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For immediate release

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Notice Concerning Revisions to the Forecasts of Financial Results for the Fiscal Period Ending July 2020  
and the Forecasts of Financial Results for the Fiscal Period Ending January 2021

ITOCHU Advance Logistics Investment Corporation (“IAL”) hereby announces that it has revised its forecasts of the financial results for the fourth fiscal period ending July 2020 (February 1 to July 31, 2020), which were previously announced in the “Summary of Financial Results (Unaudited) For the Second Fiscal Period Ended July 31, 2019” on September 13, 2019, and also newly announces its forecasts of financial results for the fifth fiscal period ending January 2021. Details are as follows.

1. Revised Forecasts of Financial Results for the Fourth Fiscal Period Ending July 2020 (February 1 to July 31, 2020)

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit including surplus cash distribution (SCD)	Distributions per unit excluding SCD	SCD per unit
Previous forecast (A)	¥1,759 million	¥794 million	¥716 million	¥715 million	¥2,310	¥2,002	¥308
Revised forecast (B)	¥2,405 million	¥1,173 million	¥1,015 million	¥1,014 million	¥2,382	¥2,088	¥294
Difference (B) – (A)	¥646 million	¥378 million	¥299 million	¥299 million	¥72	¥86	(¥14)
Percentage difference	36.7%	47.7%	41.9%	41.9%	3.1%	4.3%	(4.5%)

(Reference) Expected number of investment units issued and outstanding at the end of the fiscal period ending July 2020: 486,000 units  
Expected net income per unit: ¥2,088

Note: This press release is intended to disclose to the public the revision of IAL’s forecasts of financial results and distributions for the fiscal periods ending July 31, 2020 and January 31, 2021, 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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## 2. Forecasts of Financial Results for the Fifth Fiscal Period Ending January 2021 (August 1, 2020 to January 31, 2021)

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit including SCD	Distributions per unit excluding SCD	SCD per unit
Fiscal period ending January 2021	¥2,458 million	¥1,193 million	¥1,078 million	¥1,077 million	¥2,497	¥2,217	¥280

(Reference) Expected number of investment units issued and outstanding at the end of the fiscal period ending January 2021: 486,000 units

Expected net income per unit: ¥2,217

(Note 1) The forecasts for the fourth fiscal period ending July 2020 and the fifth fiscal period ending January 2021 are made using information available at the time of this release, based on assumptions stated in the attached “Assumptions for Forecasts of Financial Results for Fiscal Period Ending July 2020 and Fiscal Period Ending January 2021”. Actual amounts of operating revenues, operating income, ordinary income, net income, distributions per unit (excluding SCD) and SCD per unit may differ as a result of variance from assumptions due to various factors such as the number of new investment units to be issued and the issue price to be determined, the future acquisition or sale of properties, etc., changes in the real estate market, interest rate fluctuations and other changes in the circumstances surrounding IAL. In addition, no guarantee was made by these forecasts as to the amount of distributions and SCD.

(Note 2) The above forecasts are subject to revisions when it is expected that any noticeable discrepancy will arise.

(Note 3) All figures have been rounded down and all percentages have been rounded to one decimal place.

## 3. Main Reason for the Revisions and Disclosure thereof

The assumptions for the forecasts for the fiscal period ending July 2020, which were announced in the “Summary of Financial Results (Unaudited) For the Second Fiscal Period Ended July 31, 2019” dated September 13, 2019, have been changed due to the acquisition of the Assets to be Acquired (as defined in the “Investment Assets” of the attached “Assumptions for Forecasts of Financial Results for Fiscal Period Ending July 2020 and Fiscal Period Ending January 2021”) by means of an issuance of new investment units as stated in the “Notice Concerning Issuance and Secondary Offering of Investment Units” and the “Notice Concerning the Acquisition and Leasing of Domestic Real Estate Trust Beneficiary Interests” released today, and IAL projected a variance of more than 10% and 30% relative to the forecasts as to operating revenues, and the ordinary income and net income, respectively. As a result, we have revised forecasts as shown in 1 above.

In addition, in line with such revisions, we have decided to newly announce the forecasts of financial results and the distributions for the fiscal period ending January 2021 based on the assumptions stated in Attachment 1.

Please note that there are no revisions to the forecasts of financial results for the fiscal period ending January 2020 (August 1, 2019 to January 31, 2020) as announced in the “Summary of Financial Results (Unaudited) For the Second Fiscal Period Ended July 31, 2019” dated September 13, 2019.

