

ITOCHU Advance Logistics Investment Corporation  
7<sup>th</sup> Fiscal Period Semi-Annual Report

From August 1, 2021 to January 31, 2022



# Financial Highlights

January 2022 (7th period)

## Operating Results

Operating revenues	<b>3,178</b> MN Yen
Operating income	<b>1,550</b> MN Yen
Ordinary income	<b>1,414</b> MN Yen
Net income	<b>1,413</b> MN Yen
Total assets (based on acquisition price)	<b>111.4</b> bn Yen

## Distributions

Distributions per unit	<b>2,755</b> Yen
Distributions per unit (excluding distributions in excess of retained earnings)	<b>2,356</b> Yen
Distributions in excess of retained earnings per unit	<b>399</b> Yen

## Forecast Distributions

8th fiscal period  
(ending Jul. 2022)

**2,689** Yen

of which, distributions in excess of retained earnings per unit 399 Yen

9th fiscal period  
(ending Feb. 2023)

**3,239** Yen

of which, distributions in excess of retained earnings per unit 465 Yen

Number of properties  
at the end of the period

**12** properties

Occupancy Rate

**99.9%**

Long-term  
issuer rating (JCR)

**AA- (stable)**  
(December 27, 2021)

\* Unless otherwise noted, figures expressed in whole numbers are rounded down to the nearest unit, and figures expressed in decimal numbers are rounded off to the nearest digit.

# President Message

**In the 7<sup>th</sup> FP (ending January 2022), although still in the midst of the COVID-19, we continued to perform well and increased income, revenue and distribution, and we have not received any notification from our tenants of incidents that would have a significant impact on their facility operations as of March 17, 2022. I believe this is largely thanks to the generous support we receive from our investors and stakeholders, for which I am truly grateful.**

Distribution per Unit (DPU) has increased to 2,755 yen from the latest forecast (2,724 yen) due to the full period contribution of income by 2 properties acquired in April last years and internal growth such as increase in rent, reduction of operating expenses of the Investment Corporation including property management costs and interest expenses. We have also worked for improvement of NOI and initiatives for ESG. We plan DPU for the 8th FP (ending July 2022), 2,689 yen (latest forecast of 2,683 yen) and for the 9th FP (ending February 2023(7months fiscal period due to fiscal period change)), 3,239 yen.

As announced on January 27, 2022, ITOCHU REIT Management Co., Ltd. plans to merge with AD Investment Management Corporation, which is also a J-REIT asset management company in the ITOCHU Group, to which Advance Residence Investment Corporation ("ADR") entrusts the management of its asset effective from June 1, 2022. The merger is a business restructuring to enhance the real estate asset management business of ITOCHU Group and is intended to share and upgrade the management know-how of both companies, consolidate and expand opportunities to obtain property information, improve operational productivity through efficient use of human resources, and secure excellent human resources through the management of multiple investment corporations. This will expand the scope of our asset management business, and under stronger sponsorship than ever before, we intend to further enhance the value of our unitholders. The merger relates to the asset management company, and there are no plans to merge the investment corporations managed by the two companies. We plan to hold 4th general meeting of unitholders of the Investment Corporation on April 27 of this year and the following

three amendments to the Articles of Incorporation of the Investment Corporation will be proposed at the meeting. The first is to change the fiscal period of the Investment Corporation to February/August in order to avoid duplication and rationalize the account closing operations in the new company. Second, to link the effects of strengthening of the revenue by expanding the asset size held by the Investment Corporation and rationalization of account closing operations described above to the improvement of unitholder value, the management fee structure of the Investment Corporation will be changed (nearly 10% reduction of total management fee compared to the current structure). And third, the name of the Investment Corporation will be changed to "Advance Logistics Investment Corporation". This change is intended to unify the names of investment corporations managed by the new asset management company under "Advance," and is a part of strengthening its brand strategy by ITOCHU Group. As announced on the website of IAL on March 17, 2022, sponsorship of ITOCHU Group will not weaken, but rather will be further strengthened after the merger, so there is absolutely no need to be concerned.

