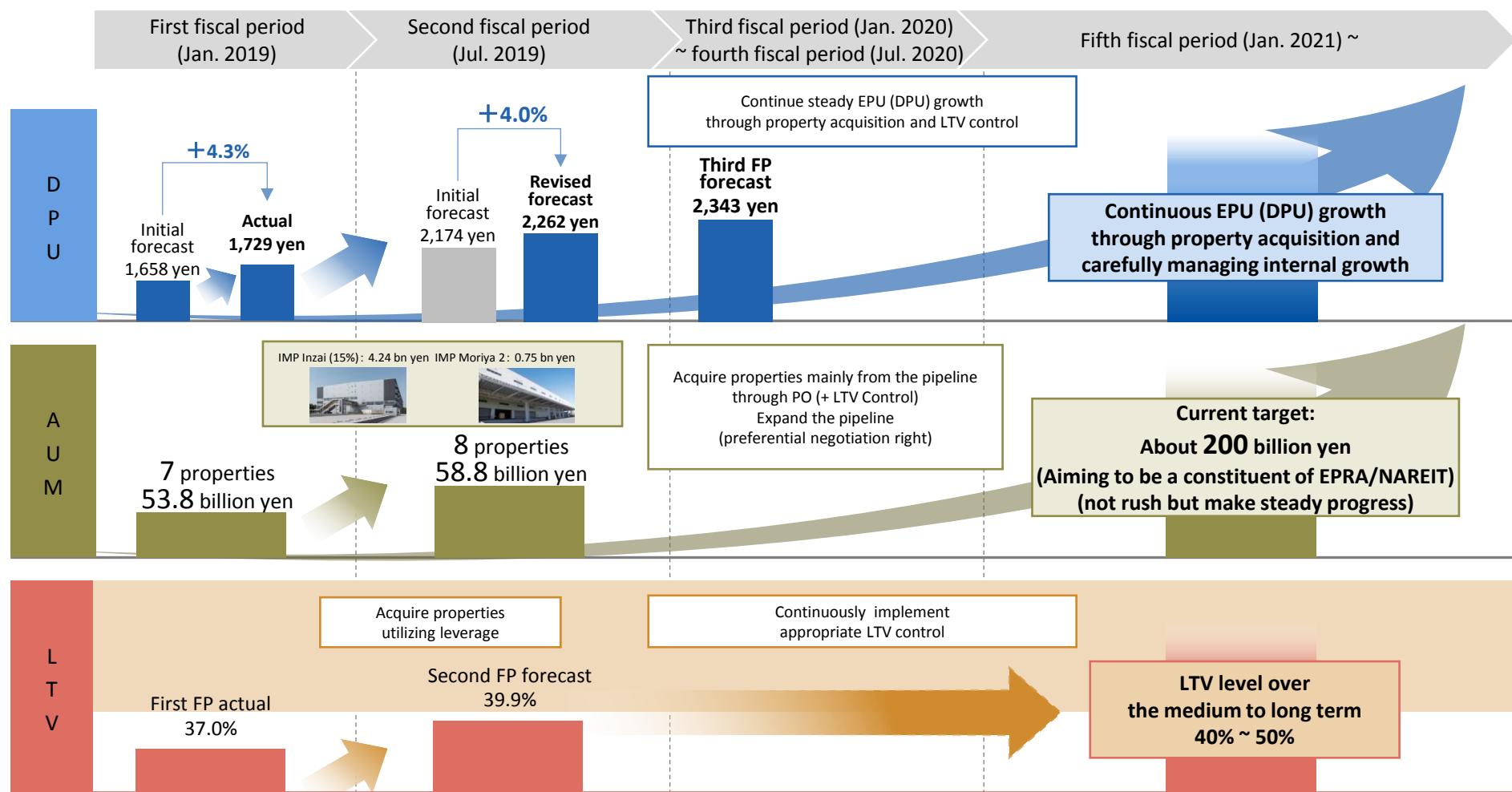


i Missions Park

I am one with Infinite Missions

Future Growth Strategy

Achieving stable growth through steady acquisition of sponsor pipeline properties and thorough LTV control



Assertive

Higher liquidity, investor base expansion, and increase in distributions

- Acquisition of sponsor pipeline properties, etc. (including enhancement of the property acquisition route (CRE strategy, etc.)) [Not rush but make steady progress. Also consider utilizing leverage]
- Improvement in credit rating [Higher to AA rating]
- Promotion of ESG initiatives [Acquisition of GRESB certification, etc.]
- Initiatives aimed at increasing NOI [Reduction in operational costs, efficient utilization of unused space, etc.]
- Proactive IR activities [Focus on careful market communication]

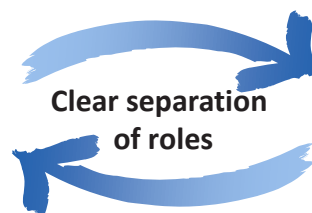
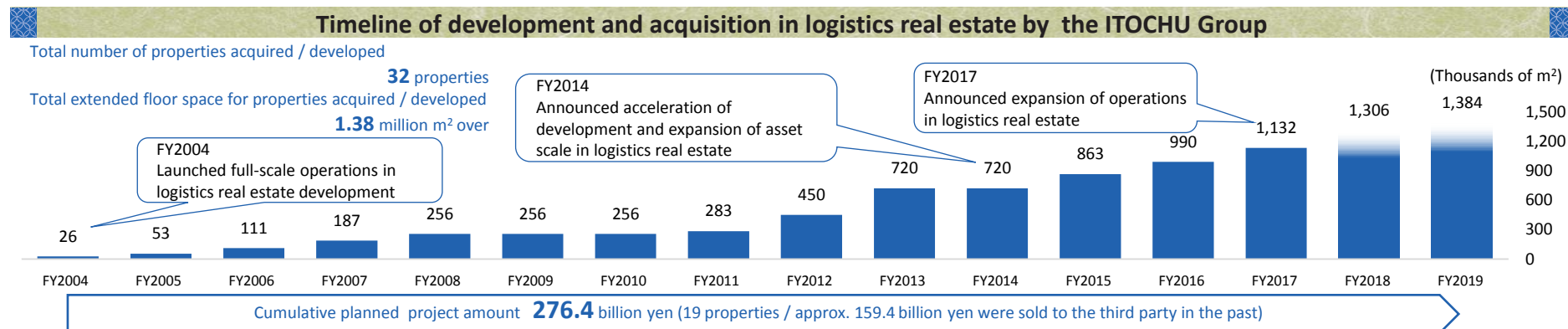
Defensive

Stable operations, establishment of firm financial base, and improvement of investment unit prices

- Enhancement of the relationships with the existing tenants by Goyo-kiki [Deeper relationships with tenants]
- Thorough LTV ratio control [Medium to long-term level: 40-50%]
- Thoroughly extending the maturity dates of borrowings, diversifying the maturity and the amount and fixing interest rates
- Consideration of diversifying financing methods [Introduction of commitment line, issuance of investment corporation bonds, etc.]
- Thoroughly practicing efficient cash management [Surplus cash distributions, repair costs, etc.]
- Consideration of acquiring its own investment units depending on changes in investment unit prices

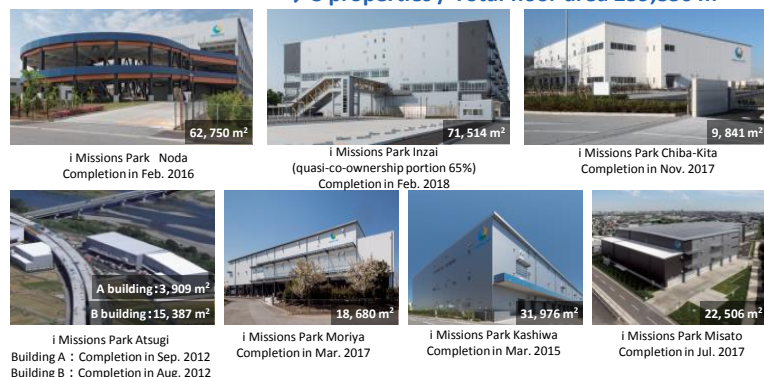
External Growth Strategies

Development and acquisition record in logistics real estate by the ITOCHU Group



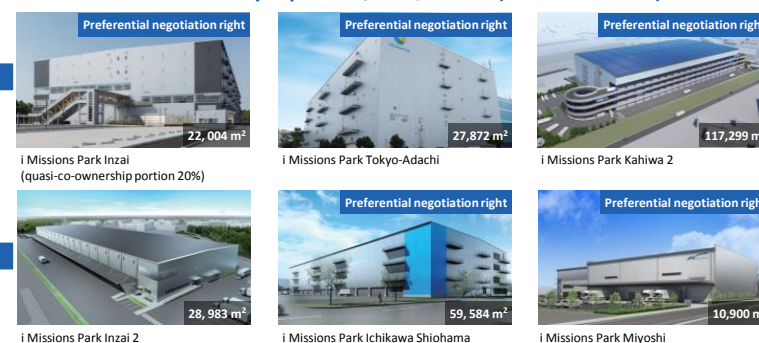
Number of properties

7 properties / Total floor area 236,567 m²
→ 8 properties / Total floor area 259,850 m²