End

- The original Japanese version of this announcement is released to media organizations through the Kabuto Club (the press club of the Tokyo Stock Exchange), the Ministry of Land, Infrastructure and Transport Press Club, and the Press Club for the Ministry of Land, Infrastructure and Transport Construction Paper.
- IAL’s corporate website: <https://www.ial-reit.com/en/>

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<Assumptions for Forecasts of Financial Results for  
Fiscal Period Ending July 2020 and Fiscal Period Ending January 2021>

Item	Assumptions																											
Calculation period	<div>➤ The fourth fiscal period ending July 2020: February 1, 2020 to July 31, 2020 (182 days)</div> <div>➤ The fifth fiscal period ending January 2021: August 1, 2020 to January 31, 2021 (184 days)</div>																											
Investment assets	<div>➤ It is assumed that the number of properties held by IAL is 9 (Note) in total, consisting of the real estate trust beneficiary interests for 8 properties currently held by IAL (hereinafter referred to as the “Portfolio Assets”), and the real estate trust beneficiary interests (70% quasi-co-ownership interest) for a property to be newly acquired on February 3, 2020 (i.e., i Missions Park Kashiwa 2) and the real estate trust beneficiary interests (20% quasi-co-ownership interest) for a property to be additionally acquired on April 1, 2020 (i.e., i Missions Park Inzai) (after the issuance of new investment units which was resolved at IAL Board of Directors’ meeting held today) (hereinafter collectively referred to as the “Assets to be Acquired”; for the details of the Assets to be Acquired, please refer to the “Notice Concerning the Acquisition and Leasing of Domestic Real Estate Trust Beneficiary Interests” announced today); and that no acquisition of new assets nor disposition, etc. of the Portfolio Assets will be performed thereafter until the end of the fiscal period ending January 2021.</div> <div>➤ Despite the assumption above, however, there may be changes to the assets under management due to acquisition of new properties or disposition of Portfolio Assets. (Note) As IAL plans to additionally acquire the remaining quasi-co-ownership interest of i Missions Park Inzai in addition to that already acquired by IAL, the said quasi-co-ownership interest is counted as a single property together with the already acquired quasi-co-ownership interest in counting the number of properties after the acquisition of Assets to Be Acquired.</div>																											
Operating revenue	<div>➤ Forecasted leasing business revenues for the Portfolio Assets were calculated taking into consideration the content of lease agreements which are effective as of today, as well as tenant and market trends, among other things.</div> <div>➤ Forecasted leasing business revenues for the Assets to be Acquired were calculated based on the information provided by the beneficial owner, taking into consideration the content of lease agreements, as well as tenant and market trends, among other things.</div> <div>➤ It is assumed that no rent defaults or unpaid leases on the part of tenants will occur during the period of these forecasts.</div> <div>➤ These forecasts are based on the assumptions that there will be no profit or loss from the sale of real estate or other assets.</div>																											
Operating expenses	<div>➤ Main items included under operating expenses are as follows:</div> <div><div>(millions of yen)</div><table><tr><th></th><th>Fiscal period ending July 2020</th><th>Fiscal period ending January 2021</th></tr><tr><td>Expenses related to rent business</td><td></td><td></td></tr><tr><td>Facility management expenses</td><td>26</td><td>28</td></tr><tr><td>Property management contract expenses</td><td>12</td><td>11</td></tr><tr><td>Utility expenses</td><td>30</td><td>31</td></tr><tr><td>Repair expenses</td><td>6</td><td>6</td></tr><tr><td>Taxes and public dues</td><td>161</td><td>161</td></tr><tr><td>Depreciation expenses</td><td>638</td><td>655</td></tr><tr><td>General and administrative expenses</td><td></td><td></td></tr></table></div>		Fiscal period ending July 2020	Fiscal period ending January 2021	Expenses related to rent business			Facility management expenses	26	28	Property management contract expenses	12	11	Utility expenses	30	31	Repair expenses	6	6	Taxes and public dues	161	161	Depreciation expenses	638	655	General and administrative expenses		
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		Asset management fees	272	291
		Sponsor support agreement expenses	16	16
	<p>➤ With the exception of depreciation costs, the forecast of real estate leasing business expenses, which are to be IAL's main operating expenses, were calculated taking into consideration variable factors of expenses, based on historical data as to the Portfolio Assets, or on information provided by the current beneficial owner as to the Assets to be Acquired.</p> <p>➤ Although the amount of fixed property tax and city planning tax in a transaction of real estate, etc., is generally calculated on a pro-rata basis based on the relevant period, and settled at the time of acquisition with the current owner, IAL includes such amount in the cost of acquisition and does not recognize it as expense. Fixed property tax and city planning tax on the Assets to be Acquired will be recognized as expense from fiscal period ending July 2021. For such Assets to be Acquired, total amount of the fixed property tax and city planning tax to be added to the cost is estimated at 134 million yen.</p> <p>➤ Forecast repair expenses for buildings were estimated based on medium to long-term repair plans developed by ITOCHU REIT Management Co., Ltd. ("IRM"). Actual repair expenses, however, may substantially differ from the forecasted amount, due to property damage caused by factors that are difficult to predict, among other things. Furthermore, actual repair expenses may also differ due to the fact that they vary significantly from one fiscal year to another, and they are not incurred on a regular basis.</p> <p>➤ Forecast depreciation costs were calculated using the straight-line method, and include ancillary and other expenses.</p>			
Non-operating expenses	<p>➤ The forecast of non-operating expenses is 157 million yen for the fiscal period ending July 2020, and 118 million yen for the fiscal period ending January 2021.</p> <p>➤ It is expected that interest expenses and other borrowing related expenses will be 118 million yen for the fiscal period ending July 2020 and 115 million yen for the fiscal period ending January 2021.</p> <p>➤ As the expenses for the issuance of new investment units, 36 million yen is expected for the fiscal period ending July 2020. The expenses for the issuance of new investment units are scheduled to be fully amortized in the fiscal period ending July 2020.</p>			
Interest-bearing debt	<p>➤ It is assumed that the total amount of interest-bearing debt will be 37,053 million yen and 35,540 million yen as of the end of the fiscal periods ending July 2020 and January 2021, respectively.</p> <p>➤ It is assumed that IAL will make new borrowings of 13,113 million yen in total (i.e., 7,600 million yen in February 2020 and 5,513 million yen in March 2020). The amount of borrowings, however, may be modified before such borrowings are actually made, taking into consideration the amount of proceeds from the issuance of new investment units and other factors. In addition, the details of such new borrowings will be announced as soon as it is determined. (For the details of the new borrowings, please refer to the "Notice Concerning the Borrowing of Funds" announced today.)</p> <p>➤ As for the loans for consumption taxes for the Assets to be Acquired, it is assumed that the borrowing of 1,513 million yen will be repaid during the fiscal period ending January 2021, using the corresponding consumption tax refund scheduled to be received during the fiscal period ending January 2021 as well as other funds.</p> <p>➤ The loan-to-value (LTV) ratio is expected to be around 42.0% and 41.0% as of the end of the fiscal periods ending July 2020 and January 2021, respectively. The LTV ratio is calculated by using the following formula, rounded to one decimal place:  <math display="block">\text{LTV ratio} = \text{Total amount of interest-bearing debt} / \text{Total amount of assets} \times 100</math> </p> <p>➤ LTV ratio may fluctuate depending on the number of new investment units to be issued and the issue price.</p>			
Total number of investment units issued and outstanding	<p>➤ It is assumed that, in addition to the 357,143 investment units issued and outstanding as of today, the maximum number of units resolved to be issued at IAL Board of Directors' meeting held today (i.e., 128,857 units, consisting of units to be issued for primary offering (123,357 units) and units to be issued for third-party allotment (up to 5,500 units)), will be issued.</p> <p>➤ It is assumed that, other than the above, there will be no change in the number of investment units as a result of the issuance of new investment units or for any reason until the end of the fiscal period</p>			

