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For immediate release

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

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Notice Concerning Issuance of New Investment Units and Secondary Offering

ITOCHU Advance Logistics Investment Corporation (“IAL”) announces that it resolved at its Board of Directors meeting held today to issue new investment units and to conduct a secondary offering, as follows:

1. Issuance of new investment units through public offering (primary offering)

(1) Number of investment units to be offered

123,357 units

(2) Amount to be paid in (purchase price) per unit To be determined

The amount to be paid in (purchase price) shall be determined at a Board of Directors meeting to be held on any business date between Wednesday, January 15, 2020, and Monday, January 20, 2020 (“Offer Price Determination Date”).

(3) Total amount to be paid in (total amount of purchase price) To be determined

(4) Issue price (offer price) per unit To be determined

The issue price (offer price) shall be determined on the Offer Price Determination Date, taking into consideration the level of demand and other circumstances under a tentative price which is calculated by taking (i) (x) the price of IAL’s investment units as of the closing of ordinary trading on Tokyo Stock Exchange Inc. (the “TSE”) on the Offer Price Determination Date (or, if there is no closing price available on such date, the closing price on the immediately preceding date) less (y) forecasted distributions per unit (excluding the forecasted surplus cash distribution) of 2,082 yen and the forecasted surplus cash distribution per unit of 284 yen for the fiscal period ending January 2020 (third fiscal period) and multiplying it by (ii) a number from 0.90 to 1.00, with any fraction less than one yen being rounded down to the nearest yen.

(5) Total amount of issue price (offer price) To be determined

(6) Offering method Investment units shall be offered through a primary offering and shall be purchased and underwritten in full by a group of underwriters (collectively referred to as the “Underwriters”). A part of the investment units for the primary offering shall be purchased by overseas investors in international markets mainly consisting of Europe and Asia (excluding, however, the United States and Canada).

(7) Underwriting agreement The Underwriters shall pay to IAL the total amount to be paid in (total amount of purchase price) for this offering on the payment date indicated in (10) below, and receive as proceeds the difference between the total amount of issue price (offer price) and the total amount to be paid in (total amount of purchase price). IAL will

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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.



- not pay an underwriting commission to the Underwriters.
- (8) Offering unit One (1) unit or more in multiples of one (1) unit
- (9) Subscription period From the business day immediately following the Offer Price Determination Date to the second business day following the Offer Price Determination Date
- (10) Payment date Monday, February 3, 2020
- (11) Delivery and settlement date Tuesday, February 4, 2020
- (12) The issue amount, offering price, and other matters necessary for the issuance of new investment units will be determined at a future Board of Director's meeting.
- (13) The aforementioned items are on condition that the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Act takes effect.
2. Secondary offering of investment units through over-allotment (More details provided below under Reference, "1. Secondary offering through over-allotment and other matters")
- (1) Number of units to be offered 5,500 units
- The above-mentioned number indicates the maximum number of investment units to be offered in the secondary offering through over-allotment, which one of the Underwriters of the primary offering ("the Allottee", may carry out separately from the primary offering after taking into consideration market demand and other factors from the primary offering. The number may be reduced or the offering through over-allotment itself may not take place at all depending on market demand and other circumstances in the primary offering. After taking these factors into account, the Board of Directors will decide on the number of investment units to be offered at its meeting to be held on the Offer Price Determination Date.
- (2) Seller The Allottee
- (3) Distribution price To be determined
- The distribution price per unit will be determined at the Board of Directors' meeting to be held on the Offer Price Determination Date, and will be the same as the issue price (offer price) per unit in the primary offering.
- (4) Total amount of distribution price To be determined
- (5) Offering method The Allottee will carry out the secondary offering of the IAL investment units separately from the primary offering by borrowing up to 5,500 units (the "Borrowed Units") from ITOCHU Corporation, after taking into account market demand and other circumstances in the primary offering.
- (6) Offering unit One (1) unit or more in multiples of one (1) unit
- (7) Subscription period The same as the primary offering
- (8) Delivery and settlement date The same as the primary offering
- (9) The secondary offering through over-allotment shall not take place if the primary offering has been cancelled.
- (10) The distribution price and other matters necessary for the secondary offering of investment units will be determined at a future Board of Directors' meeting.
- (11) The aforementioned items are on condition that the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Act takes effect.