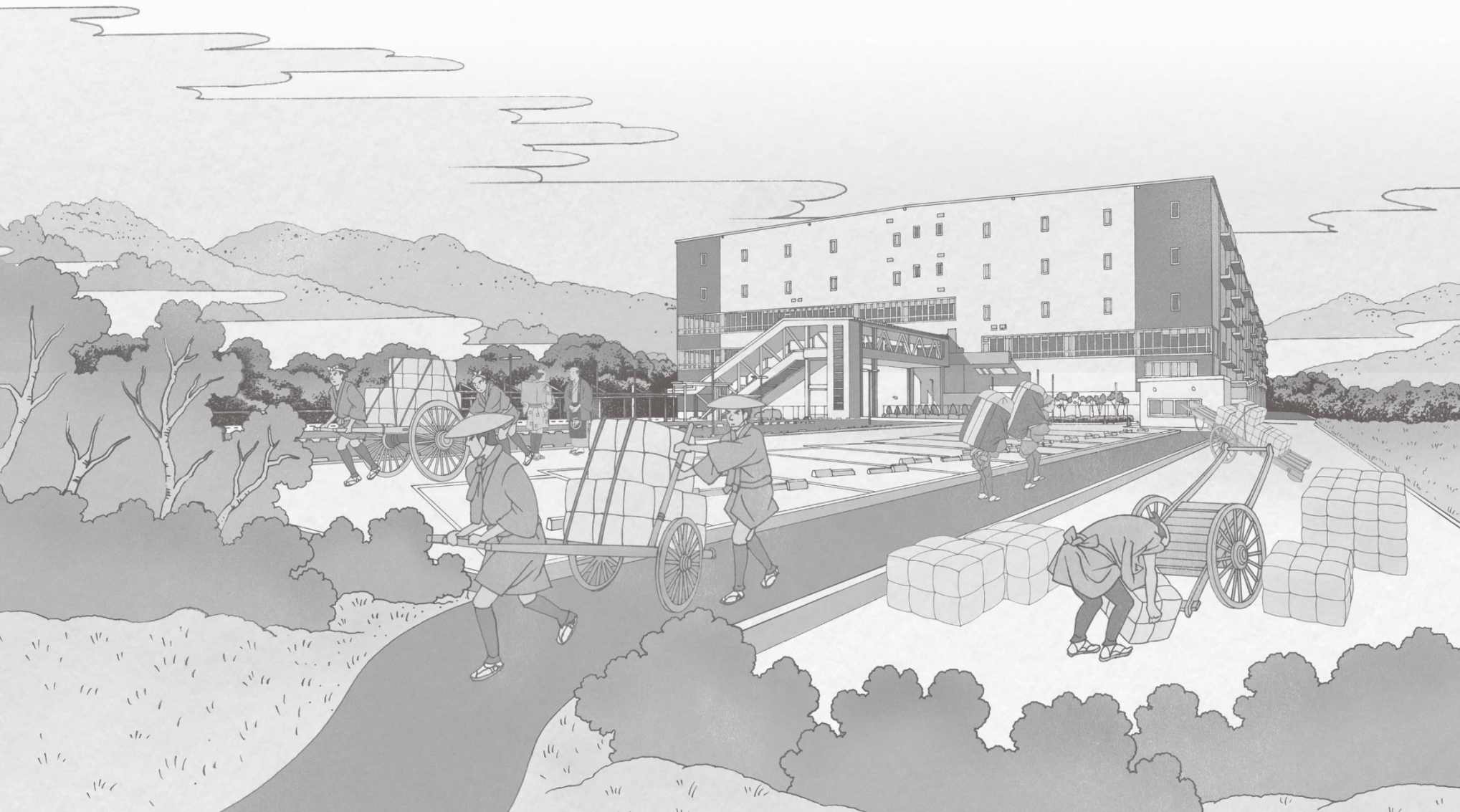


Properties owned / under development by the ITOCHU Group

The ITOCHU Group owned and under development : 6 properties / 266,642 m² (total floor area)



Portfolio



Portfolio Map

Properties owned



IMP Inzai (quasi-co-ownership portion 65%)



IMP Moriya



IMP Kashiwa



IMP Misato



IMP Atsugi



IMP Chiba-Kita



IMP Noda



IMP Inzai (quasi-co-ownership portion 15%)



IMP Moriya 2

Anticipated acquisition properties on Apr. 1, 2019

The ITOCHU Group owned / developed properties



IMP Inzai (quasi-co-ownership portion 20%)



IMP Tokyo Adachi



IMP Kashiwa 2



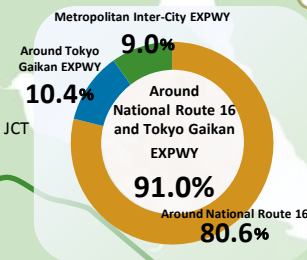
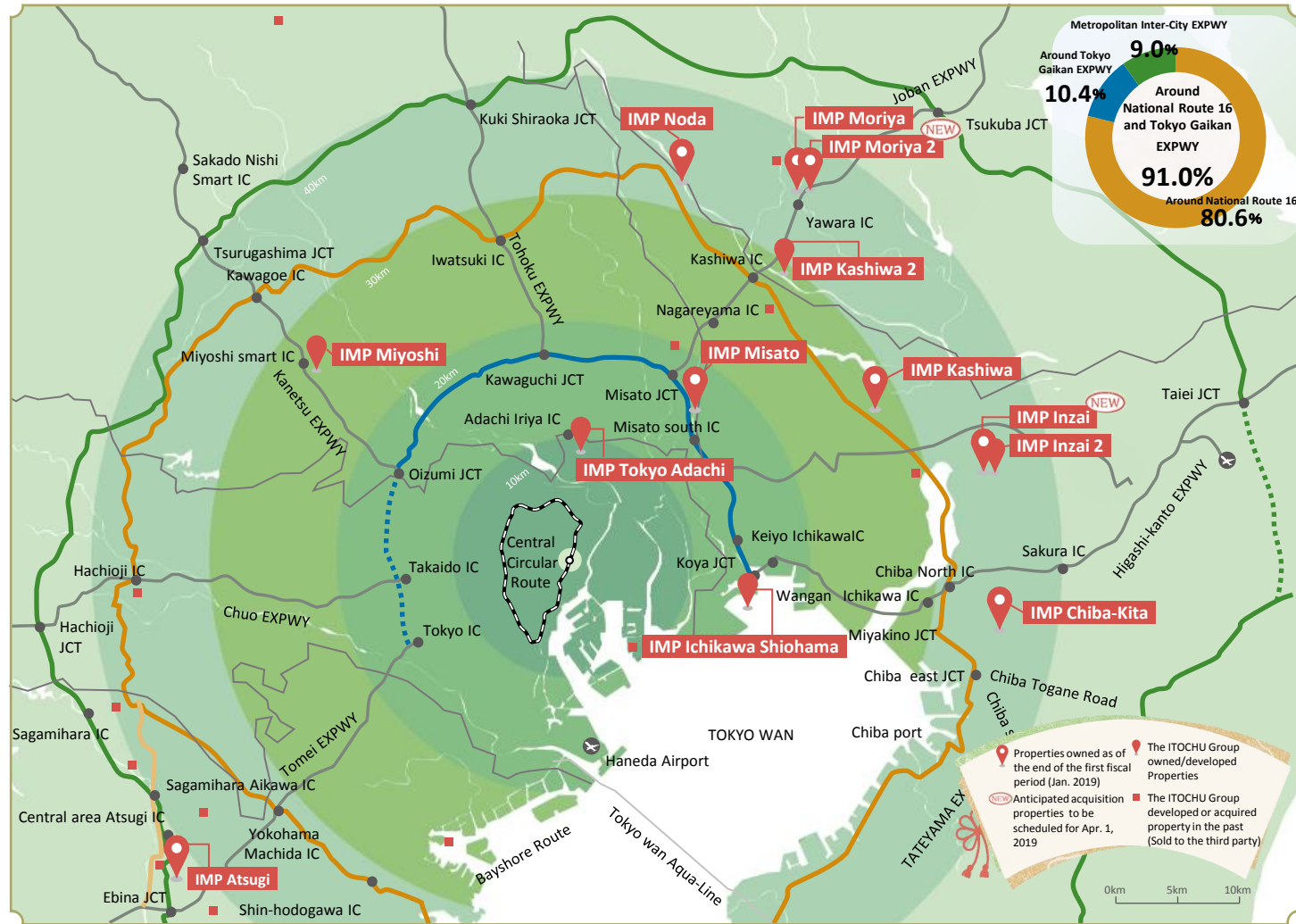
IMP Inzai 2



IMP Ichikawa Shiohama



IMP Miyoshi



Portfolio List

By investing mainly in “i Missions Park,” logistics real estate developed by the ITOCHU Group, continue to establish long-term stable portfolio

