



January 6, 2020

For immediate release

Real Estate Investment Trust Securities Issuer:
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(Securities Code: 3493)

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

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

It should be noted that the sellers of the Assets to Be Acquired, ITOCHU Corporation and Godo Kaisha Kashiwa 2 Properties, constitute interested parties under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter “the Investment Trust Act”), and therefore, in accordance with the Investment Trust Act, IRM obtained the consent of IAL through approval by the IAL Board of Directors’ meeting held on January 6, 2020. In addition, as each seller constitutes an interested party under IRM’s Rules for Transactions with Interested Parties, IRM conducted the necessary discussions, resolutions and other procedures in accordance with the Rules for Transactions with Interested Parties before executing the agreement for the sale and purchase of the trust beneficiary interest.

1. Overview of Assets to Be Acquired

Property type (Note 1)	Property number (Note 2)	Property name	Location	Planned acquisition price (millions of yen) (Note 3)
Logistics real estate	L-7	i Missions Park Inzai (20% quasi-co-ownership interest) (additional acquisition)	Inzai City, Chiba Prefecture	5,670
	L-9	i Missions Park Kashiwa 2 (70% quasi-co-ownership interest)	Kashiwa City, Chiba Prefecture	19,600
	Total (2 properties)		-	25,270

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

(Note 2) “Property No.” is a number allocated to each property according to property type; L stands for logistics real estate. The same shall apply hereafter.

(Note 3) The “planned acquisition price” is the purchase price of the relevant Assets to Be Acquired as indicated in the agreement for the sale and purchase of the trust beneficiary interest (the “Sale Agreement”) for the relevant asset. The purchase price does not include acquisition costs, consumption tax or local consumption tax.

Note: This press release is intended to disclose to the public the acquisition and leasing of assets by IAL, and is not an offer to sell or a solicitation of any offer to buy the securities of IAL in the United States or elsewhere. Any investment decision should be made based upon your own judgement.
This press release does not constitute an offer of securities in the United States of America. The investment units have not been, and will not be, registered under the United States Securities Act of 1933 (the “Securities Act”). The investment units may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The investment units referred to above will not be offered, publicly or otherwise, in the United States.



(Note 4) IAL has acquired 65% quasi-co-ownership interest and 15% quasi co-ownership interest for the real estate trust beneficiary interests of such property on September 7, 2018 and April 1, 2019, respectively.

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|-----|--|--|
| (1) | Sale and purchase agreement | January 6, 2020 |
| | Date | |
| (2) | Planned acquisition date ^(Note 1) | April 1, 2020 (i Missions Park Inzai)
(20% quasi-co-ownership interest) (additional acquisition) ^(Note 2)
February 3, 2020 (i Missions Park Kashiwa 2)
(70% quasi-co-ownership interest) |
| (3) | Seller | Please refer to the Section 4. Seller Profile below. |
| (4) | Acquisition funds | Proceeds from issuance of investment units resolved at IAL Board of Directors meeting held on January 6, 2020, treasury funds and borrowings ^(Note 3) |
| (5) | Settlement method | To be paid in a lump sum upon delivery |
| (6) | Brokerage | Not applicable |

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

(Note 2) Among the Assets to Be Acquired, the Sale Agreement for i Missions Park Inzai (20% quasi-co-ownership interest) (additional acquisition) falls under a forward commitment etc. as specified in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. specified by the Financial Services Agency of Japan (a future-dated sale agreement under which settlement and handover of the property are to take place not less than one (1) month after agreement execution, as well as any other comparable agreements).

Under the Sale Agreement, if the seller or the purchaser fails to perform any of its obligations pursuant to such agreement in material respect or if it is found that the seller or the purchaser is in breach of any of its representations and warranties in material respect and the purpose of the Sale Agreement cannot be attained, the other party may cancel the Sale Agreement after warning the defaulting party specifying a deadline and the defaulting party fails to cure such default or breach by such deadline, and if the Sale Agreement is cancelled, the other party will be entitled to demand payment of a penalty equal to 20% of an amount of the purchase price less consumption taxes etc. (even in a case where the amount of damage that has actually occurred exceeds the penalty amount, the amount exceeding such amount may not be claimed); provided, however, that, under the Sale Agreement, the purchaser’s completion of raising funds for the purchase price through a loan for procurement of the purchase price or issuance of investment units or other condition is a condition precedent for payment of the purchase price, and in the case where such condition is not met, except in a case of willful misconduct or gross negligence on the part of IAL, IAL may cancel the sale and purchase agreement without incurring a penalty. Accordingly, except in a case of willful misconduct or gross negligence on the part of IAL, the risk of a direct material adverse effect on IAL’s finances or distributions etc. is low given that it will not incur a penalty etc. for default even if it cannot complete the subscription or obtain a loan etc. and is unable to perform the duty to pay the price under the Sale Agreement.

(Note 3) For details of the relevant borrowings, please refer to the “Notice Concerning the Borrowing of Funds” published by IAL today.

2. Reason for Acquisition and Leasing

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

The above-mentioned Assets to Be Acquired consist of two of six pipeline properties for which IAL had acquired the Preferential Negotiation Rights from its sponsor group, ITOCHU Group, as stated in the “Notice Concerning the Securing of Preferential Negotiation Rights for Property Acquisition” dated October 23, 2019 (one of which is acquired through an additional acquisition of quasi-co-ownership). The assets will be acquired as a result of the exercise of the said preferential negotiation rights. The appraisal criteria for the acquisition are presented in Attachment 2: Features of Assets to Be Acquired.

3. Details of Each of the Assets to Be Acquired

The tables below (the “Individual Asset Table(s)”) show a summary of each Asset to Be Acquired. When consulting the Individual Asset Tables, please refer also to the immediately following explanations of the terms used therein. In principle, unless otherwise noted, all information included in the table is current as of October 31,

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2019.

(1) Property type

- The “property type” shown for IAL’s Assets to Be Acquired follows the classification of property type indicated in IAL’s investment policy.