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	<p>ending January 2021.</p> <p>➤ Distribution per unit (excluding SCD) and SCD per unit are calculated based on the forecast of the total number of investment units issued at the ends of the fiscal period ending July 2020 and the fiscal period ending January 2021 (i.e., 486,000 units), including the above-mentioned maximum number of units allowed to be issued (i.e., 128,857 units).</p>
Distribution per unit (excluding SCD)	<p>➤ The forecast distributions per unit (excluding SCD) was calculated according to IAL's distribution policy described in its Articles of Incorporation, assuming that the entire amount of profits will be distributed.</p> <p>➤ The amount of distribution per unit (excluding SCD) may change due to various factors, including changes in the rent revenues resulting from changes in the assets under management, moves of tenants or unexpected repairs, etc.</p>
SCD per unit	<p>➤ SCD per unit was calculated based on the policies stipulated in IAL's Articles of Incorporation and the asset management guidelines contained in the internal rules of IRM. Total SCD are estimated at 142 million yen in the fiscal period ending July 2020, and 136 million yen in the fiscal period ending January 2021.</p> <p>➤ It is assumed that there will be no specific possibility that the external economic environment, the state of real estate market and IAL's financial conditions would be significantly deteriorated.</p> <p>➤ In principle, IAL plans to pay SCD every fiscal period, and aims to set the total amount of distributions including SCD at an amount equivalent to 70% of funds from operations (FFO) (Note 1). SCD to be distributed in each fiscal period, however, shall be capped at an amount equivalent to 30% of depreciation costs in the applicable fiscal period.</p> <p>➤ Further, in addition to such SCD to be paid on a constant basis, IAL may pay additional one-off SCD to even out the amount of distributions per unit, if the amount of distributions per unit is expected to be temporarily reduced at a significant rate due to funds procurement through issuance of new investment units, or any other factors.</p> <p>➤ IAL may decide against distributing cash in excess of distributable amount, however, if it deems it inappropriate to make such distributions in light of economic conditions, trends in real estate and leasing markets, or the status of its property portfolio and financial position</p> <p>➤ If appraised LTV (Note 2) is expected to exceed 60% after cash distribution, IAL does not distribute SCD in order to ensure stable finances.</p> <p>(Note 1) "FFO" is an abbreviation of the Funds From Operations, which stands for the sum of (i) the depreciation costs for the relevant fiscal period and (ii) the net income (excluding profit or loss from the sale of real estate).</p> <p>(Note 2) Appraised LTV (%) = <math>A / B \times 100</math></p> <p>A = Total amount of interest-bearing debt as of the closing date of the applicable fiscal period</p> <p>B = Total amount of assets recorded on the balance sheet as of the closing date of the applicable fiscal period - Book value after depreciation of the Portfolio Assets as of the closing date of the applicable fiscal period + Total amount of the appraised value of the Portfolio Assets as of the closing date of the applicable fiscal period</p>
Other	<p>➤ It is assumed that there will be no change in laws and regulations, the taxation system, accounting standards, the Securities Listing Regulations of the Tokyo Stock Exchange, or the rules of the Investment Trust Association, Japan, etc. that could affect the above forecasts.</p> <p>➤ It is assumed that there will be no unexpected significant change in general economic trends, real estate market conditions, etc.</p>