Category	Property No.	Property name	Location	Acquisition price (MN Yen)	Book value at the end of the period ^(※4) (MN Yen)	Appraisal value (MN Yen)	Unrealized gains (MN Yen) ^(※4)	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	5,315	5,820	504	5.0	Building A : 3,909.97 Building B : 15,387.63	6.4	100.0
	L-2	i Missions Park Kashiwa	Kashiwa City, Chiba	6,140	6,148	6,830	681	5.1	31,976.44	3.9	100.0
	L-3	i Missions Park Noda	Noda City, Chiba	12,600	12,611	13,400	788	4.9	62,750.90	3.0	100.0
	L-4	i Missions Park Moriya	Tsukuba Mirai City, Ibaraki	3,200	3,203	3,390	186	5.1	18,680.16	1.8	100.0
	L-5	i Missions Park Misato	Misato City, Saitama	6,100	6,112	6,750	637	5.0	22,506.53	1.5	100.0
	L-6	i Missions Park Chiba-Kita	Chiba City, Chiba	2,600	2,614	2,830	215	5.3	9,841.24	1.2	100.0
	L-7	i Missions Park Inzai (quasi-co-ownership portion 65%)	Inzai City, Chiba	17,900	17,883	18,700	816	4.9	110,022.51 (71,514.63) ^(※1)	0.9	100.0
Total (As of the end of the first fiscal period (Jan. 2019), L-1~L-7)				53,840	53,889	57,720	3,830	5.0	275,075.38 (236,567.50)	2.4	100.0
Anticipated acquisition properties	L-7	i Missions Park Inzai (quasi-co-ownership portion 15%)	Inzai City, Chiba	4,240	—	4,440	—	4.9	110,022.51 (16,503.37) ^(※1)	1.1	100.0
	L-8	i Missions Park Moriya 2	Tsukuba Mirai City, Ibaraki	750	—	845	—	6.6	6,779.95	24.3	100.0
Total (As of April 1, 2019, L-1~L-8)				58,830	—	63,005	—	5.0	281,855.33 (259,850.82)	2.8 ^(※3)	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 (65% or 15%), 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 Figures as of April 2019 are rounded to the first decimal place. An average building age of L-1 to L-7 properties to be acquired as of April 1, 2019 is 2.6 years.

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



Portfolio Characteristics / Status

Long-term stable portfolio based on selective investment and deeper relationships with tenants

(As of April 1, 2019)

Strong sponsor support

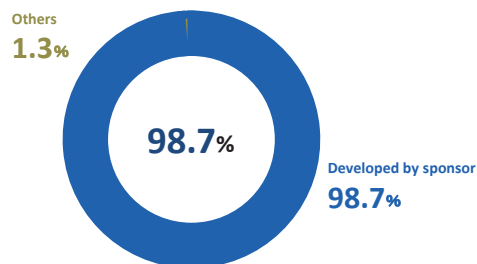
Realty and
Logistics (R/L)



Group-wide
Merchant
Channel (M/C)

Properties developed by sponsor

Sponsor development ratio (based on acquisition price)



Recently constructed / convenient located portfolio

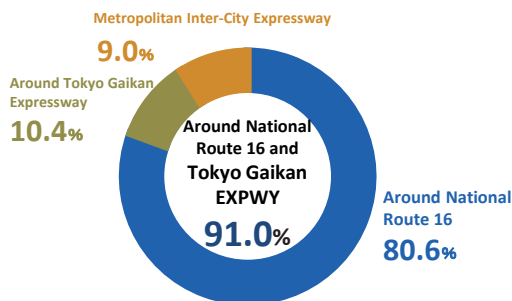
Convenient
location



Recently
constructed
properties

Investment area

Area ratio (based on acquisition price)



Long-term contracts with high quality tenants

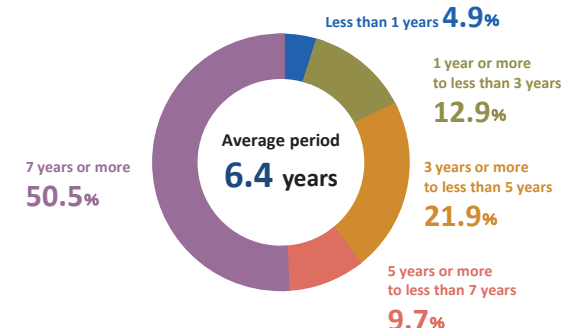
Long-term lease
contract



High quality
tenants

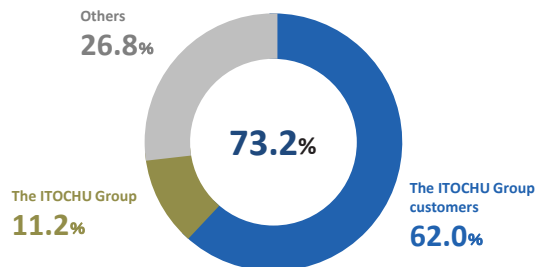
Lease term remaining

Ratio by lease remains period (annual rent base)



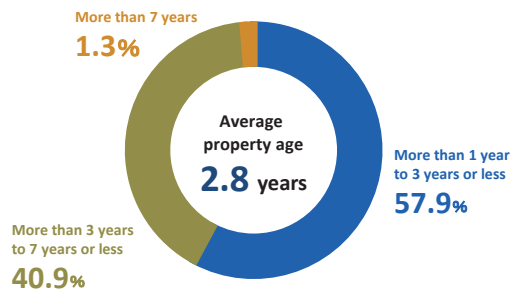
The ITOCHU Group and the Group customer tenant

Group and group customer ratio (based on annual rent)



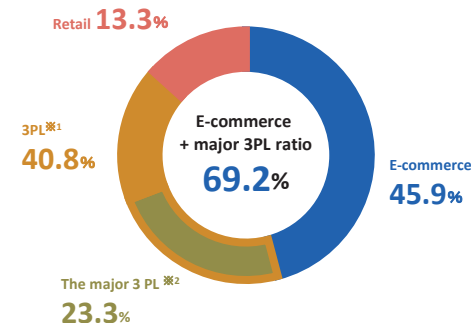
Property age

Percentage by age (based on acquisition price)



Tenant industry

Tenant industry ratio (annual rent base)



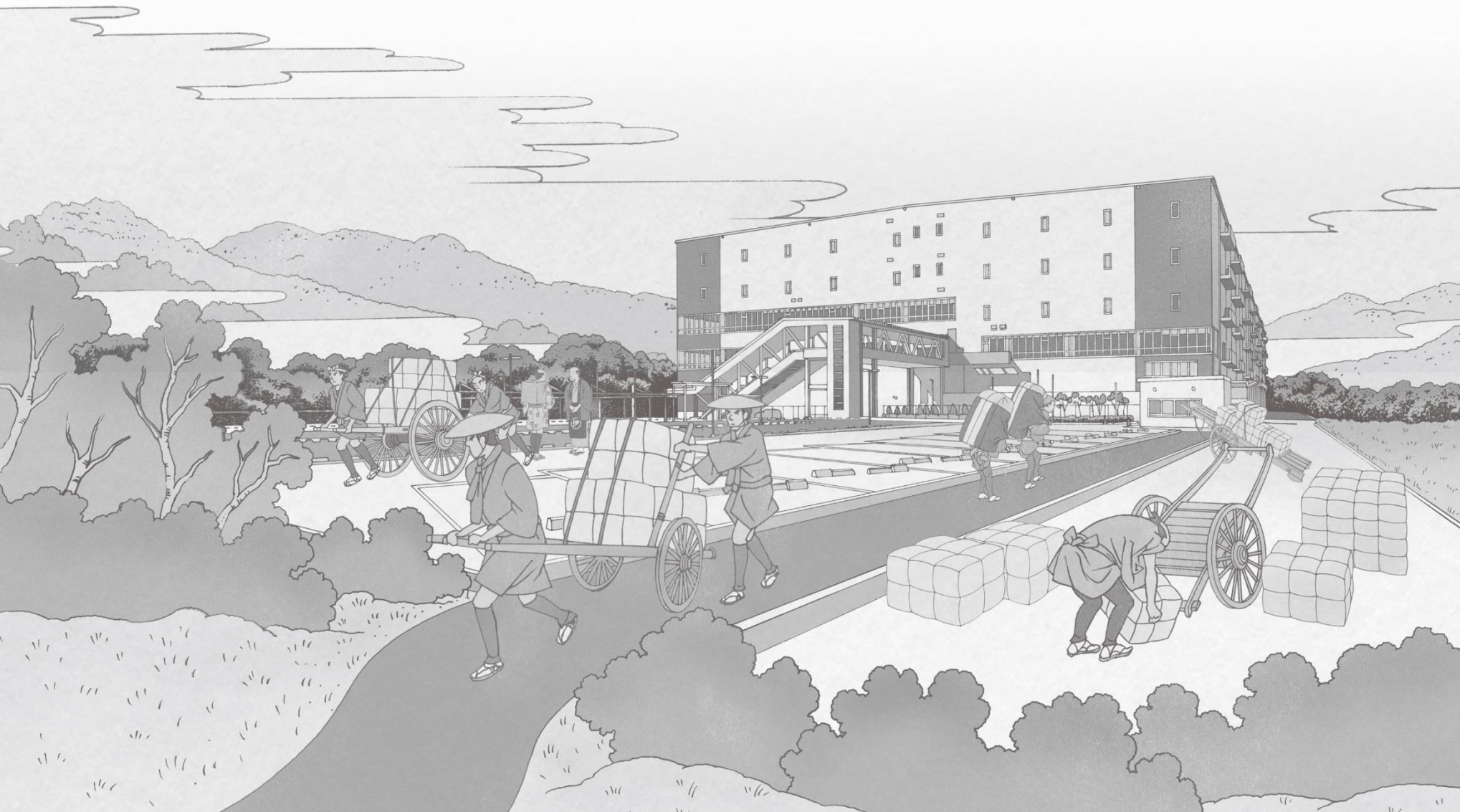
※ Ratios are rounded to the first decimal place.