(2) Summary of specified assets

- “Planned acquisition date” is the planned acquisition date as indicated in the Sale Agreement. Note that the planned acquisition date is subject to change as agreed upon between IAL and the seller.
“Planned acquisition price” is the purchase price of the Asset to Be Acquired as indicated in the Sale Agreement. The purchase price does not include acquisition costs and consumption tax or local consumption tax.
- “Trustee” as indicated in the “overview of trust beneficiary interests” is the trustee or the intended trustee of the respective Asset to Be Acquired.
- “Trust maturity date” as indicated in the overview of trust beneficiary interests is the date of termination of the trust period in the trust agreement or the date of termination of the trust period as scheduled for alteration at the time of the acquisition by IAL.
- “Type of ownership” of “land” and “buildings” indicates the type of rights held, or to be held, by IAL, the trustee, or the intended trustee.
- Location of “land” indicates the address of the building according to the registry (or one of the addresses where there are multiple addresses). Additionally, the “lot area” for “land” and the “completion date,” “total floor area,” “structure / number of floors” and “type” for “buildings” are as indicated in the registry, and may differ from the current situation. Please note that the “total floor area” of “buildings” indicates the sum of the total floor area of the main building and annex buildings, while the “completion date,” “structure / number of floors” and “type” of building indicate those of the main building not including annex buildings.
- “Zoning” of “land” is the type of land use listed in Article 8, Paragraph 1, Item 1 of the City Planning Act (Law No. 100 of 1968, as amended).
- “Floor-area ratio” of “land” indicates the upper limit for floor-area ratio (designated floor-area ratio). The designated floor-area ratio may be modified, increased or decreased according to the width of adjacent roadways or other factors, and may differ from the floor-area ratio actually applied.
- “Building coverage ratio” for ‘land’ indicates the upper limit for building coverage ratio (designated building coverage ratio) as stipulated in the city plan based on zoning and other factors. The designated building coverage ratios may be modified, increased or decreased depending on whether the building is a fire-resistant building in a fire control area or for other reasons, and the designated building coverage ratios may differ from the building coverage ratio actually applied.
- “Collateral” refers to the details of collateral, if applicable.
- “PM company” is the property management company to which the property management operations are entrusted or are to be entrusted.
- “Master lessee” refers to the master lease company with which a master lease agreement has been, or is to be, executed.
- “Type of master lease” is indicated either as “pass-through type” or “sublease type,” depending on the content of the master lease agreement with the master lessee. In the case of a pass-through type master lease, the lessor, in principle, receives the amount equivalent to the sum of the rent paid by end tenants. In the case of a sublease type master lease, the lessor receives a fixed rental sum regardless of any fluctuation in the rent received from the end tenants. The master lease agreements executed, or to be executed, in

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respect of the Assets to Be Acquired are in all cases of the “pass-through” type.

- “Number of tenants” under “tenant details” indicates the total number of tenants (or the number of end tenants, where a pass-through type master lease agreement has been, or is to be, executed; the same shall apply hereinafter in “3. Details of Each of the Assets to Be Acquired”) based on the lease agreement executed and activated for the respective real estate property or trust real estate property (lease agreements relating to roofs and parking lots are excluded; where a pass-through type master lease agreement has been, or is to be, executed, the figure is based on the number of the lease agreements with end tenants. The same shall apply hereinafter in “3. Details of Each of the Assets to Be Acquired”). However, where the same tenant has executed multiple lease agreements in respect of the Asset to Be Acquired, such tenant shall be counted as a single tenant when calculating “number of tenants.”
 - “Name of main tenant” under “tenant details” indicates the name of the tenant with the largest leased area as indicated in the lease agreement executed and activated in respect of the respective real estate property or trust real estate property.
 - “Annual rent” under “tenant details” indicates the total amount of the annual rent, including common area charges, stipulated in the lease agreement executed and activated for the respective real estate property or trust real estate property, rounded down to the nearest unit (where only a monthly rent is stipulated, the amount indicated is the annual rent calculated according to the provisions of the lease agreement). Please note that account is not taken of periods of free rent or rent holiday.
 - “Tenant leasehold/security deposits” under “tenant details” indicates the total amount of leasehold/security deposits stipulated in the lease agreement executed and activated in respect of the respective real estate property or trust real estate property, rounded down to the nearest unit.
 - “Leased area” under “tenant details” indicates the total leased area as indicated in the lease agreement executed and activated in respect of the respective real estate property or trust real estate property.
 - “Total leasable area” under “tenant details” indicates the sum of (i) the leased area indicated in the lease agreement executed and activated for the respective real estate property or trust real estate property; and (ii) the vacant space deemed to be leasable based on building floor plans. Please note that, in the individual lease agreements, the indicated leased area may include a portion not included in the total floor area, and that the leased or leasable area may therefore exceed total floor area. Specifically in the case of logistics real estate, where the eaves area is included in leased or leasable area, the latter figure may considerably exceed total floor area.
- “Occupancy rate” under “tenant details” indicates the ratio of leased area to leasable area of the respective Asset for Acquisition, rounded to the first decimal place.
- “Remarks” are matters considered important with respect to utilization of and rights related to the Assets to Be Acquired as of the date hereof, or matters that are considered important in terms of their potential impact on or other relevance to the valuation, profitability or disposability of the Assets to Be Acquired.

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Property name		i Missions Park Inzai (20% quasi-co-ownership interest) (additional acquisition)
Property type		Logistics real estate
Type of specified asset		Real estate trust beneficiary interests (20% quasi-co-ownership interest)
Planned acquisition date		April 1, 2020
Planned acquisition price		¥5,670 million
Overview of trust beneficiary interests	Trustee	Sumitomo Mitsui Trust Bank, Limited
	Entrustment date	February 15, 2013
	Trust maturity date	September 30, 2028
Land	Type of ownership	Proprietary ownership
	Location	2-4-3 Matsuzakidai, Inzai-shi, Chiba
	Lot area	54,614.91 m ² (10,922.98 m ²) (Note 1)
	Zoning	Industrial district
	Floor-area ratio	200%
	Building coverage ratio	60% (Note 2)
Building	Type of ownership	Proprietary ownership
	Completion date	February 27, 2018
	Total floor area	110,022.51 m ² (22,004.50 m ²) (Note 1)
	Structure/number of floors	Steel, alloy-plated steel sheet roof, 5F
	Type	Warehouse
Collateral		Not applicable
PM company		ITOCHU Urban Community Ltd.
Master lessee		ITOCHU Urban Community Ltd.
Type of master lease		Pass-through
Tenant details	Number of tenants	1
	Name of main tenant	Undisclosed (Note 3)
	Annual rent	Undisclosed (Note 3)
	Tenant leasehold/security deposits	Undisclosed (Note 3)
	Leased area	22,103.20 m ² (Note 1)
	Total leasable area	22,103.20 m ² (Note 1)
	Occupancy rate	100.0%
Remarks		None