The logistics real estate market, although in the middle of the sixth wave of the COVID-19 pandemic, has not suffered any significant impact. Instead, the robust demand for logistics operators is becoming apparent mainly due to the change in consumption structure owing to consumers' increase use of online shopping. However, we will continue forward with external and internal growth, ESG initiatives, solid cash management. Additionally, in furtherance of our commitment to be the J-REIT that is valued by our stakeholders, IAL will continue to work hard for reinforcing governance and other management systems with an awareness of its social responsibilities and public missions.

We are fully aware of our mission to meet the expectation of our investors and stakeholders. We will remain committed to making aggressive moves after the merger as well in order to be the J-REIT of your choice. We respectfully ask for your continued and long-lasting support.



**Junichi Shoji**

Representative Director,  
President & CEO  
ITOCHU REIT Management Co., Ltd.

March 17, 2022

# Merger of the Asset Management Company (Scheduled on June 1, 2022)

Change management structure to manage multiple funds through merger.  
Steadily realize the effects of merger to enhance unitholder value and enhance cooperative relationship with the sponsor.

## Aims and Effects of Merger

1. Expansion of investment opportunities and acquisition of property information
2. Sharing know-how of each company
3. Strengthen human resource development and recruitment capabilities

## Change Article of Incorporation of IAL

1. **Change of trade Name of IAL**  
Unify the trade name of the managing REITs to “Advance” as part of brand strategy.
2. **Change of financial period**  
Change fiscal period of IAL from January/July to February/August to eliminate overlap of busy periods for account closing with ADR etc (start from 9th FP). Thus, 9th FP shall be 7 months irregular FP from August 1, 2022 to February 28, 2023.
3. **Change of Asset management fee(s)**  
Review the current asset management fee structure to enhance unitholder value linked with strengthened revenue base through asset size expansion and by rationalization effect of account closing operations, etc. (Total compensation reduced by nearly 10%)

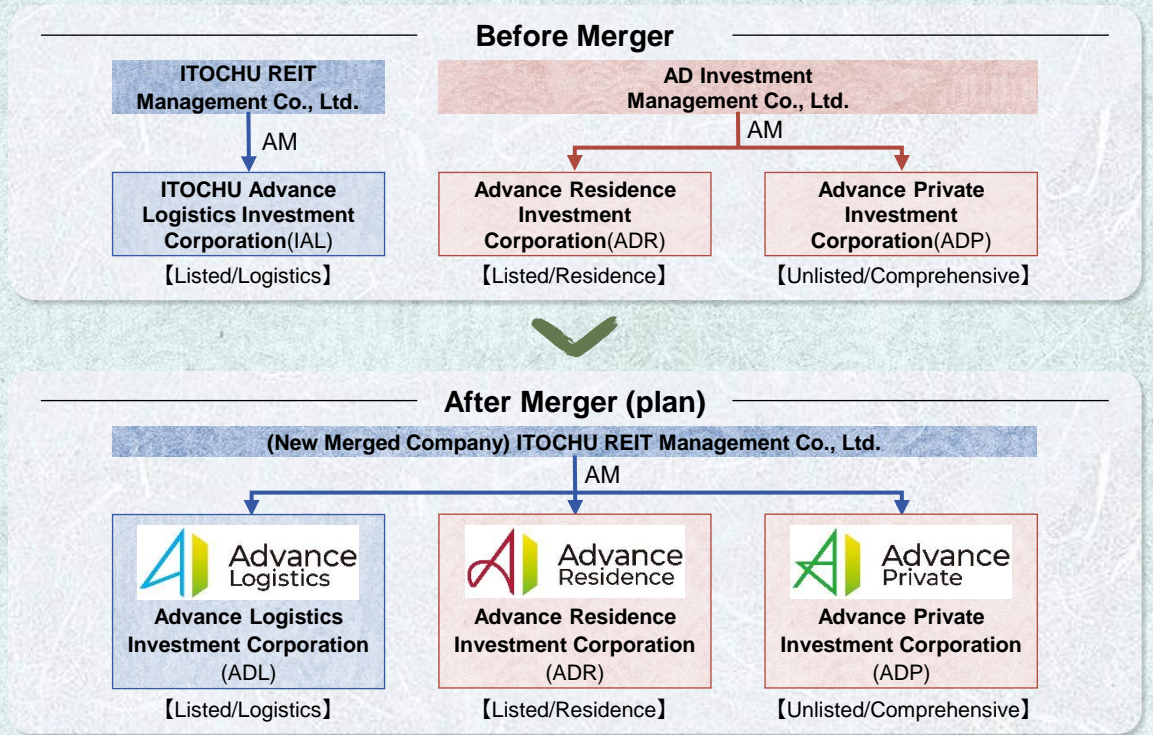
Current Upper limit rate			Upper limit rate after change	
Management fee I	Total assets × 0.1%	reduced by half	Expect to reduce total asset management fees by approx. 10%.	
Management fee II	NOI of rental business × 5.0%		No change in upper limit rate	
Management fee III	Income before income taxes × Adjusted EPU × 0.005%	reduced	Income before income taxes × Adjusted EPU × 0.004%	