※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. The same shall apply hereinafter.

※2 Large 3PLs mean 3PLs with consolidated sales exceeding 100 billion yen including such 3PLs. The same shall apply hereinafter.



Financial Status



Financial Status

Conservative financial management and consideration for financing capacities

- Establish a stable financial base with long-term borrowing periods and fixed interest rates based on the bank formation centering on mega banks
- Plan to acquire properties only with borrowings in April 2019. Maintain low LTV level at 39.9% for the fiscal period ending July 2019 (second fiscal period) after acquiring them

Borrowing status

First fiscal period (Jan. 2019)		Second fiscal period (Jul. 2019) (after additional borrowings / consumption tax loan repayment)	
Interest-bearing debt	21,990 million yen		24,580 million yen
Consumption tax loans	2,690 million yen		260 million yen
LTV	37.0%		39.9%
Fixed interest ratio	79.2%		91.3%
Long-term debt ratio	79.2%		91.3%
Average debt cost	0.47%		-
Average remaining debt duration	4.6 years		-

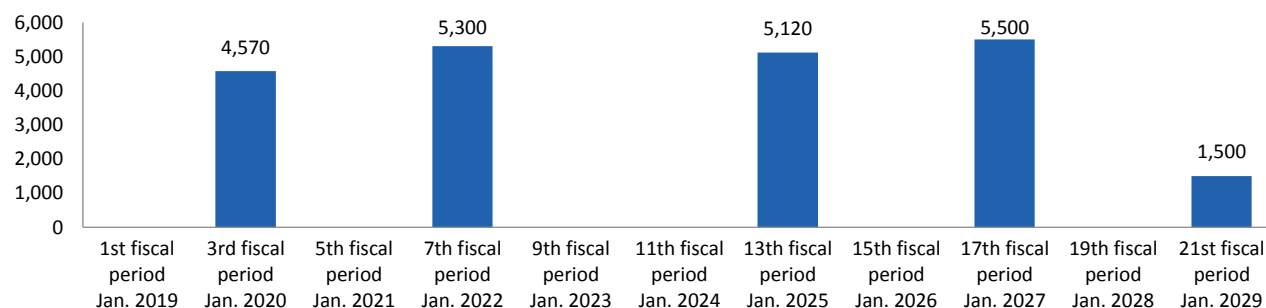
New borrowings
5.28 billion yen
(of which, consumption tax loans
0.26 billion yen)

Repayment
2.69 billion yen
(consumption tax loans at IPO)

- Financing capacities with LTV of up to 45% are approx. 5.8 billion yen ※
※ Estimated calculation as of the end of July 2019 (the end of the second fiscal period). Financing capacities will further increase after repaying consumption tax loans of 260 million yen.

Maturity Ladder (As of the end of January 2019, excluding newly borrowings)

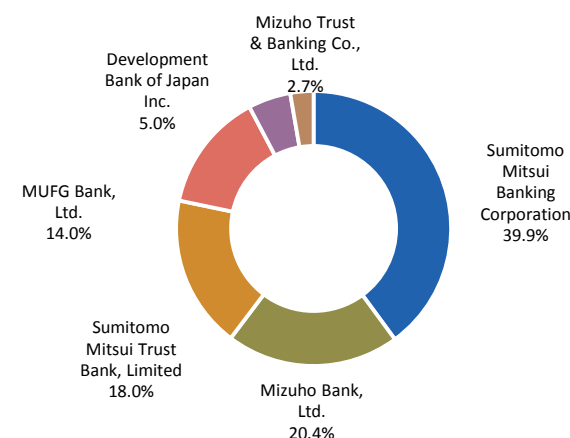
(MN Yen)



※ Ratios are rounded to the first decimal place.

Bank Formation

As of the first fiscal period (Jan. 2019)



Credit Rating

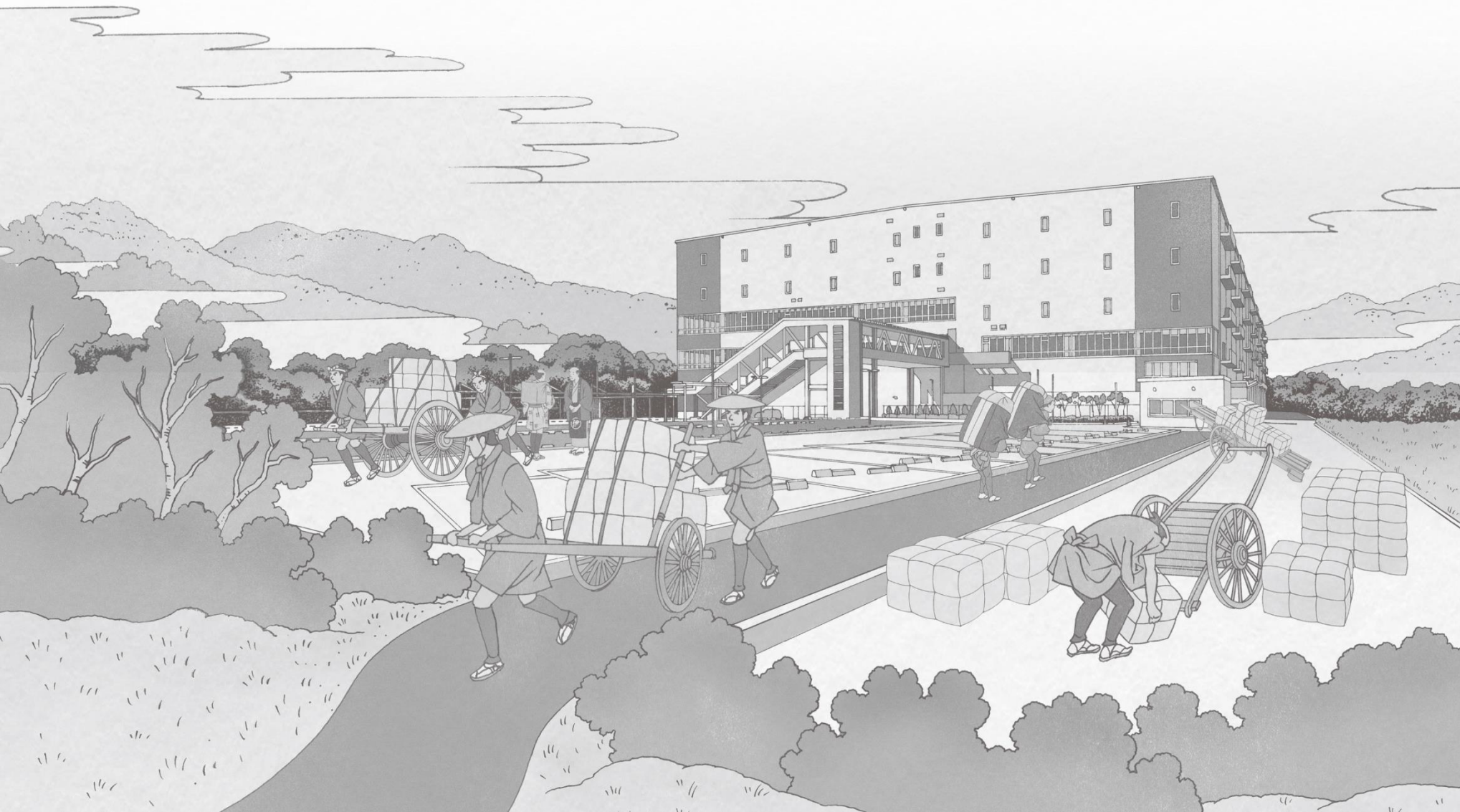
Acquired on March 15, 2019

Japan Credit Rating Agency, Ltd. (JCR)

A+ (Stable)



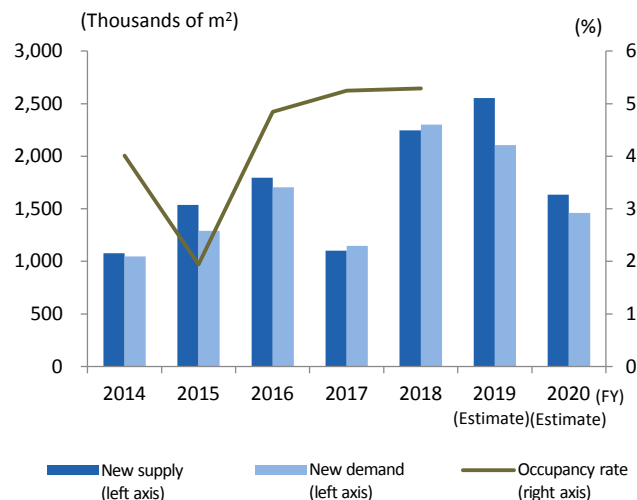
Market Overview



Supply and Demand Balance of Logistics Facilities (1)