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[Attachment 2]

<Forecasts of Distribution per Unit for Fiscal Period ending July 2020 (Before revision) and January 2021 (Note 1) and Estimate of Distribution per Unit after Adjustment of Temporary Effect for Fiscal Period ending January 2021 (Note 2)>

	(For reference) Fiscal period ending July 2020 (Before revision) (As announced on September 13, 2019)	Fiscal period ending January 2021 (Estimate)	Fiscal period ending January 2021 (after adjustment of temporary effect) (Estimate)
Increase in the expense in relation to fixed property tax and city planning tax starting to be charged as expenses (yen/unit) (Note 3)	—	—	(157)
Increase in the profit in relation to asset management fees decrease due to fixed property tax and city planning tax starting to be charged as expenses (yen/unit) (Note 4)	—	—	29
Distribution per unit (excluding SCD) (yen/unit)	2,002	2,217	2,089
SCD per unit (yen/unit)	308	280	318 (Note 5)
Distribution per unit (including SCD) (yen/unit)	2,310	2,497	2,407
Number of investment units issued as of the end of the fiscal period (unit) (Note 5)	357,143	486,000	486,000

(Note 1) The numbers as of the end of the fiscal period ending January 2021 (Estimate) is based on the assumptions set out in Attachment 1 (“Assumptions for Forecasts of Financial Results for Fiscal Period Ending July 2020 and Fiscal Period Ending January 2021”).

(Note 2) “Distribution per unit after adjustment of temporary effect (Estimated)” refers to the estimated amount of distribution per unit calculated based on the forecasts of the distributions to be made for the fiscal period ending January 2021, on the assumption that the fixed property tax, the city planning tax and the depreciable property tax (which are included in the acquisition cost) are charged as expenses. Accordingly, it does not stand for a forecast nor estimate of the distribution per unit to be made for any specific fiscal period of IAL.

(Note 3) “Increase in the expense in relation to fixed property tax and city planning tax starting to be charged as expenses” refers to the effect on the estimated amount of distribution per unit calculated based on the forecasts of the distributions to be made for the fiscal period ending January 2021, on the assumption that the fixed property tax, the city planning tax and the depreciable property tax (which are included in the acquisition cost) are charged as expenses.

(Note 4) “Increase in the profit in relation to asset management fees decrease due to fixed property tax and city planning tax starting to be charged as expenses” refers to the effect on the estimated amount of distribution per unit calculated based on the forecasts of the distributions to be made for the fiscal period ending January 2021 in relation to asset management fees decrease due to fixed property tax and city planning tax starting to be charged as expenses.

(Note 5) The SCD per unit was calculated assuming that the total amount of distribution per unit (including SCD) corresponds to the amount equivalent to 70% of FFO after the above-mentioned adjustment of temporary effect.

(Note 6) The number of investment units issued as of the end of the fiscal period ending January 2021 (after adjustment of temporary effect) (Estimate) is based on the assumptions set out in Attachment 1 (“Assumptions for Forecasts of Financial Results for Fiscal Period Ending July 2020 and Fiscal Period Ending January 2021”).

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