(Note 1) IAL plans to additionally acquire a 20% share in the quasi-co-ownership of the real estate trust beneficiary interest. The figures in parentheses for “Lot area” and “Total floor area” are in proportion to the quasi-co-ownership interest that IAL plans to acquire in the property (i.e., 20%), rounded down to two decimal places. For leased area and leasable area, the figures shown are similarly in proportion to the quasi-co-ownership share that IAL plans to acquire in the property (i.e., 20%). IAL acquired 65% and 15% shares in the quasi-co-ownership of the real estate trust beneficiary interests on September 7, 2018 and April 1, 2019, respectively.

(Note 2) The designated building coverage ratio is 60%, but the building coverage ratio actually applied is 70%.

(Note 3) Undisclosed as IAL was not able to obtain the tenant’s consent.

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Property name		i Missions Park Kashiwa 2 (70% quasi-co-ownership interest)
Property type		Logistics real estate
Type of specified asset		Real estate trust beneficiary interests (70% quasi-co-ownership interest)
Planned acquisition date		February 3, 2020
Planned acquisition price		¥19,600 million
Overview of trust beneficiary interests	Trustee	Sumitomo Mitsui Trust Bank, Limited
	Entrustment date	January 31, 2017
	Trust maturity date	February 28, 2030
Land	Type of ownership	Proprietary ownership
	Location	7-1 Shintoyofuta, Kashiwa City, Chiba Prefecture
	Lot area	58,391.32 m ² (40,873.92 m ²) ^(Note 1)
	Zoning	Dedicated industrial district
	Floor-area ratio	200%
	Building coverage ratio	60% ^(Note 2)
Building	Type of ownership	Proprietary ownership
	Completion date	August 20, 2018
	Total floor area	117,435.21 m ² (82,204.64 m ²) ^(Note 1)
	Structure / number of floors	Reinforced concrete, steel, alloy-plated steel sheet roof, 6F
	Type	Warehouse
Collateral		Not applicable
PM company		ITOCHU Urban Community Ltd.
Master lessee		ITOCHU Urban Community Ltd.
Type of master lease		Pass-through
Tenant details	Number of tenants	1
	Name of main tenant	Hitachi Transport System, Ltd.
	Annual rent	Undisclosed ^(Note 3)
	Tenant leasehold/security deposits	Undisclosed ^(Note 3)
	Leased area	81,818.26 m ² ^(Note 1)
	Total leasable area	81,818.26 m ² ^(Note 1)
	Occupancy rate	100.0%
Remarks		<p>• At the time of acquisition of the property, IAL plans to execute an agreement between beneficial owners with Godo Kaisha Kashiwa 2 Properties, the quasi-co-owner of the real estate trust beneficiary interest in the property, and others in which the following items are to be agreed:</p> <p>(1) In the event that the property is granted in kind to a quasi-co-owner due to the termination of the trust agreement or other reason, the quasi-co-owner shall, for a period of five years from the termination date of the trust agreement, refrain from requesting the division of the property.</p> <p>(2) The quasi-co-owners shall not be permitted to carry out a partial-only transfer of their respective quasi-co-ownership share in the beneficiary interest;</p>

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	<p>(3) Each of the quasi-co-owners shall in principle obtain the prior written consent of the other quasi-co-owners before establishing a security interest with respect to its own quasi-co-ownership share in the beneficiary interest or transferring its share to a third party. Further, if a quasi-co-owner wishes to contract a mortgage regarding the property with a condition precedent that its co-ownership share in the property shall be returned in kind in the future or to otherwise dispose of its quasi-co-ownership share, the quasi-co-owner shall obtain the prior written consent of the other quasi-co-owner. However, before obtaining the prior written consent of the other quasi-co-owner, the quasi-co-owner shall act in accordance with items (4) and (5) below.</p> <p>(4) When one of the quasi-co-owners wishes to transfer its share in the quasi-co-ownership of beneficiary interest or to issue instructions to the trustee for the transfer of a co-ownership share in the property corresponding to its own share in the quasi-co-ownership of the beneficiary interest (such quasi-co-ownership share is referred to hereinafter as the “Quasi-Co-Ownership Share”), it shall grant the preferential negotiation right in advance to the other quasi-co-owners.</p> <p>(5) If the preferential negotiation in Item (4) above does not result in agreement with the other quasi-co-owners regarding the transfer of the Quasi-Co-Ownership Share, and if, after the lapse of the preferential negotiation period, agreement is reached with a third party regarding the transfer of the Quasi-Co-Ownership Share, the first quasi-co-owner shall notify the other quasi-co-owners of the planned transfer price. In such case, the other quasi-co-owners shall have the preferential purchase right to acquire the Quasi-Co-Ownership Share at the planned transfer price.</p> <p>(6) If one of the quasi-co-owners (the “Injuring Party”) triggers one of the termination events stipulated in the trust agreement and a notification to that effect is received from the trustee, or if the agreement between the beneficial owners is breached by the Injuring Party (including IRM in the case of IAL, and including its asset management company in the case of Godo Kaisha Kashiwa 2 Properties) and is not cured within a notified reasonable period, the other quasi-co-owners (the “Injured Party”) shall have the right to demand from the Injuring Party the transfer to the Injured Party of the quasi-co-ownership share in the beneficiary interest held by the Injuring Party at the price named by the Injured Party. In such case, the Injuring Party shall be obliged to respond to the Injured Party with an offer either to sell its quasi-co-ownership of the beneficiary interest to the Injured Party at the said price, or to purchase the quasi-co-ownership of the beneficiary interest held by the Injured Party at a price proportionately equivalent to the said price based on the respective party’s share in the beneficiary interest. In such case, the Injured Party shall be obliged to purchase the Injuring Party’s quasi-co-ownership of the beneficiary interest at its original named price, or to sell its quasi-co-ownership of the beneficiary interest to the Injuring Party at a price calculated on the basis of that price.</p> <ul style="list-style-type: none"> Some part of the property has been confirmed to have soil contamination (tetrachloroethylene and other hazardous materials exceeding regulatory standards) and designated as the “Area for which Changes to Form or Nature Require Notification” as specified in Article 11, Paragraph 1 of the Soil Contamination Countermeasures Act of Japan. IAL has entrusted Tokyo Marine & Nichido Risk Consulting Co., Ltd. with soil contamination investigations and obtained an opinion to the effect that “soil contamination due to human causes does exist, but the entirety of the subject land is covered with asphalt etc., and there is no underground source of drinking water, and thus the risk on human health is assessed to be low.”
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(Note 1) IAL plans to acquire a 70% share in the quasi-co-ownership of the real estate trust beneficiary interest. The figure in parentheses for “Lot area” and “Floor area” is in proportion to the quasi-co-ownership share that IAL plans to acquire in the property (i.e., 70%), rounded down to two decimal places. Further, the leased area and leasable area are in proportion to the quasi-co-ownership share that IAL plans to acquire in the property (i.e., 70%).