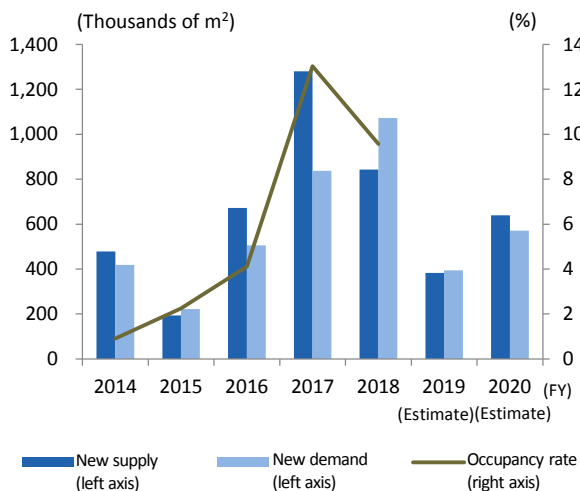
Logistics market in Kanto area / Kansai area

Occupancy rate and supply and demand balance in Kanto area



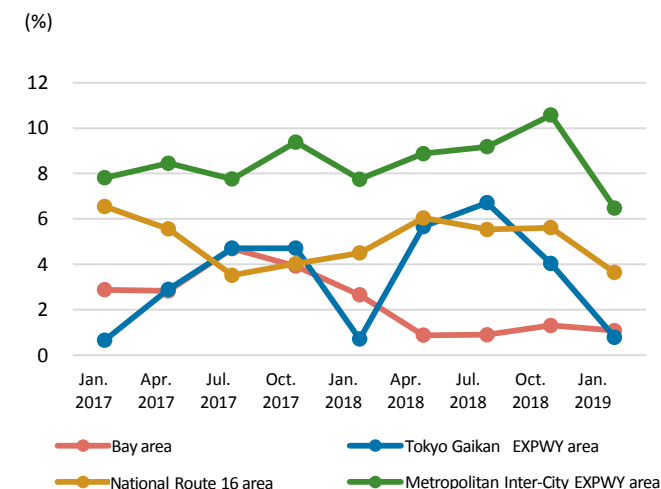
Source: K.K. Ichigo Real Estate Service

Occupancy rate and supply and demand balance in Kansai area



Source: K.K. Ichigo Real Estate Service

Occupancy rate by metropolitan area



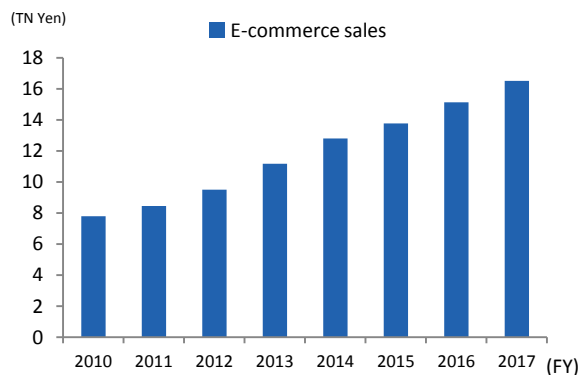
Source: K.K. Ichigo Real Estate Service

Most properties owned are located around National Route 16
as a result of investment targeted at rigorously selected locations with high tenant needs

Supply and Demand Balance of Logistics Facilities (2)

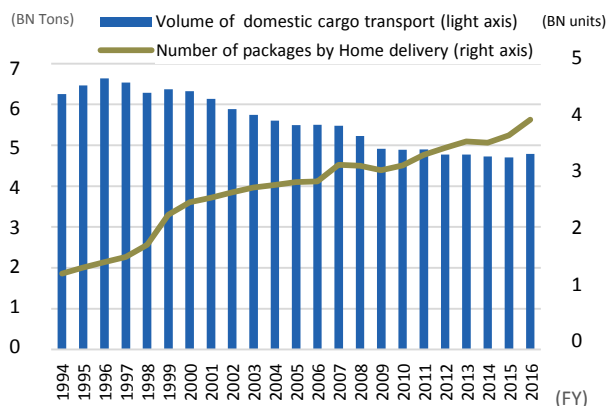
Expansion of e-commerce and 3PL markets, and frequent and small-lot transactions

Market size of online shopping



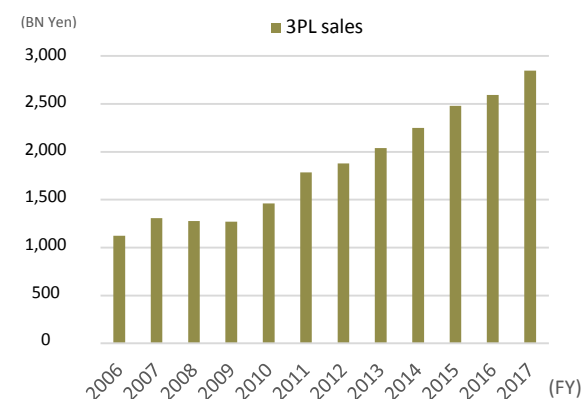
Source: Outline of the E-Commerce Market Survey
(Ministry of Economy, Trade and Industry)

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)

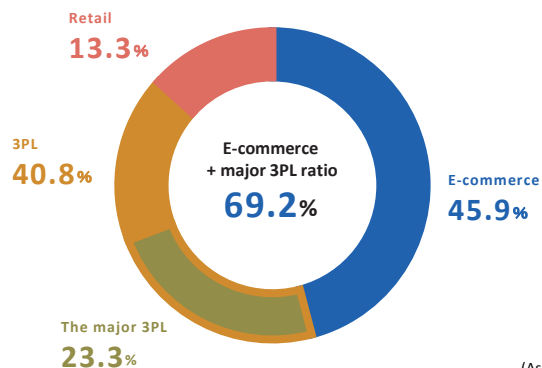
Changes of the 3PL market in Japan



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

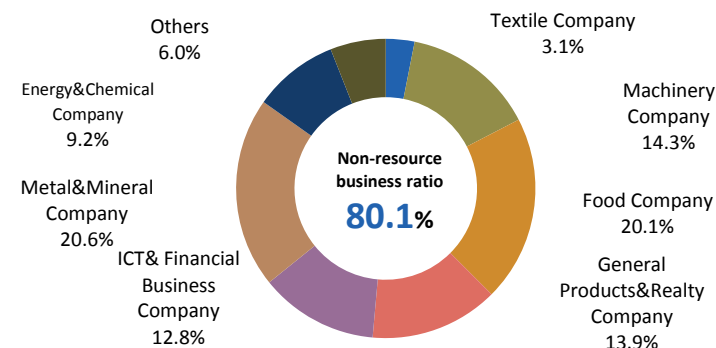
More frequent delivery of parcels and smaller lots with the growth of the e-commerce market, and expansion of the 3PL market

Tenant industry ratio



(As of April 1, 2019)

The ITOCHU Group's profit structure centered on non-resource business



Source : ITOCHU Corporation
"FY2017 Presentation Materials"



ITOCHU Advance Logistics Investment Corporation

Income Statement	(Yen)	
	First Fiscal Period May 1, 2018 to January 31, 2019	
Operating revenues		
Rental revenues	1,268,143,636	
Other rental revenues	31,939,505	
Total operating revenue	1,300,083,141	
Operating expenses		
Property related expenses	408,700,939	
Asset management fees	137,976,357	
Asset custody fees / Administrative service fees	2,140,242	
Directors' compensation	3,960,000	
Other operating expenses	10,560,752	
Total operating expenses	563,338,290	
Operating income	736,744,851	
Non-operating income		
Interest income	243	
Total non-operating income	243	
Non-operating expenses		
Interest expenses	41,644,054	
Deferred organization expenses	74,701,746	
Investment unit issuance expenses	12,017,500	
Other offering costs associated with issuance of investment units	40,710,490	
Borrowing related expenses	38,419,474	
Other	7,740,204	
Total non-operating expenses	215,233,468	
Ordinary income	521,511,626	
Income before income taxes	521,511,626	
Income taxes-current	1,500,235	
Income taxes-deferred	△28,831	
Total income taxes	1,471,404	
Net income	520,040,222	
Unappropriated retained earnings (undisposed loss)	520,040,222	

Balance Sheet	(Yen)	
	First Fiscal Period As of January 31, 2019	
Assets		
Current assets		
Cash and deposits	630,462,058	
Cash and deposits in trust	1,972,127,701	
Accounts receivable-trade	76,664,158	
Consumption taxes receivable	2,651,536,836	
Prepaid expenses	30,382,045	
Total current assets	5,361,172,798	
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	31,794,600,884	
Accumulated depreciation	△306,601,422	
Buildings in trust, net	31,487,999,462	
Structures in trust	1,122,229,181	
Accumulated depreciation	△24,790,664	
Structures in trust, net	1,097,438,517	
Machinery and equipment in trust	921,887,069	
Accumulated depreciation	△14,594,148	
Machinery and equipment in trust, net	907,292,921	
Land in trust	20,396,914,983	
Total property, plant and equipment	53,889,645,883	
Intangible assets		
Software	5,333,773	
Total intangible assets	5,333,773	
Investments and other assets		
Lease and guarantee deposits	10,000,000	
Long-term prepaid expenses	112,127,429	
Deferred tax asset	28,831	
Total investments and other assets	122,156,260	
Total noncurrent assets	54,017,135,916	
Total assets	59,378,308,714	

