



For immediate release

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Notice Concerning Revisions to the Forecasts of Financial Results for
the Fiscal Periods Ending January 2021 and July 2021,
and the Forecasts of Financial Results for the Fiscal Period Ending January 2022

ITOCHU Advance Logistics Investment Corporation (“IAL”) hereby announces that it has revised its forecasts of the financial results for the fifth fiscal period ending January 2021 (August 1, 2020 to January 31, 2021) and the sixth fiscal period ending July 2021 (February 1, 2021 to July 31, 2021), which were previously announced in the “Summary of Financial Results (Unaudited) For the Fourth Fiscal Period Ended July 31, 2020” on September 14, 2020, and also newly announces its forecasts of financial results for the seventh fiscal period ending January 2022. Details are as follows.

1. Revised 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 surplus cash distribution (SCD)	Distributions per unit excluding SCD	SCD per unit
Previous forecast (A)	¥2,456 million	¥1,190 million	¥1,087 million	¥1,086 million	¥2,508	¥2,236	¥272
Revised forecast (B)	¥2,610 million	¥1,301 million	¥1,163 million	¥1,162 million	¥2,508	¥1,930	¥578
Difference (B) – (A)	¥153 million	¥111 million	¥76 million	¥75 million	¥-	(¥306)	¥306
Percentage difference	6.2%	9.3%	7.0%	7.0%	-%	(13.7%)	112.2%

(Reference) Expected number of investment units issued and outstanding at the end of the fiscal period ending January 2021: 602,500 units
Expected net income per unit: ¥1,930

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2. Revised Forecasts of Financial Results for the Sixth Fiscal Period Ending July 2021 (February 1, 2021 to July 31, 2021)

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit including SCD	Distributions per unit excluding SCD	SCD per unit
Previous forecast (A)	¥2,456 million	¥1,129 million	¥1,026 million	¥1,025 million	¥2,420	¥2,110	¥310
Revised forecast (B)	¥3,063 million	¥1,467 million	¥1,331 million	¥1,330 million	¥2,455	¥2,208	¥247
Difference (B) – (A)	¥606 million	¥337 million	¥305 million	¥305 million	¥35	¥98	(¥63)
Percentage difference	24.7%	29.9%	29.7%	29.8%	1.4%	4.6%	(20.4%)

(Reference) Expected number of investment units issued and outstanding at the end of the fiscal period ending July 2021: 602,500 units
Expected net income per unit: ¥2,208

3. Forecasts of Financial Results for the Seventh Fiscal Period Ending January 2022 (August 1, 2021 to January 31, 2022)

	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 2022	¥3,173 million	¥1,542 million	¥1,396 million	¥1,395 million	¥2,550	¥2,316	¥234

(Reference) Expected number of investment units issued and outstanding at the end of the fiscal period ending January 2022: 602,500 units
Expected net income per unit: ¥2,316

(Note 1) The figures stated in the foregoing forecasts are calculated based on assumptions stated in the attached “Assumptions for Forecasts of Financial Results for Fiscal Periods Ending January 2021, July 2021, and January 2022”. 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.

4. Main Reason for the Revisions and Disclosure thereof

The assumptions for the forecasts for the fiscal periods ending January 2021 and July 2021, which were announced in the “Summary of Financial Results (Unaudited) For the Second Fiscal Period Ended July 31, 2020” dated September 14, 2020, 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 Periods Ending

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January 2021, July 2021, and January 2022”) by means of an issuance of new investment units as stated in the “Notice Concerning Issuance of New Investment Units and Secondary Offering” and the “Notice Concerning the Acquisition and Leasing of Domestic Real Estate Trust Beneficiary Interests” released today and the borrowings as stated in the “Notice Concerning the Borrowing of Funds” released today, and IAL projected a variance of more than 10% relative to the forecast as to operating revenues. As a result, we have revised forecasts as shown in 1. and 2. 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 2022 based on the assumptions stated in Attachment 1.