(Note 2) The designated building coverage ratio is 60%, but the building coverage ratio actually applied is 70%.

(Note 3) Undisclosed as IAL was not able to obtain the tenant’s consent.

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4. Seller Profile

i Missions Park Inzai (20% quasi-co-ownership interest) (additional acquisition)

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|------|----------------------------------|--|
| (1) | Name | ITOCHU Corporation |
| (2) | Location | 3-1-3 Umeda, Kita-ku, Osaka-shi, Osaka |
| (3) | Representative: | Yoshihisa Suzuki, President & Chief Operating Officer |
| (4) | Principal business | Domestic trading, import/export, and overseas trading in textiles, machinery, metals, minerals, energy, chemicals, food, general products, realty, information and communications technology, and finance, business investment in Japan and overseas |
| (5) | Capital | ¥253,448 million (As of March 31, 2019) |
| (6) | Established | December 1, 1949 |
| (7) | Net assets | ¥1,081,068 million (As of March 31, 2019) |
| (8) | Total assets | ¥3,086,494 million (As of March 31, 2019) |
| (9) | Major shareholder | The Master Trust Bank of Japan, Ltd. (trust account) 6.87% (as of March 31, 2019) |
| (10) | Relationship with IAL and/or IRM | |
| | Capital relationship | ITOCHU Corporation owns 7.0% of the total number of IAL's issued units as of the date hereof. It also owns 80.0% of the total number of IRM's issued shares as of the date hereof. |
| | Personnel relationship | As of the date hereof, four of the officers and directors of IRM, are on secondment from ITOCHU Corporation. |
| | Business relationship | ITOCHU Corporation has executed a trademark license agreement, sponsor support agreement and leasing management agreement with IAL. With IRM, it has executed a sponsor support agreement and leasing management agreement. |
| | Related party status | The company concerned constitutes a related party for IAL and IRM. |

i Missions Park Kashiwa 2 (70% quasi-co-ownership interest)

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|------|----------------------------------|--|
| (1) | Name | Godo Kaisha Kashiwa 2 Properties |
| (2) | Location | Tokyo Kyodo Accounting Office, 3-1-1 Marunouchi, Chiyoda-ku, Tokyo |
| (3) | Representative: | Representative staff member: Shuji Fujita, Functional Manager, General Incorporated Association Kashiwa 2 Properties |
| (4) | Principal business | (1) Real estate acquisition, holding, disposal, leasing and management
(2) Real estate trust beneficiary interest acquisition, holding and disposal
(3) Other operations incidental or relating to the activities in (1) and (2) above |
| (5) | Capital | ¥0.1 million |
| (6) | Established | February 3, 2015 |
| (7) | Net assets | Undisclosed (Note) |
| (8) | Total assets | Undisclosed (Note) |
| (9) | Major shareholder | Undisclosed (Note) |
| (10) | Relationship with IAL and/or IRM | |
| | Capital relationship | The company concerned is a special purpose company owned by ITOCHU Corporation, IRM's parent company. ITOCHU Corporation also owns 7.0% of the total number of IAL's issued units as of the date hereof. |
| | Personnel relationship | There is no noteworthy personnel relationship between IAL/IRM and the company concerned. |
| | Business relationship | There is no noteworthy business relationship between IAL/IRM and the company concerned. |
| | Related party status | The company concerned constitutes a related party for IAL and IRM. |

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

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5. Interested-party Transaction

The sellers of the Assets to Be Acquired, ITOCHU Corporation and Godo Kaisha Kashiwa 2 Properties, constitute interested parties under the Investment Trust Act. Therefore, in accordance with the Investment Trust Act, IRM obtained the consent of IAL through approval by the IAL Board of Directors' meeting before executing the agreement for the sale and purchase of the trust beneficiary interest.

Additionally, as each of the sellers of the Assets to Be Acquired constitutes an interested party under IRM's Rules for Transactions with Interested Parties, IRM conducted the necessary discussions, resolutions and other procedures in accordance with the Rules for Transactions with Interested Parties before executing the agreement for the sale and purchase of the trust beneficiary interest.

Moreover, as ITOCHU Urban Community Ltd., the company to be entrusted with the pass-through type master lease and property management operations for i Missions Park Kashiwa 2 (70% quasi-co-ownership interest), constitutes an interested party under IRM's Rules for Transactions with Interested Parties, IRM conducted the necessary discussions, resolutions and other procedures in accordance with the said Rules. It is also ITOCHU Urban Community Ltd. entrusted with the pass-through type master lease and property management operations for i Missions Park Inzai (20% quasi-co-ownership interest) (additional acquisition); the relevant master lease and property management agreement was previously executed on September 7, 2018. Before executing the said agreement, IRM conducted the necessary discussions and resolutions in accordance with the above Rules for Transactions with Interested Parties.