Liabilities	(Yen)	
	First Fiscal Period As of January 31, 2019	
Current Liabilities		
Accounts payable	17,633,929	
Short-term loans payable	4,570,000,000	
Accounts payable-other	44,291,659	
Accrued expenses	164,104,939	
Income taxes payable	1,500,200	
Advances received	286,500,182	
Other	485,049	
Total current liabilities	5,084,515,958	
Noncurrent liabilities		
Long-term loans payable	17,420,000,000	
Tenant leasehold and security deposits in trust	854,919,049	
Total noncurrent liabilities	18,274,919,049	
Total liabilities	23,359,435,007	
Net assets		
Unitholders' equity		
Unitholders' capital	35,498,833,485	
Surplus		
Unappropriated retained earnings (undisposed loss)	520,040,222	
Total surplus	520,040,222	
Total unitholders' equity	36,018,873,707	
Total net assets	36,018,873,707	
Total liabilities and net assets	59,378,308,714	

First Fiscal Period (from May 1, 2018 to January 31, 2019)

(Thousands of Yen)

Property number	L-1	L-2	L-3	L-4	L-5	L-6	L-7	
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	Total
Number of operating days in the first fiscal period	147 days	147 days	147 days	147 days	147 days	147 days	147 days	147 days
(A) Total revenues from property leasing			338,564					1,300,083
Rental revenues			317,676					1,268,143
Other rental revenues			20,888					31,939
(B) Total property-related expenses			119,115					408,700
Property management fees	-	-	16,263	-	-	-	-	26,149
Utility expenses			19,746					28,826
Repair expenses			—					300
Insurance expenses			1,627					6,057
Trust fees			200					1,332
Others			4					48
Depreciation	23,145	37,080	81,273	24,844	31,915	13,515	134,211	345,986
(C) Income from property leasing (A) - (B)	90,963	102,729	219,448	59,907	101,446	47,181	269,704	891,382
(D) NOI (= (C) + depreciation)	114,109	139,810	300,722	84,752	133,361	60,696	403,916	1,237,368

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

Overview of appraisal value as of the end of the first fiscal period (Jan. 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	5,315	5,820	4.4	504
	L-2	i Missions Park Kashiwa	Kashiwa-City, Chiba	6,140	6,148	6,830	4.5	681
	L-3	i Missions Park Noda	Noda City, Chiba	12,600	12,611	13,400	4.5	788
	L-4	i Missions Park Moriya	Tsukuba Mirai City Ibaraki	3,200	3,203	3,390	4.7	186
	L-5	i Missions Park Misato	Misato-City, Saitama	6,100	6,112	6,750	4.4	637
	L-6	i Missions Park Chiba-Kita	Chiba-City, Chiba	2,600	2,614	2,830	4.7	215
	L-7	i Missions Park Inzai (quasi-co-ownership portion 65%)	Inzai-City, Chiba	17,900	17,883	18,700	4.6	816
Total (As of the end of the first fiscal period)				53,840	53,889	57,720	—	3,830
Logistics real estate (anticipated acquisition properties)	L-7	i Missions Park Inzai (quasi-co-ownership portion 15%)	Inzai-City, Chiba	4,240	—	4,440	—	—
	L-8	i Missions Park Moriya 2	Tsukuba Mirai City Ibaraki	750	—	845	—	—
Total (As of April 1,2019)				58,830	—	63,005	—	—

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

Interest-bearing debt as of the end of the first fiscal period (Jan.31, 2019)

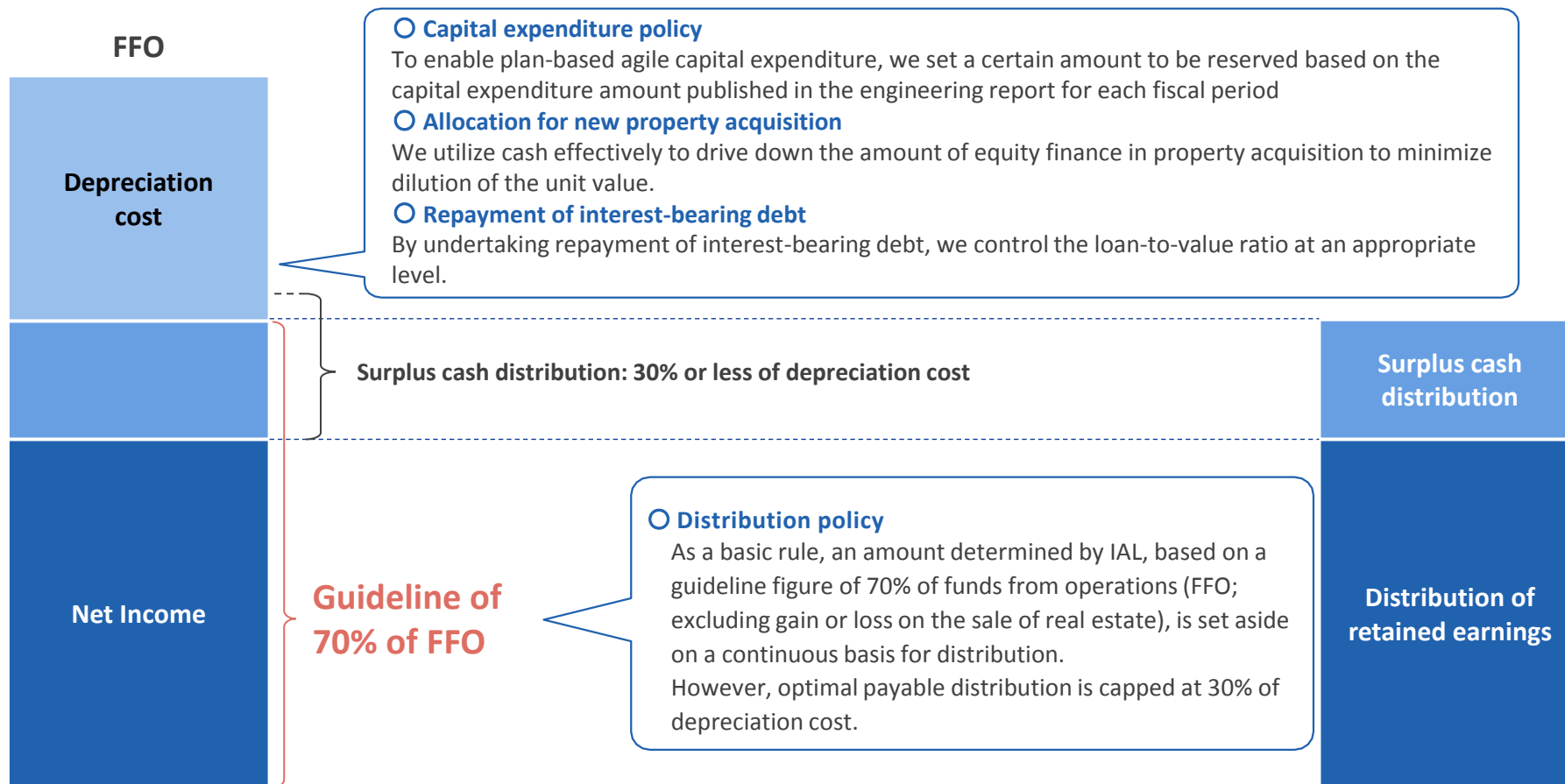
Category	Lender	Borrowing amount (MN Yen)	Interest rate	Borrowing date	Repayment date	Collateral
Short-term	Sumitomo Mitsui Banking Corporation	1,880	Base interest rate +0.15%	September 7, 2018	September 9, 2019	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.					
	MUFG Bank, Ltd.					
	Sumitomo Mitsui Banking Corporation	2,690	Base interest rate +0.15%	September 7, 2018	September 9, 2019	Unsecured and non-guaranteed
	Subtotal	4,570	-		-	-
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.					
	Subtotal	17,420	-		-	-
	Total	21,990	-		-	-

※ 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.