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3. Issuance of new investment units through a third-party allotment (More details provided below under Reference, “1. Secondary offering through over-allotment and other matters”)
 - (1) Total number of units to be offered
5,500 units
 - (2) Amount to be paid in (purchase price) per unit To be determined
The amount to be paid in (purchase price) per unit will be determined at the Board of Directors’ meeting to be held on the Offer Price Determination Date, and will be the same as the amount to be paid in (purchase price) per unit in the primary offering.
 - (3) Total issue amount
To be determined
 - (4) Allottee and allotted investment units
The Allottee: 5,500 units
 - (5) Offering unit
One (1) unit or more in multiples of one (1) unit
 - (6) Final date of subscription
Any business day between Tuesday, February 18, 2020 and Wednesday, February 26, 2020.
The date shall be the second business day following the 30th calendar day from the end of subscription period for the primary offering and secondary offering through over-allotment (or, in case that the 30th calendar day from the end of subscription period is not a business day, the immediately preceding business day)
 - (7) Payment date
Any business day between Wednesday, February 19, 2020 and Thursday, February 27, 2020
The date shall be the third business day following the 30th calendar day from the end of the subscription period for the primary offering and secondary offering through over-allotment (or, in case that the 30th calendar day from the end of subscription period is not a business day, the immediately preceding business day)
 - (8) If all or part of the investment units have not been subscribed on or before the final date of subscription noted in (6) above, the issuance of such investment units shall be cancelled.
 - (9) The issuance of new investment units through a third-party allotment shall not take place if the primary offering has been cancelled.
 - (10) The amount to be paid in (purchase price) and other matter necessary for the issuance of investment units through the third-party allotment will be decided at a future Board of Directors meeting of IAL.
 - (11) The items above shall be on condition that the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Act of Japan takes effect.

Reference

1. Secondary offering through over-allotment and other matters

The Allottee may carry out the secondary offering of IAL investment units separately from the primary offering, by borrowing up to 5,500 units from ITOCHU Corporation (secondary offering through over-allotment), after taking into account market demand and other circumstances in the primary offering. The number of investment units to be offered in the secondary offering through over-allotment has been capped at 5,500; however, this number may be reduced or the offering through over-allotment itself may not take place at all depending on market demand and other circumstances.

In order to ensure that the Allottee will acquire the investment units necessary for returning the Borrowed Units to ITOCHU Corporation in connection with the secondary offering through over-allotment, IAL’s Board of Directors resolved at a meeting held today to designate the Allottee as the allottee of 5,500 units of IAL investment units issuable through third-party allotment (“Third-Party Allotment,” and together with the primary offering, hereinafter collectively referred to as the “Offering”), with a payment date (“Payment Date for the Third-Party Allotment”) set at

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the third business day following the 30th calendar day from the end of the subscription period for the primary offering and secondary offering through over-allotment (or, in case that the 30th calendar day from the end of subscription period is not a business day, the immediately preceding business day).

In addition, the Allottee may, during the period from the date immediately following the end of subscription period for the primary offering and the secondary offering through over-allotment to the third business day immediately preceding the Payment Date for the Third-Party Allotment (“Syndicate Cover Transaction Period”), purchase, on TSE, IAL investment units offered in the secondary offering through over-allotment for the purpose of returning the Borrowed Units (“Syndicate Cover Transaction”). All IAL investment units purchased by the Allottee through the Syndicate Cover Transaction will be appropriated in full for returning the Borrowed Units. During the Syndicate Cover Transaction Period, the Allottee may, at its discretion, choose not to engage in the Syndicate Cover Transaction or to terminate the Syndicate Cover Transaction prior to reaching the maximum number of units to be offered in the secondary offering through over-allotment.

Furthermore, the Allottee may engage in stabilizing transactions in relation to the primary offering and the secondary offering through over-allotment, and to appropriate all or part of IAL’s investment units purchased through such stabilizing transactions to return the Borrowed Units.

The number of IAL investment units which the Allottee plans to acquire through the Third-Party Allotment is (i) the number of investment units offered in the secondary offering through over-allotment less (ii) the number of investment units which have been purchased through stabilizing transactions and the Syndicate Cover Transaction, and appropriated for returning the Borrowed Units. Therefore, all or part of the investment units issued by the Third-Party Allotment may not be subscribed for, and as a result, the number of investment units actually issued for the Third-Party Allotment may decrease due to the forfeiture of subscription rights, or issuance itself may not take place at all.