## Order of Consideration for Asset Acquisition

Principle of Listed REIT Priority

Name	1st	2nd
Logistics facilities	ADL(IAL)	ADP
Rental residences	ADR	ADP
Others	ADP	-

## Overview of the Merger of Management Company



# Highlights

Asset size expanded to 111.4 bn Yen. Achieved growth in DPU, NAV per unit, and unrealized gains

## Operational Highlights <as of the end of the 7th Fiscal Period (Jan. 2022)>

Appraisal NOI yield **4.9%**  
Actual NOI yield **5.0%\***  
(based on acquisition price)

Occupancy rate  
**99.9%**  
IMP Noda's office space is only vacant floor.  
Consider to utilize as emergency storage space

Appraisal value  
Jan.2022 **127.4 bn Yen** **+2.9 bn Yen**  
Jul.2021 124.5 bn Yen

NAV per unit  
Jan. 2022 **137,944 yen** **+4.4%**  
Jul. 2021 132,085 yen

Unrealized gains  
Jan. 2022 **19.2 bn Yen** (unrealized gain ratio 17.8%)  
Jul. 2021 15.5 bn Yen (unrealized gain ratio 14.2%)

\*NOI yield after stabilized property taxes of the 2 properties acquired previous FP is 4.9%

## Measures Highlights

### External Growth

- Full FP contribution of income from IMP Tokyo-adachi and IMP Miyoshi acquired in previous FP.
- Acquired preferential negotiation rights of IMP Minoh (Kansai area) and IMP Kasugai(Chubu area), thus, area diversification progressed.

### Internal Growth

- **Promote contract renewal with tenant companies scheduled to expire in September 2022.**
- Reduce property management costs for IMP Noda and IMP Kashiwa2.
- Plan to start new solar panel roof lease at IMP Inzai2 from December 2022.

### Financial Strategies

- Revised distribution policy from 7th FP (ending January 31, 2022).
- **Entered the FTSE EPRA Nareit Index (expected to improve liquidity).**
- **JCR's rating is upgraded to AA- (stable).**
- Issued 2nd Green Bond of 2 bn yen to promote diversification of lenders and financing methods.