Distribution policy with a view to practicing efficient cash management

It is a feature of logistics real estate that the ratio of buildings cost is relatively high, which means that depreciation cost is a relatively large financial item. Mindful of this, we plan to pay surplus cash distributions each period in principle by weighing the various options for deployment of funds

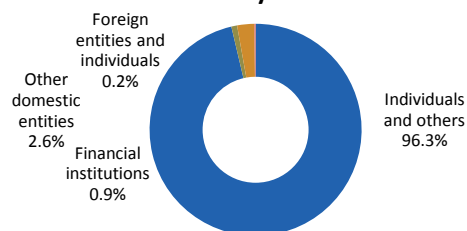


Status of unitholders

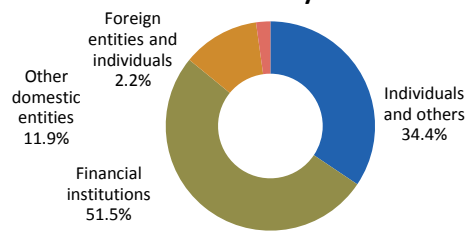
Number of unitholders and units by type of unitholders

	Unit holders	Ratio	Investment units (unit)	Ratio
Individuals and others	12,804	96.3%	123,093	34.4%
Financial institutions (including securities companies)	117	0.9%	183,816	51.5%
Other domestic entities	353	2.6%	42,396	11.9%
Foreign entities and individuals	26	0.2%	7,838	2.2%
Total	13,300	100.0%	357,143	100.0%

Breakdown by unitholders



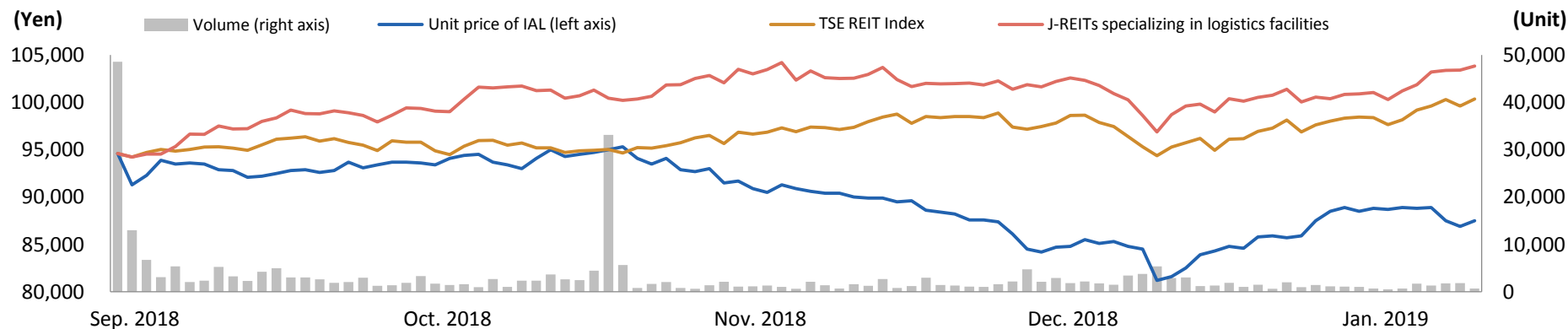
Breakdown by units



Major unitholders (Top 10 unitholders)

	Name	No. of units held	Percentage of units issued and outstanding
1	Japan Trustee Services Bank, Ltd. (Trust Account)	51,673	14.468%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	29,358	8.220%
3	ITOCHU Corporation	17,857	5.000%
4	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	17,740	4.967%
5	The Hachijuni Bank, Ltd.	9,282	2.599%
6	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	8,241	2.307%
7	The Shinkumi Federation Bank	5,714	1.600%
8	Aozora Bank, Ltd.	3,669	1.027%
9	Hokuriku Bank, Ltd.	3,400	0.952%
10	The Hiroshima Bank Ltd.,	3,324	0.931%
Total (top 10 unit holders)		150,258	42.072%

Changes in the unit price, etc.



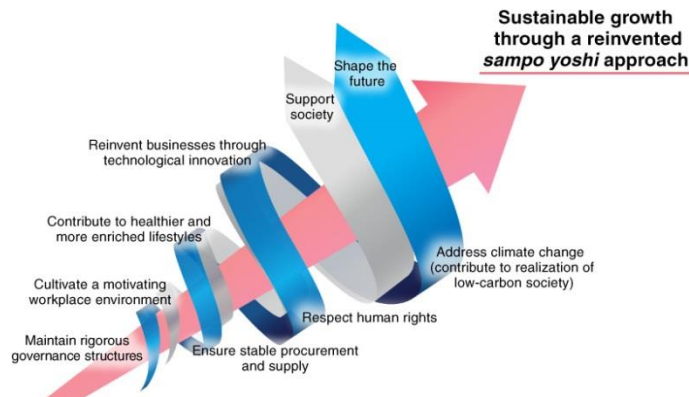
※ Indexed based on IAL's closing price on the listing day. For J-REITs Specializing in logistics facilities, weighted for the market capitalization.

Development of the system to promote ESG initiatives

- Established the sustainability policy in January 2019 to promote the sustainability-related initiatives in full swing
- Set up a promotion committee to further move ahead with the sustainability-related initiatives



Sampo yoshi approach of ITOCHU Corporation “Good for the seller, Good for the buyer, and Good for society”



Proactive promotion of the ESG initiatives in cooperation with the ITOCHU Group

ITOCHU Corporation will proceed with material sustainability issues shown on the left through its core business. Sustainability initiatives of ITOCHU, which fulfills its responsibilities for the present and future society, also contribute to the achievement of the Sustainable Development Goals (SDGs).

Acquisition of DBJ Green Building certification (5 properties)

E

- Aim at enhancing the added value of its own properties, and focus on acquisition of certifications to proactively find out the environmental level that stakeholders seek and reflect in the asset management policy

Ratio of properties that acquired certification in IAL portfolio (As of April 2019)

Property acquisition base

62.5%

Total 8 properties
Properties acquired certification 5 properties

Total floor area base (m²)

86.2%

Total 259,850.82 m²
Properties acquired certification 223,932.03 m²

※ Ratios shown in "property acquisition base" and "total floor area base" are rounded to the first decimal place.



DBJ Green Building



IMP Inzai ★★★★★



IMP Noda ★★★★★



IMP Kashiwa ★★★★★



IMP Mizato ★★★★★



IMP Moriya ★★★★★

Contribution to society in collaboration with the ITOCHU Group

S

Support for the ITOCHU Foundation



Donate to projects "subsidizing the development of children's literature collections" and "promoting the development of an e-book library" for contributing to children's healthy growth

Support for ITOCHU Uneedus



Utilize the company where people with disabilities work

ITOCHU Baseball School



200 children with disabilities, their families and volunteers participate in the school

S

Introduction of an investment unit ownership program

Increase employee loyalty

Incentives for financial results

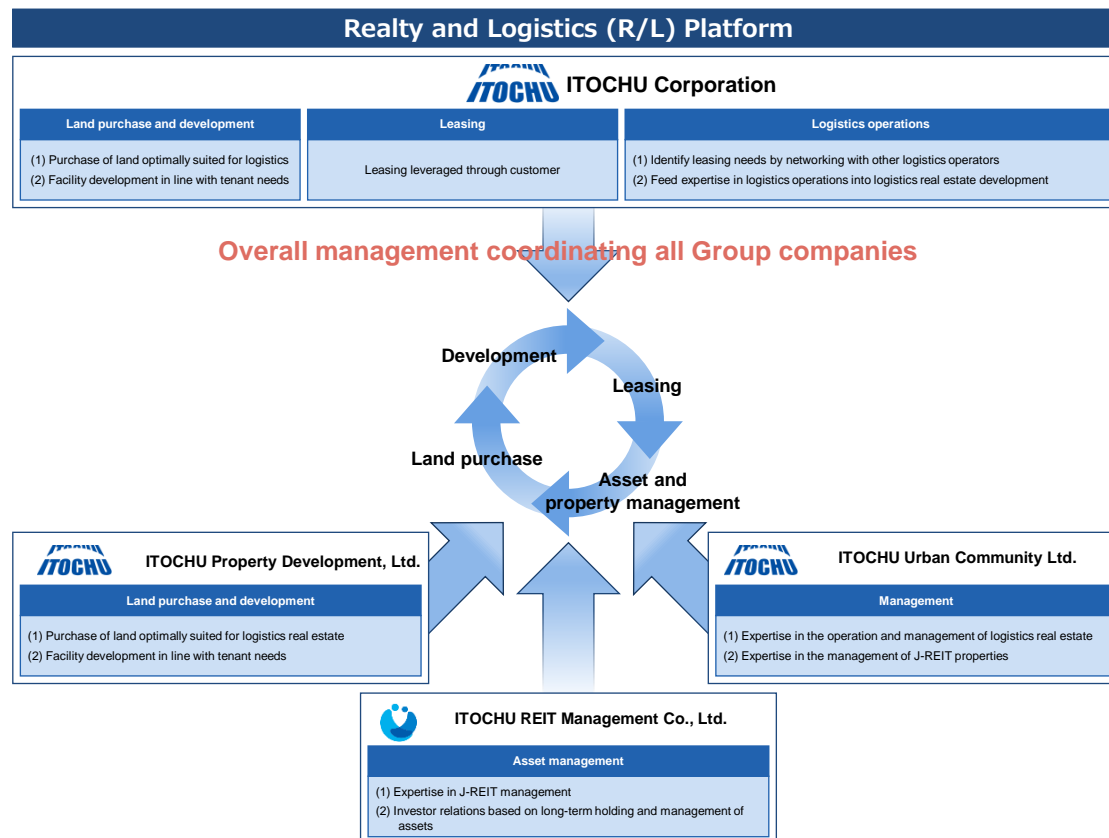
G

Matching of interests of unitholders and employees

The ITOCHU Corporation's Construction, Realty & Logistics Division 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