6. Details of Property Purchasers

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

Property name (Address)	Current owner/ Beneficial owner	Previous owner/ Beneficial owner	Second-last owner/ Beneficial owner
	(1), (2), (3) Acquisition (Transfer) Price Acquisition (Transfer) Date	(1), (2), (3) Acquisition (Transfer) Price Acquisition (Transfer) Date	(1), (2), (3) Acquisition (Transfer) Price Acquisition (Transfer) Date
i Missions Park Inzai (20% quasi-co-ownership interest) (additional acquisition) (2-4-3 Matsuzakidai, Inzai-shi, Chiba)	(1) ITOCHU Corporation (20% quasi-co-ownership interest) (2) IRM's parent company (3) Acquired land and undertook building development for purposes of business expansion and investment.	Non-specially interested party	—
	Omitted, as the owner has held the property for more than one year.	—	—
	February 2013 (land) February 2018 (building)	—	—

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i Missions Park Kashiwa 2 (70% quasi-co-ownership interest) (7-1 Shintoyofuta, Kashiwa City, Chiba Prefecture)	(1) Godo Kaisha Kashiwa 2 Properties (2) Special purpose company owned by IRM's parent company (3) Acquired land and undertook building development for investment purposes.	(1) ITOCHU Corporation (2) Parent company of the Asset Management Company (3) Acquired land for development for purpose of business expansion.	Non-specially interested party
	Omitted, as the owner has held the property for more than one year.	Omitted as the current owner held the property for more than one year.	—
	January 2017 (land) August 2018 (building)	January 2017 (land)	—

7. Outlook

For projections on the financial results of IAL going forward, please see the “Notice Concerning Revisions to the Forecasts of Financial Results for the Fiscal Periods Ending July 2020 and the Forecasts of Financial Results for the Fiscal Period Ending January 2021” dated today.

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8. Summary of Appraisal Report

i Missions Park Inzai (20% quasi-co-ownership interest) (additional acquisition)

Summary of appraisal report			
Property name	i Missions Park Inzai (20% quasi-co-ownership interest) (additional acquisition)		
Appraisal value ^(Note 1)	¥5,940,000 thousand		
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.		
Date of appraisal	October 31, 2019		
Item	Details (thousands of yen) (Note 1)	Comments, etc.	
Estimated value based on income method	5,940,000	Estimate calculated using the estimated value based on the discounted cash flow (DCF) method, which is judged to be more authoritative, with the direct capitalization method for additional verification of estimated value.	
Estimated value based on direct capitalization method	6,000,000		
(1) Operating revenues	Undisclosed ^(Note 2)		
a. Effective gross income	Undisclosed ^(Note 2)		
b. Losses from vacancy, etc.	Undisclosed ^(Note 2)		
(2) Operational expenses	Undisclosed ^(Note 2)		
a. Building maintenance costs	Undisclosed ^(Note 2)		
b. Utility expenses	Undisclosed ^(Note 2)		
c. Repair expenses	Undisclosed ^(Note 2)		
d. Property management fees	Undisclosed ^(Note 2)		
e. Tenant soliciting fees, etc.	Undisclosed ^(Note 2)		
f. Taxes and public dues	Undisclosed ^(Note 2)		
g. Insurance premiums	Undisclosed ^(Note 2)		
h. Other expenses	Undisclosed ^(Note 2)		
(3) Net operating income	280,492	(1) – (2)	
(4) Earnings from temporary deposits	782	Assessed based on assumption of 1.0% investment yield.	
(5) Capital expenditure	5,593	Calculated with reference to the level of capital expenditure of similar real estate, with allowances for a sum equivalent to 0.21% of building replacement cost and for CM fees.	
Net cash flow	275,681	(3) + (4) – (5)	
Capitalization rate	4.6%	Assessed based on the capitalization rate of property of similar type, factoring in a spread due to the location of the target real estate, state of the building, contractual conditions, and other conditions, and making reference to the capitalization rates, etc., in appraisals of J- REIT and other property within the same supply-and-demand region and surrounding areas.	
Estimated value based on DCF method	5,920,000		

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	Discount rate	4.4%	Assessed by comparing with examples of transactions involving similar real estate, also allowing for the financial asset yield and the individual character of the target real estate.
	Terminal capitalization rate	4.8%	Assessed based on capitalization rate, with overall account also taken of the possibility of major increase in capital expenditure due for instance to age-related building deterioration, uncertainty of market trends, the effect of time lapse on liquidity, and other uncertain factors.
Integrated value		4,060,000	
	Proportion of land	31.5%	
	Proportion of building	68.5%	
Other matters for consideration by the appraiser		The appraisal value is determined by considering the characteristics of demanders in the market regarding the target real estate and determination process of price, reflecting profitability and investment payability, setting the value based on income method as a standard that can be regarded more authoritative and referring to the integrated value.	

(Note 1) The figures shown are in proportion to the quasi-co-ownership share IAL plans to additionally acquire in the property (i.e., 20%).

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

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i Missions Park Kashiwa 2 (70% quasi-co-ownership interest)

Summary of appraisal report			
Property name		i Missions Park Kashiwa 2(70% quasi-co-ownership interest)	
Appraisal value ^(Note 1)		¥20,500,000 thousand	
Appraiser		The Tanizawa Sogo Appraisal Co., Ltd.	
Date of appraisal		October 31, 2019	
Item		Details (thousands of yen) ^(Note 1)	Comments, etc.
Estimated value based on income method		20,500,000	Estimate calculated using the estimated value based on the DCF method, and verified using the direct capitalization method.
	Estimated value based on direct capitalization method		20,800,000
	(1) Operating revenues	Undisclosed ^(Note 2)	
	a. Effective gross income	Undisclosed ^(Note 2)	
	b. Losses from vacancy, etc.	Undisclosed ^(Note 2)	
	(2) Operational expenses	Undisclosed ^(Note 2)	
	a. Building maintenance costs	Undisclosed ^(Note 2)	
	b. Utility expenses	Undisclosed ^(Note 2)	
	c. Repair expenses	Undisclosed ^(Note 2)	
	d. Property management fees	Undisclosed ^(Note 2)	
	e. Tenant soliciting fees, etc.	Undisclosed ^(Note 2)	
	f. Taxes and public dues	Undisclosed ^(Note 2)	
	g. Insurance premiums	Undisclosed ^(Note 2)	
	h. Other expenses	Undisclosed ^(Note 2)	
	(3) Net operating income	934,056	(1) – (2)
	(4) Earnings from temporary deposits	1,781	Assessed based on assumption of 1.0% investment yield.
	(5) Capital expenditure	20,720	Calculated based on engineering report and similar deals.
	Net cash flow	915,118	(3) + (4) – (5)
	Capitalization rate	4.4%	Assessed by comparing with multiple capitalization rates etc. within the surrounding areas or similar areas etc. within the same supply-and-demand region and taking into account forecasts of future change in net income, as well as the discount rate.
	Estimated value based on DCF method		20,400,000

