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For immediate release

Real Estate Investment Trust Securities Issuer:
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Notice Concerning Approval for Listing of Investment Units on the
Tokyo Stock Exchange Real Estate Investment Trust Securities Market

ITOCHU Advance Logistics Investment Corporation (“IAL”) announced today that it has received approval from the Tokyo Stock Exchange, Inc. (“TSE”) to list IAL investment units on the TSE Real Estate Investment Trust Securities Market.

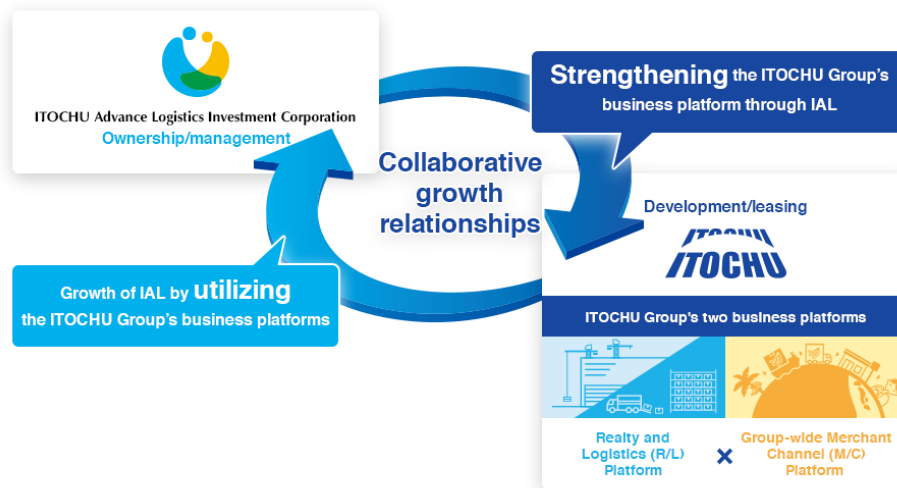
IAL is an investment corporation that was established on May 1, 2018 under the Act on Investment Trusts and Investment Corporations (Act no. 198 of 1951; including all subsequent amendments, hereinafter the “Investment Trust Act”). ITOCHU REIT Management Co., Ltd. (“IRM”) serves as the asset management company for IAL. Asset management is carried out in accordance with the Investment Trust Act as well as the asset management policies and targets defined by IAL’s Articles of Incorporation.

In recent times, the logistics industry has faced great changes in its business environment. Up to now, the main function of logistics real estate has been warehouse storage, but with the increasing trend toward high efficiency and multi-functionality in the logistics industry, the functions required have also become more diverse, and logistics has become an important strategic element for business operators. As a general trading company group engaged in many and varied forms of product distribution ^(Note 1), the ITOCHU Group ^(Note 2) sees its mission as being to offer its customers solutions for their business strategy and other areas through logistics.

The ITOCHU Group believes that fulfilling the mission will help develop the logistics infrastructure and contribute to creating a more prosperous society.

1. Building of “collaborative growth relationships” for the mutual growth of IAL and the ITOCHU Group
IAL will build “collaborative growth relationships” ^(Note 3) with the ITOCHU Group, at the core of which is ITOCHU Corporation, one of the leading general trading companies with particular strengths in consumer-related businesses. By doing so, IAL aims to contribute to the enrichment of society through the expansion of logistics infrastructure, including logistics real estate, and to maximize unitholder value and thereby assist in the development of a sustainable J-REIT market.

Disclaimer: This press release is a document for making a public announcement concerning approval for listing of IAL’s investment units, and has not been prepared for the purpose of solicitation for investment. Investors are asked to ensure that they read the prospectus for the issuance of new investment units and secondary distribution of investment units, as well as the amendments thereto, prepared by IAL before they invest and that they make decisions on investment at their own discretion.



2. The two platforms that provide the foundation for the collaborative growth relationship

IAL aims to achieve sustainable growth through property supply and leasing support from the ITOCHU Group, utilizing the Group's platforms.

Realty and Logistics (R/L) Platform

This platform is an organizational structure developed within the Construction, Realty & Logistics Division of ITOCHU Corporation which exercises integrated responsibility for real estate land purchase, facility development, leasing, logistics operations ^(Note 4) and asset and property management.