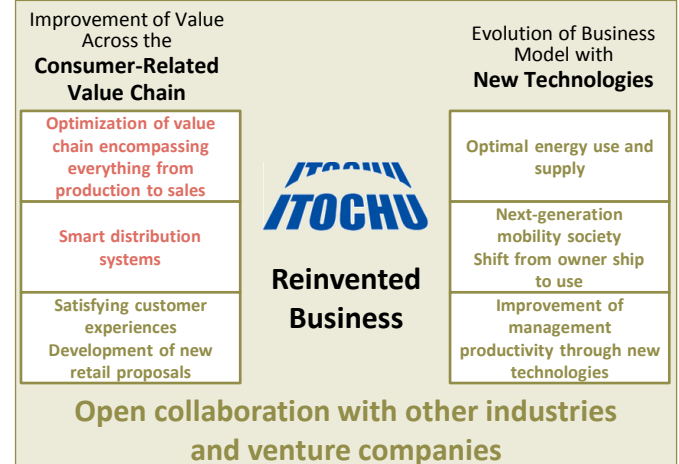
ITOCHU Corporation includes optimization of value chain and smart distribution systems in its FY 2019-2021 Medium Term Management Plan

Integrated management system for real estate development and logistics solutions

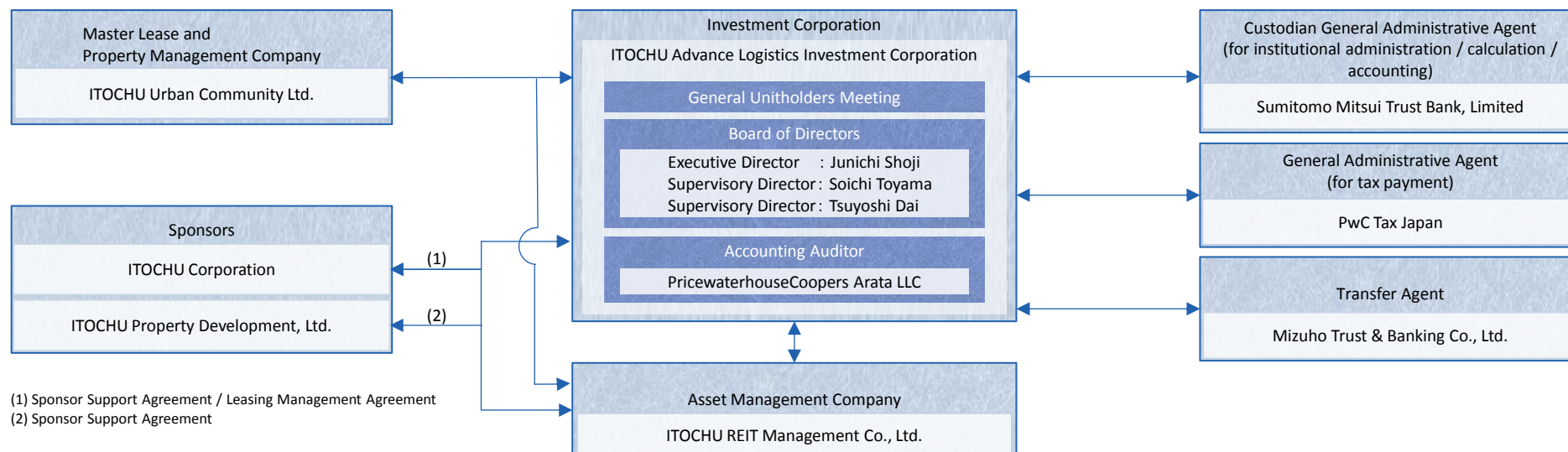


ITOCHU Corporation Medium-Term Management Plan "Brand-new Deal 2020"

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



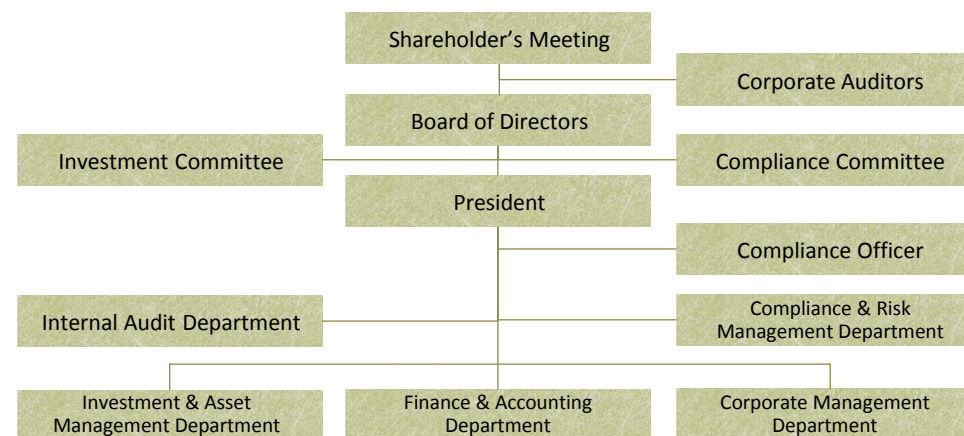
Structure



Overview of the Asset Management Company

As of January 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	18 (of which, officers (part-time): 3)	
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	



Listing Summary

Overview of IPO

Launch date	Aug. 1, 2018
Pricing date	Aug. 30, 2018
Listing date	Sep. 7, 2018
Units offered	356,143 units
Issue price	103,000 yen
Offering size	36,682,729,000 yen
Portfolio size	7 properties / 53.8 billion yen

Forecasted DPU

	Jan. 2019 (First fiscal period)	Jul. 2019 (Second fiscal period)
Including SCD	1,658 yen	2,174 yen
Excluding SCD	1,385 yen	1,880 yen

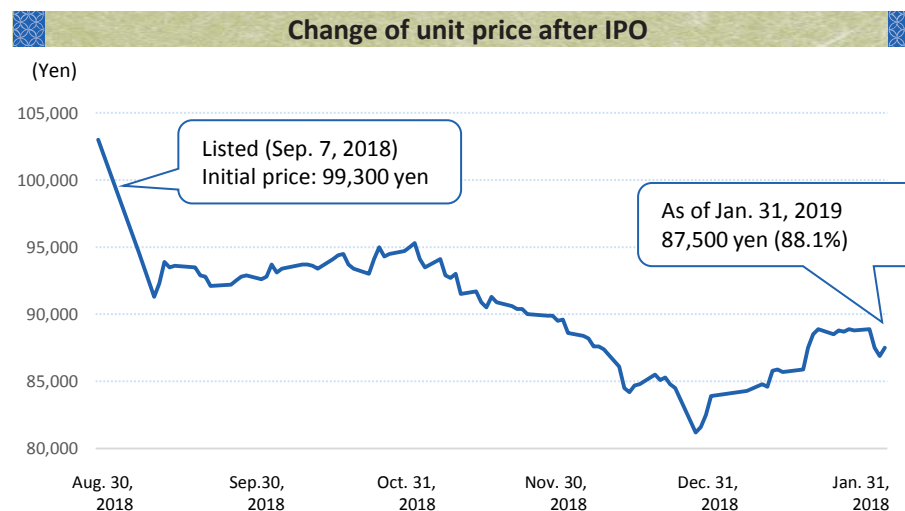
Note: As of Sep. 7, 2018

Acquired properties of IPO

Property name	Location	Acquisition price (million yen)	Appraisal NOI yield (%)	Building age (year)
IMP Atsugi	Atsugi city, Kanagawa	5,300	5.0%	6.0
IMP Kashiwa	Kashiwa city, Chiba	6,140	5.2%	3.5
IMP Noda	Noda city, Chiba	12,600	4.9%	2.6
IMP Moriya	Tsukubamirai city, Ibaraki	3,200	5.0%	1.4
IMP Misato	Misato city, Saitama	6,100	4.9%	1.1
IMP Chiba-Kita	Chiba city, Chiba	2,600	5.2%	0.8
IMP Inzai (65%)	Inzai city, Chiba	17,900	4.9%	0.5
Total / Ave.	-	53,840	5.0%	2.0

Note: As of Sep. 7, 2018

Change of unit price after IPO



Disclaimer

This material is intended to provide information and is not intended to solicit, or recommend the purchase or sale of specific securities, financial instruments, or transactions.

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

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

The contents of this document have not been audited and do not guarantee the accuracy, completeness, fairness or certainty of the contents. In addition, anything other than the analysis and judgment of the Asset Management Company and any other past or current facts indicates assumptions or judgments based on the information obtained by the Asset Management Company at the time of preparation of this document, and descriptions of these future projections include known and unknown risks and uncertainties. As a result, the actual results, operating results, and financial position of the Investment Corporation may differ from those forecasted by the Investment Corporation and the Asset Management Company.

Figures in the same item may not correspond to other disclosed information due to differences in rounding.

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

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These materials include statements regarding the future policies of the Investment Corporation, but these statements are not guarantees of the future policies.

Due to circumstances such as the preparation of charts and data by the Asset Management Company, the dates indicated in this document may differ from the business days.



Ticker symbol: 3493

ITOCHU Advance Logistics Investment Corporation