Decisions on whether or not to execute the secondary offering through over-allotment as well as the number of units to be offered in the secondary offering through over-allotment, if any, will be made on the Offer Price Determination Date. If no secondary offering through over-allotment takes place, the Allottee will not borrow IAL investment units from ITOCHU Corporation. Accordingly, in such event, the Allottee will not subscribe for investment units through the Third-Party Allotment, and the issuance of new units by third-party allotment will not take place at all due to forfeiture of subscription rights. Similarly, in such event, the Syndicate Cover Transaction on the TSE will not be exercised.

Any of the above transactions shall be conducted by the Allottee in consultation with another Underwriter.

2. Change in total number of investment units issued and outstanding

Number of investment units outstanding at present	357,143 units	
New investment units issued through the primary offering	123,357 units	
Total number of investment units outstanding after the primary offering	480,500 units	
Maximum number of investment units issued through the Third-Party Allotment	5,500 units	(Note)
Total number of investment units outstanding after the Third-Party Allotment	486,000 units	(Note)

(Note) These figures represent the number of investment units on the assumption that the maximum number of investment units issuable through the Third-Party Allotment has been issued and subscribed for by the Allottee.

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3. Objective and Rationale for the Issuance

After taking into consideration market trends, levels of distributions per unit and other circumstances, IAL has decided to issue the new investment units for the purpose of acquiring new real estate trust beneficiary interests with the proceeds, thereby expanding the asset size and further ensuring stable profitability and quality portfolio.

4. Total amount to be procured, use of proceeds, and scheduled outlay period

(1) Total amount to be procured (approximate net proceeds)

13,656,000,000 yen (maximum)

(Note) The above figure represents the sum of (i) 13,074,000,000 yen in net proceeds from the primary offering and (ii) maximum amount of 582,000,000 yen in net proceeds from the issuance of new investment units through Third-Party Allotment, and is an estimate calculated based on the investment unit price as of the close of ordinary trading on TSE on Friday, December 13, 2019.

(2) Specific use of proceeds and scheduled outlay period

Net proceeds from the primary offering (13,074,000,000 yen) are scheduled to be used to partially fund the acquisition of the new specified assets (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan; the same shall apply hereinafter). The amount of proceeds from the issuance of new investment units through the third-party allotment (up to 582,000,000 yen) are scheduled to be used to fund a partial repayment of the borrowings or to partially fund future acquisitions of specified assets.

For details of the new specified assets, please refer to our press release entitled “Notice Concerning the Acquisition and Leasing of Domestic Real Estate Trust Beneficiary Interests” dated January 6, 2020.

(Note) The above net proceeds from the primary offering is estimates calculated based on the investment unit price as of the close of ordinary trading on TSE on Friday, December 13, 2019. In addition, net proceeds from the primary offering correspond to the maximum number of investment units offered for domestic market (i.e., the entire number of investment units offered in the primary offering) as of today. The proceeds will be deposited to financial institutions until expenditure of the same.

5. Designated purchaser of the investment units

Of the number of investment units to be offered in the primary offering, the Underwriters plan on selling 8,635 units to ITOCHU Corporation, which has been specified as the designated purchaser by IAL.

6. Forecast of operating results

Please refer to the press release entitled “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 today.

7. Restrictions on sale and additional issuance

- (1) In relation to the primary offering, the joint lead managers plan to request that ITOCHU Corporation agree not to sell any of IAL investment units it has been holding since prior to the Offering (i.e., 25,000 units) and IAL investment units it intends to purchase in the primary offering (i.e., 8,635 units), without a prior written consent of the joint lead manager, during a period from the day immediately following the Offer Price Determination Date through the date on which 180 calendar days have elapsed counting from the delivery and settlement date of the primary offering.

Assuming that such agreement is reached, the joint lead managers will reserve the right to either shorten the

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above-mentioned period or remove such restriction in whole or in part at their discretion.

- (2) In relation to the primary offering, IAL will reach an agreement with the joint lead managers not to issue additional investment units (excluding the issuance of investment units through the Third-Party Allotment or an investment unit split) during a period from the day immediately following the Offer Price Determination Date through the date on which 90 days have elapsed counting from the delivery and settlement date of the primary offering without the prior written consent of the joint lead managers.

Assuming that such agreement is reached, the joint lead managers will reserve the right to either shorten the above-mentioned period or remove such restriction in whole or in part at their discretion.

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.

IAL's corporate website: <https://www.ial-reit.com/en/>

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