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	Discount rate	1st-9th year 4.3% From tenth year and thereafter: 4.5%	Assessed using the buildup method, etc., based on financial product yield, with an additional yield set per warehouse and account taken also of the individual risk to the target real estate.
	Terminal capitalization rate	4.6%	Assessed based on capitalization rate with allowance for projected future uncertainty.
Integrated value		20,600,000	
	Proportion of land	42.6%	
	Proportion of building	57.4%	
Other matters for consideration by the appraiser		None	

(Note 1) The figures shown are in proportion to the quasi-co-ownership share that IAL plans to acquire in the property (i.e., 70%).

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

End

The original Japanese version of this announcement is being distributed to the Kabuto Club, the Ministry of Land, Infrastructure, Transport and Tourism Press Club, and the Ministry of Land, Infrastructure, Transport and Tourism Construction Specialty Publication Press Club.

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Attachments

1. Portfolio List after Acquisition of Assets to Be Acquired
2. Features of Assets to Be Acquired
3. Summary of Engineering Report and Earthquake Risk Assessment Report

Attachments

1. Portfolio List after Acquisition of Assets to Be Acquired

Property type	Property number	Property name	Location	Price of (planned) acquisition (Millions of yen) (Note 1)	Investment ratio (%) (Note 2)	Appraisal value (millions of yen) (Note 3)
Logistics real estate	L-1	i Missions Park Atsugi	Kanagawa Pref. Atsugi City	5,300	6.3	5,840
	L-2	i Missions Park Kashiwa	Chiba Pref. Kashiwa City	6,140	7.3	6,830
	L-3	i Missions Park Noda	Chiba Pref. Noda City	12,600	15.0	13,300
	L-4	i Missions Park Moriya (Note 4)	Ibaraki Pref. Tsukubamirai City	3,200	3.8	3,440
	L-5	i Missions Park Misato	Saitama Pref. Misato City	6,100	7.3	6,760
	L-6	i Missions Park Chiba-Kita (Note 5)	Chiba Pref. Chiba City	2,600	3.1	2,830
	L-7	i Missions Park Inzai (Notes 5)	Chiba Pref. Inzai City	27,810	33.1	29,640
	L-8	i Missions Park Moriya 2 (Note 6)	Ibaraki Pref. Tsukubamirai City	750	0.9	845
	L-9	i Missions Park Kashiwa 2 (quasi-co-ownership 70%) (Note 7)	Chiba Pref. Kashiwa City	19,600	23.3	20,500
Total (average)			—	84,100	100.0	89,985

(Note 1) "Price for (planned) acquisition" is the purchase price of the respective IAL's Portfolio Assets or Assets to Be Acquired as indicated in the sale and purchase agreement therefor. The purchase price does not include consumption tax, local consumption tax, or expenses relating to acquisition.

(Note 2) "Investment ratio" is the ratio of the (planned) acquisition price of each of the Portfolio Assets or each of the Assets to Be Acquired to the total amount of the planned acquisition price, rounded off to the first decimal place. Consequently, the sum of the investment ratios of the individual properties may not agree with the figure in the "total" column.

(Note 3) "Appraisal value" represents the appraisal value indicated in the real estate appraisal report, with the end of October 2019 being the valuation date for i Missions Park Kashiwa 2 (70% quasi-co-ownership share interest), and the end of July 2019 being the valuation date for portfolio assets excluding i Missions Park Inzai, and for i Missions Park Inzai, "appraisal value" represents the sum of the appraisal value indicated in the real estate appraisal report, with July 31, 2019 being the valuation date for IAL's quasi-co-ownership interest in the property as of the date of this notice (i.e., 80%), and the end of October 2019 being the valuation date for the

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quasi-co-ownership share that IAL plans to acquire in the property (i.e., 20%). The appraisals of each of the Portfolio Assets and each of the Assets to Be Acquired were entrusted to the Tanizawa Sōgō Appraisal Co., Ltd., Japan Real Estate Institute and DAIWA REAL ESTATE APPRAISAL CO., LTD.

- (Note 4) The land portion of the appraisal value of i Missions Park Moriya is in proportion to the relevant share in the land subject to appraisal in the real estate appraisal report for the relevant property (i.e., 70%).
- (Note 5) The (planned) acquisition prices of i Missions Park Chiba-Kita and i Missions Park Inzai are based on IAL's quasi-co-ownership share.
- (Note 6) The land portion of the appraisal value of i Missions Park Moriya 2 is in proportion to the relevant share in the land subject to appraisal in the real estate appraisal report for the relevant property (i.e., 30%).
- (Note 7) The price of planned acquisition of i Missions Park Kashiwa 2 (70% quasi-co-ownership interest) is based on IAL's planned quasi-co-ownership share (i. e., 70%).

2. Features of Assets to Be Acquired

(Property No. L-7) i Missions Park Inzai (20% quasi-co-ownership interest) (additional acquisition)

■ Location Characteristics

The property is located in Inzai City, which is within 40 km of central Tokyo. Its proximity to National Route 16 (approximately 5.7 km) makes it suitable for local delivery to the central areas of Chiba and Saitama Prefectures as well as for coverage of the eastern part of Tokyo. It can also serve as a wide-area base for the whole of the Greater Tokyo area via access to the Higashi-Kanto Expressway through Chiba-Kita Interchange (approximately 14.7 km), and as a relay station for air cargo to the nearby Narita International Airport. The surrounding is an area with a concentration of logistics and other industrial facilities, making 24-hour operation possible with limited risk of complaints from the local community. In terms of recruitment, there is a bus stop within walking distance and population concentrations in the surrounding area, which should make it easy to attract staff.