Group-wide Merchant Channel (M/C) Platform

ITOCHU Corporation is a leading general trading company with particular strengths in consumer-related businesses. This platform consists of its broad customer network covering 100,000 companies ^(Note 5) across its wide-ranging business fields and the management level business relations it has built up with each of its customers.

3. Investment highlights

I. Focused investment on logistics real estate developed by the ITOCHU Group

- Portfolio at the time of listing consists 100% of logistics real estate developed by the ITOCHU Group
- Portfolio at the time of listing consists mainly of properties located close to National Route 16, where there is strong tenant demand, and properties of relatively recent construction, with an average age of 1.9 years ^(Note 6). Average appraisal NOI yield ^(Note 7) is forecast at 5.0%

II. External growth and internal growth based on the collaborative growth relationship

- Granting of preferential negotiation rights relating to five properties developed, or planned for development, by the ITOCHU Group (excluding assets planned for acquisition)
- Stable profitability and occupancy rates through leasing management and related operations taking advantage of ITOCHU Corporation's customer network covering 100,000 companies

III. Conservative financial management

- Increase in unitholder value based on conservative financial management, with loan-to-value ratio controlled to stimulate growth potential while also exercising efficient cash management

IV. Initiatives aimed at increase in unitholder value

- Same-boat investment by ITOCHU Corporation
- Increase in unitholder value based on aligning the interests of unitholders with those of IRM by adopting a management fee structure linked not only to total assets, but also to NOI ^(Note 8) and EPU ^(Note 9)
- Granting by ITOCHU Corporation of right to use the ITOCHU company name

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- (Note 1) “Product distribution” is a concept referring to the whole of the channel from suppliers through manufacturers and retailers to consumers, a chain of transactions in which raw materials are processed into products and consumed.
- (Note 2) “ITOCHU Group” refers to the corporate group consisting of ITOCHU Corporation, 206 consolidated subsidiaries and 94 equity-method affiliates (as of March 31, 2018).
- (Note 3) The “collaborative growth relationship” refers to the cooperative relationship between IAL and the ITOCHU Group, which is based on a virtuous cycle whereby IAL achieves stable growth by utilizing the ITOCHU Group’s platforms and the ITOCHU Group simultaneously strengthens these platforms through management of IAL’s assets.
- (Note 4) “Logistics operations” refers to operations within the logistics industry including distribution of materials or products between suppliers, manufacturers, retailers, and consumers, and product storage and other activities within the distribution process.
- (Note 5) This figure represents the number of companies in ITOCHU Corporation’s database with which it has had transactions in the past, and includes companies that currently have no ongoing transactions with ITOCHU Corporation as of August 1, 2018. It also includes organizations other than companies such as public-service corporations, as well as unincorporated businesses. The same shall apply hereafter.
- (Note 6) “Average age” is calculated as the average age in years of properties planned for acquisition, weighted for the planned acquisition price, and rounded to one decimal place.
- (Note 7) “Average appraisal NOI yield” is calculated as the average ratio of appraisal NOI to planned acquisition price of properties planned for acquisition, weighted for acquisition price, and rounded to one decimal place. (In the case of i Missions Park Inzai, the figures used are in proportion to IAL’s co-ownership interest in the trust beneficiary right to the property planned for acquisition [65%.]) “Appraisal NOI” expresses net operating income according to the direct capitalization method as entered in the appraisal report (calculated by subtracting operating expenses from operating income), and represents revenues before depreciation costs. It should be noted that appraisal NOI differs from net cash flow (NCF), which is calculated to include security deposits and other operating revenues and to exclude capital expenditure.
- (Note 8) “NOI” is calculated by subtracting total real estate rental business costs (excluding depreciation costs and loss on disposal of fixed assets) from IAL’s total real estate leasing business revenues for the relevant business period. (Where the managed assets include equity interests in real estate anonymous associations or real estate-backed securities, dividend income relating to the relevant assets or other similar income is included in the total revenue figure.)
- (Note 9) “EPU” is an abbreviation of Earnings per Unit and is calculated by dividing income before income taxes for the relevant fiscal period by the number of investment units in issue in the relevant fiscal period.

This document 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.