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, and Transport and Tourism Construction Specialty Publication Press Club.
- IAL’s corporate website: <https://www.ial-reit.com/en/>

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<Assumptions for Forecasts of Financial Results for
Fiscal Periods Ending January 2021, July 2021, and January 2022>

Item	Assumptions																																													
Calculation period	<div>➤ The fifth fiscal period ending January 2021: August 1, 2020 to January 31, 2021 (184 days)</div> <div>➤ The sixth fiscal period ending July 2021: February 1, 2021 to July 31, 2021 (181 days)</div> <div>➤ The seventh fiscal period ending January 2022: August 1, 2021 to January 31, 2022 (184 days)</div>																																													
Investment assets	<div>➤ It is assumed that the number of properties held by IAL is 12 (Note) in total, consisting of the real estate trust beneficiary interests for 9 properties currently held by IAL (hereinafter referred to as the “Portfolio Assets”), and the real estate trust beneficiary interests for the properties to be newly acquired on November 20, 2020 (i.e., i Missions Park Kashiwa 2 (30% quasi-co-ownership interest) (additional acquisition) and i Missions Park Inzai 2) and the properties to be acquired on April 1, 2021 (i.e., i Missions Park Tokyo-Adachi and i Missions Park Miyoshi) (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 2022.</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 the Portfolio Assets. (Note) As IAL plans to additionally acquire the remaining quasi-co-ownership interest of i Missions Park Kashiwa 2 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 the Assets to Be Acquired.</div>																																													
Operating revenues	<div>➤ Forecasted leasing business revenues for the Portfolio Assets were calculated taking into consideration the content of lease agreements having been concluded which are effective as of today or which will become effective before the end of the fiscal period ending January 2022, 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 current beneficial owners, 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><table><tr><th colspan="2"></th><th colspan="3">(millions of yen)</th></tr><tr><th colspan="2"></th><th>Fiscal period ending January 2021</th><th>Fiscal period ending July 2021</th><th>Fiscal period ending January 2022</th></tr><tr><td colspan="2">Leasing business expenses</td><td></td><td></td><td></td></tr><tr><td></td><td>Facility management expenses</td><td>27</td><td>28</td><td>34</td></tr><tr><td></td><td>Property management contract expenses</td><td>12</td><td>15</td><td>16</td></tr><tr><td></td><td>Utility expenses</td><td>29</td><td>28</td><td>29</td></tr><tr><td></td><td>Repair expenses</td><td>7</td><td>13</td><td>8</td></tr><tr><td></td><td>Taxes and public dues</td><td>160</td><td>280</td><td>280</td></tr><tr><td></td><td>Depreciation expenses</td><td>701</td><td>781</td><td>798</td></tr></table></div>			(millions of yen)					Fiscal period ending January 2021	Fiscal period ending July 2021	Fiscal period ending January 2022	Leasing business expenses						Facility management expenses	27	28	34		Property management contract expenses	12	15	16		Utility expenses	29	28	29		Repair expenses	7	13	8		Taxes and public dues	160	280	280		Depreciation expenses	701	781	798
		(millions of yen)																																												
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	General and administrative expenses			
	Asset management fees	291	359	388
	Sponsor support agreement expenses	18	21	22
	<ul style="list-style-type: none"> ➤ With the exception of depreciation costs, the forecast of 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 owners as to the Assets to Be Acquired. ➤ 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 i Missions Park Kashiwa 2 (30% quasi-co-ownership interest) (additional acquisition) and i Missions Park Inzai 2 scheduled to be acquired on November 20, 2020 will be recognized as expense from fiscal period ending July 2021, and i Missions Park Tokyo-Adachi and i Missions Park Miyoshi scheduled to be acquired on April 1, 2021 will be recognized as expense from fiscal period ending July 2022. The amount of the fixed property tax and city planning tax which is included in the acquisition cost is estimated to be 10 million yen for the fiscal period ending January 2021 with respect to i Missions Park Kashiwa 2 (30% quasi-co-ownership interest) (additional acquisition) and i Missions Park Inzai 2 which is scheduled to be acquired on November 20, 2020 and 42 million yen for the fiscal period ending July 2021 with respect to i Missions Park Tokyo-Adachi and i Missions Park Miyoshi which is scheduled to be acquired on April 1, 2021, respectively. ➤ 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. ➤ Forecast depreciation expenses were calculated using the straight-line method, and include ancillary and other expenses. 			
Non-operating expenses	<ul style="list-style-type: none"> ➤ The forecast of non-operating expenses is 141 million yen for the fiscal period ending January 2021, 137 million yen for the fiscal period ending July 2021, and 145 million yen for the fiscal period ending January 2022. ➤ It is expected that interest expenses and other borrowing related expenses will be 104 million yen for the fiscal period ending January 2021, 135 million yen for the fiscal period ending July 2021, and 143 million yen for the fiscal period ending January 2022. ➤ As the expenses for the issuance of new investment units, 19 million yen is expected for the fiscal period ending January 2021. The expenses for the issuance of new investment units are scheduled to be fully amortized in the fiscal period ending January 2021. 			
Interest-bearing debt	<ul style="list-style-type: none"> ➤ It is assumed that the total amount of interest-bearing debt will be 34,640 million yen, 46,826 million yen and 46,393 million yen as of the end of the fiscal periods ending January 2021, July 2021, and January 2022, respectively. ➤ It is assumed that IAL will make new borrowings of 12,916 million yen in total (i.e., 730 million yen in November 2020 and 12,186 million yen in April 2021). 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.) ➤ As for the loans for consumption taxes for the Assets to Be Acquired, it is assumed that the borrowings of 730 million yen and 433 million yen will be repaid during the fiscal period ending July 2021 and the fiscal period ending January 2022, respectively, using the corresponding consumption tax refund scheduled to be received during the fiscal period ending January 2021 and the fiscal period ending July 2021. 			