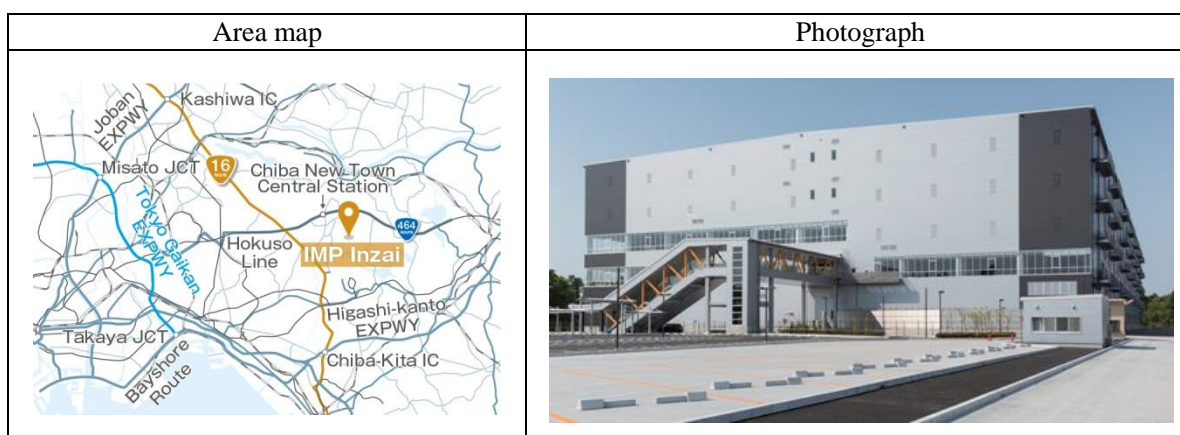
■ Property Features

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

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■ Area Map and Photograph of Asset to Be Acquired



(Property No. L-9) i Missions Park Kashiwa 2 (70% quasi-co-ownership interest)

■ Location Characteristics

The property is located in Kashiwa City, in the northwest part of Chiba Prefecture, approximately 30 km from central Tokyo. The Joban Expressway and National Route 16 pass through the city, with the “Kashiwa IC” area, a strategically important area at the junction of these routes, functions as a leading logistics area with a concentration of logistics facilities. Further, the “Misato-Minami IC-Koya JCT” section of the Tokyo Gaikan Expressway was opened in June 2018, improving access to the Chiba coastal area and leading to greater potential as a logistics hub. The property is located in the Toyofuta industrial district near the “Kashiwa IC” of the Joban Expressway, which is a logistics district suitable for 24-hour operation. In terms of recruitment, there is the Kashiwa Tanaka Station of the Tsukuba Express within walking distance (approximately 1.2 kilometers), and there are also residential concentrations in the surroundings, which should make it easy to attract staff.

■ Property Features

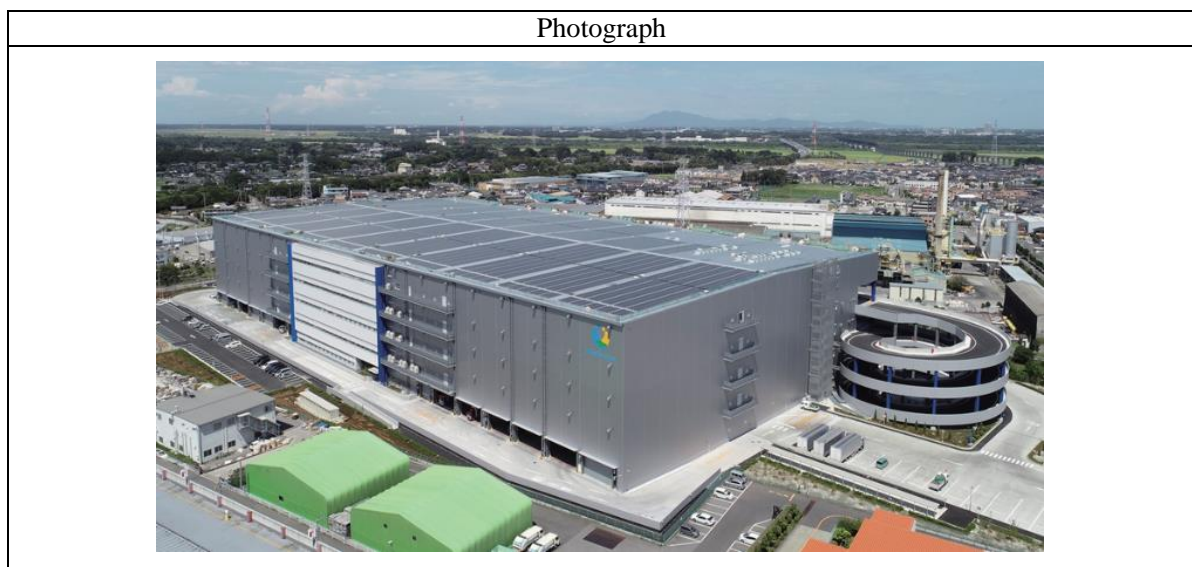
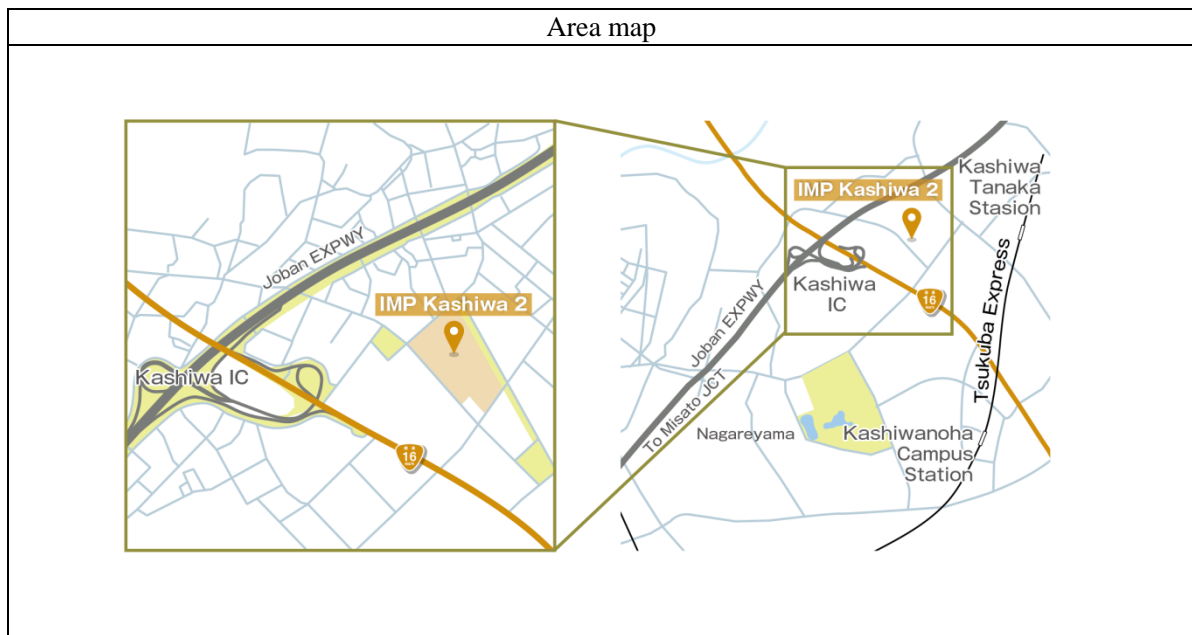
The property is a logistics facility on six (6) floors with a total floor area of 40,075 *tsubo* and is occupied by a single logistics company. In terms of the basic specifications of warehouse areas, the effective ceiling height is: 5.5 m on the first to fourth floors securing versatile level and 6.5 m on the fifth floor securing high level. Typical floor loads have been secured at 1.5 t/m² for each floor, with column spacing of 11.0 m × 11.0 m therefore versatile level is secured. The property is also equipped with double rampways with a truck berth on the first to fourth floors, as well as three cargo elevators and five vertical conveyors. The ample parking consists of spaces for 370 vehicles and a truck standby area for 36 vehicles. Solar panels (tenant assets) are installed on the roof to reduce the environmental footprint. The general functionality of the property allows it to be divided up for separate utilization, making it a logistics facility adaptable to multi-tenant use.