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	<ul style="list-style-type: none"> ➤ The loan-to-value (LTV) ratio is expected to be around 33.6%, 40.4% and 40.2% as of the end of the fiscal periods ending January 2021, July 2021, and January 2022, respectively. The LTV ratio is calculated by using the following formula, rounded to one decimal place: $\text{LTV ratio} = \text{Total amount of interest-bearing debt} / \text{Total amount of assets} \times 100$ ➤ LTV ratio may fluctuate depending on the number of new investment units to be issued and the issue price.
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> ➤ It is assumed that, in addition to the 486,000 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., 116,500 units, consisting of units to be issued for primary offering (111,000 units) and units to be issued for third-party allotment (up to 5,500 units)), will be issued. ➤ 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 ending January 2022. ➤ 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 end of each of the fiscal periods ending January 2021, July 2021, and January 2022 (i.e., 602,500 units), including the above-mentioned maximum number of units allowed to be issued (i.e., 116,500 units).
Distribution per unit (excluding SCD)	<ul style="list-style-type: none"> ➤ 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. ➤ 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.
SCD per unit	<ul style="list-style-type: none"> ➤ 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 348 million yen in the fiscal period ending January 2021, 148 million yen in the fiscal period ending July 2021 and 140 million yen in the fiscal period ending January 2022. ➤ IAL has a policy of making continuous distributions in excess of earnings each fiscal period in principle, with an amount equivalent to 70% of FFO (Note 1) as the target for total distributions, including SCD, up to a maximum of 30% of the depreciation expense for the relevant operating period. In addition to continuous SCD, if the amount of distributions per unit is expected to temporarily decrease to a certain degree due to fundraising, such as the issuance of new investment units, or major repairs, etc., a temporary SCD may be made in addition to the amount of continuous SCD for the purpose of leveling out the amount of distributions. In the fiscal periods ending January 2021, as the amount of distributions (excluding SCD) per unit will temporarily decrease due to the issuance of new investment units and acquisition of properties during the period, it was decided to make SCD in the amount equivalent to 81.0% of FFO (49.6% of depreciation expenses) for the fiscal period ending January 2021, for the purpose of leveling out the amount of distributions (including SCD) per unit. ➤ 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. ➤ IAL may decide against distributing cash in excess of distributable amount, 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 the Portfolio Assets and financial position ➤ If appraised LTV (Note 2) is expected to exceed 60% after cash distribution, IAL does not distribute SCD in order to ensure stable finances. (Note 1) "FFO" is an abbreviation of the Funds From Operations, which stands for the sum of (i) the depreciation expenses for the relevant fiscal period, (ii) the net income (excluding profit or loss from the sale of real estate) and (iii) the income carried forward. (Note 2) $\text{Appraised LTV (\%)} = A / B \times 100$ A = Total amount of interest-bearing debt as of the closing date of the applicable fiscal period 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

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	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
Other	<ul style="list-style-type: none"> ➤ 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. ➤ It is assumed that there will be no unexpected significant change in general economic trends, real estate market conditions, etc. ➤ It is assumed that there will be no adverse effects on operational conditions due to COVID-19 infection.

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<Estimated Normalized Earnings and estimated normalized distribution per unit (Hypothetical Simulation)>

	Estimated normalized earnings and estimated normalized distribution per unit based on the forecast for the fiscal period ending January 2021 made at the time of the previous capital increase through public offering	Estimated normalized earnings and estimated normalized distribution per unit based on the forecast for the fiscal period ending January 2022 for such published today
Operating revenues	2,456 million yen	3,172 million yen
Operating income	1,131 million yen	1,522 million yen
Ordinary income	1,016 million yen	1,378 million yen
Net income	1,015 million yen	1,378 million yen
Total number of issued and outstanding investment units	486,000 units	602,500 units
Distributions per unit including surplus cash distribution (SCD)	2,407 yen	2,529 yen
Distributions per unit excluding SCD	2,089 yen	2,288 yen
SCD per unit	318 yen	241 yen

(Note) The estimated normalized earnings and estimated normalized distribution per unit based on the forecast for the fiscal period ending January 2021 made at the time of the previous capital increase through public offering are the estimated values calculated based on values as stated in the “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” published on January 6, 2020 in connection with such previous public offering with no change.

In the “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” dated January 6, 2020, the forecast of distribution per unit after adjustment of temporary effect was stated. However, such figure is stated herein as a part of the “estimated normalized earnings and estimated normalized distribution per unit” in order to make the meaning of such estimated value clearer.

The estimated normalized earnings and estimated normalized distribution per unit are not intended to be a forecast of profits or other projections for any particular fiscal period, nor to be a forecast of profits or other projections for any particular fiscal period. The estimated normalized earnings and estimated normalized distribution per unit are not a measure specified by generally accepted business accounting principles and have not been audited by any independent auditors. Such estimated values should not be considered as an alternative to other measures presented in accordance with generally accepted business accounting principles. Further, the estimated normalized earnings and estimated normalized distribution per unit are not indicative of future earnings of IAL, and the above-mentioned “Distributions per unit” and “SCD per unit” do not guarantee in any way that future distributions will be made nor the amount of such distributions. Please note that actual earnings and other results for a particular fiscal period may differ materially from these figures.

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<Assumptions for the Estimated normalized earnings and estimated normalized distribution per unit based on the forecast for the fiscal period ending January 2021 made at the time of the previous capital increase through public offering>

The estimation was made after the following adjustments, among other things, to the forecast for the fiscal period ending January 2021 published on January 6, 2020:

- 76 million yen was recorded as expenses on the assumption that the fixed property tax and city planning tax included in the acquisition cost is expensed.
- Due to a decrease in asset management fees in conjunction with the above-mentioned increase in the expenses, 14 million yen was deducted from the operating expenses.
- The distributions per unit including SCD was estimated to be 70% of the FFO after said adjustments.

<Assumptions for the Estimated normalized earnings and estimated normalized distribution per unit based on the forecast for the fiscal period ending January 2022 for such period published today>

The estimation was made after the following adjustments, among other things, to the forecast for the fiscal period ending January 2022 published today, which were calculated taking into consideration the public offering of this time and the acquisition of the Assets to Be Acquired and other factors.

- 27 million yen was recorded as expenses on the assumption that the fixed property tax and city planning tax included in the acquisition cost is expensed. Please note that with respect to the forecast for the fiscal period ending January 2022, the fixed property tax and city planning tax for i Missions Park Kashiwa 2 (30% quasi-co-ownership interest) (additional acquisition) and i Missions Park Inzai 2, out of the Assets to Be Acquired as published today, have already been expensed and the same taxes have not yet expensed as to i Missions Park Tokyo-Adachi and i Missions Park Miyoshi only. Such adjustments are made for the properties whose fixed property tax and city planning tax have not been expensed.
- Estimated temporary expenses totaling 2 million yen have been excluded from the expenses.
- Due to a decrease in asset management fees in conjunction with the above-mentioned increase in the expenses after the foregoing adjustments, 8 million yen is deducted from the operating expenses.
- The distributions per unit including SCD was estimated to be 70% of the FFO after said adjustments.
- Capital expenditures are expected to be ¥9 million in the fiscal year ending January 2021, ¥21 million in the fiscal year ending July 2021, and ¥6 million in the fiscal year ending January 2022.

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