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■ Area Map and Photograph of Asset to Be Acquired



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3. Summary of Engineering Report and Earthquake Risk Assessment Report

Property type	Property no.	Property name	Engineering Report				Earthquake Risk Assessment Report		
			Inspection date	Engineering firm	Emergency and short-term repair and renewal costs (thousands of yen) (Note 1)	Medium- to long-term repair and renewal costs (thousands of yen) (Note 2)	Inspection date	Engineering firm	Probable maximum loss (PML) score (%) (Note 3)
Logistics real estate	L-1	i Missions Park Atsugi (Note 4)	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Building A —	Building A 16,780	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Building A 8.9
					Building B —	Building B 38,881			Building B 8.2
	L-2	i Missions Park Kashiwa	May 2018	Engineering and Risk Services Corporation	—	30,305	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	5.4
	L-3	i Missions Park Noda	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	—	135,580	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	1.8
	L-4	i Missions Park Moriya	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	—	39,032	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	5.4
	L-5	i Missions Park Misato	May 2018	ERI Solution Co., Ltd.	—	62,120	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	4.4
	L-6	i Missions Park Chiba-Kita	May 2018	ERI Solution Co., Ltd.	—	14,860	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	4.9
	L-7	i Missions Park Inzai	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	—	278,710	May 2018	Tokio Marine & Nichido Risk Consulting Co., Ltd.	1.5
	L-8	i Missions Park Moriya 2	March 2019	Tokio Marine & Nichido Risk Consulting Co., Ltd.	—	117,157	March 2019	Tokio Marine & Nichido Risk Consulting Co., Ltd.	7.3

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Property type	Property no.	Property name	Engineering Report				Earthquake Risk Assessment Report		
			Inspection date	Engineering firm	Emergency and short-term repair and renewal costs (thousands of yen) ^(Note 1)	Medium- to long-term repair and renewal costs (thousands of yen) ^(Note 2)	Inspection date	Engineering firm	Probable maximum loss (PML) score (%) ^(Note 3)
Logistics real estate	L-9	i Missions Park Kashiwa 2 (quasi-co-ownership 70%) ^(Note 5)	September 2019	Tokio Marine & Nichido Risk Consulting Co., Ltd.	—	221,459	September 2019	Tokio Marine & Nichido Risk Consulting Co., Ltd.	2.9
Total/portfolio PML ^(Note 6)			—	—	—	954,884	—	—	2.7

(Note 1) “Emergency and short-term repair and renewal costs” represents the cost of repairs and renewal, as identified in the Engineering Report, that are likely to arise either in an emergency or within approximately one year from the inspection date.

(Note 2) “Medium- to long-term repair and renewal costs” represents the cost of repairs and renewal, as identified in the Engineering Report, that are likely to arise within 12 years from the inspection date. The figures are rounded down to the nearest unit.

(Note 3) “Probable maximum loss (PML) score” is the score recorded in the Earthquake Risk Assessment Report submitted by the engineering firm.

(Note 4) i Missions Park Atsugi consists of two (2) logistics real estate properties, Building A and Building B, for which separate figures are presented for emergency and short-term repair and renewal costs, medium- to long-term repair and renewal costs, and PML score.

(Note 5) For i Missions Park Kashiwa 2 (70% quasi-co-ownership interest), the figures shown for emergency and short-term repair and renewal costs, and medium- to long-term repair and renewal costs are in proportion to the quasi-co-ownership share to be acquired by IAL in the property (i.e., 70%) and are rounded down to the nearest unit.

(Note 6) “Portfolio PML score” is a collective figure for the Portfolio Assets and Assets to Be Acquired (i.e., portfolio of nine (9) properties comprising ten (10) buildings), calculated using the same method as for the PML score of the individual properties, based on the Earthquake Risk Assessment Portfolio Analysis Report of Tokio Marine & Nichido Risk Consulting Co., Ltd., dated November 2019.

Note: This press release is intended to disclose to the public the acquisition and leasing of assets by IAL, and is not an offer to sell or a solicitation of any offer to buy the securities of IAL in the United States or elsewhere. Any investment decision should be made based upon your own judgement.
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