### ESG

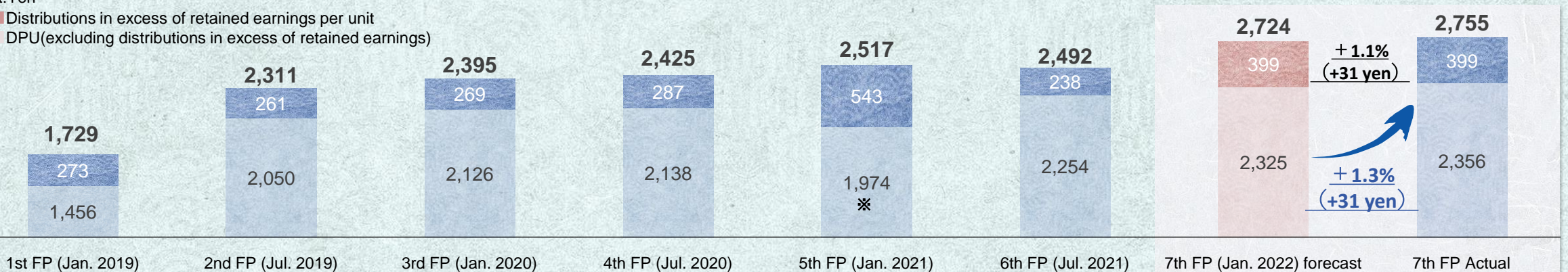
- Awarded GRESB "4-star" rating. Strengthening efforts to achieve "5-star" rating.
- **Expressed support for the TCFD recommendations** and established internal system to address climate change risk.
- IMP Inzai2, Tokyo-Adachi, Miyoshi received the highest BELS rating of "5 stars".
- Promote energy (decarbonization) and resource conservation by adding solar panels etc.

\* IMP is abbreviation for "i Missions Park", logistic facility developed by ITOCHU Group.

## Change of DPU <as of the end of the 7th Fiscal Period (Jan. 2022)>

Unit:Yen

- Distributions in excess of retained earnings per unit
- DPU(excluding distributions in excess of retained earnings)



\*DPU per unit decreased over the previous fiscal period due to a public offering during the period, properties acquired that were non-performing for the full-year, and unexpected cost.

# Basic Strategies – Collaborative Growth Relationships (1) –

Build growth spiral based on Collaborative Growth Relationships with ITOCHU Group

By taking advantage of extensive experience of development & acquisition of logistics facilities and wide network of 100,000 clients of sponsor group.



**ITOCHU Advance Logistics Investment Corporation**  
Ownership / Management

IAL's growth utilizing the ITOCHU Group's business platforms  
**IAL's Portfolio**  
12 Properties / 111.4 bn yen

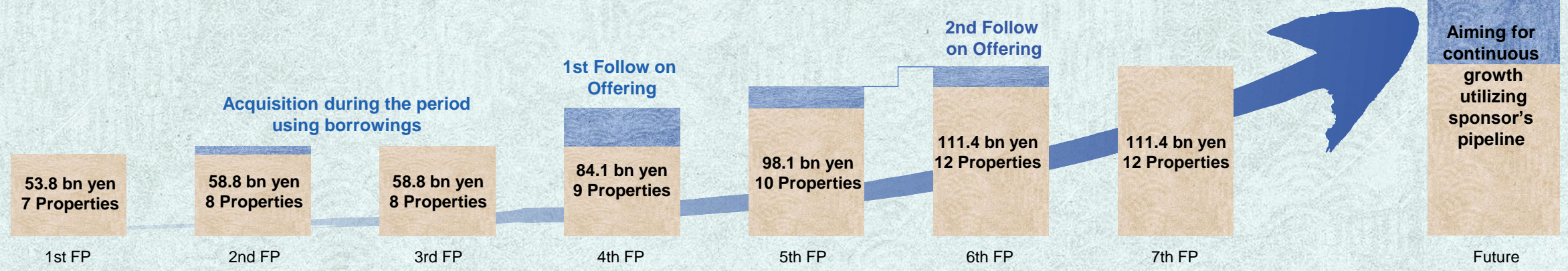


**ITOCHU Corporation/ITOCHU Property Development**  
Development / Leasing

ITOCHU Group's business platforms strengthened through IAL  
**Sponsor's owned/developed properties**  
7 Properties/ about 250,478m<sup>2</sup>



**Continued growth supported by ITOCHU Group's business platforms**  
Focus mainly on acquisition of sponsor pipelines to grow



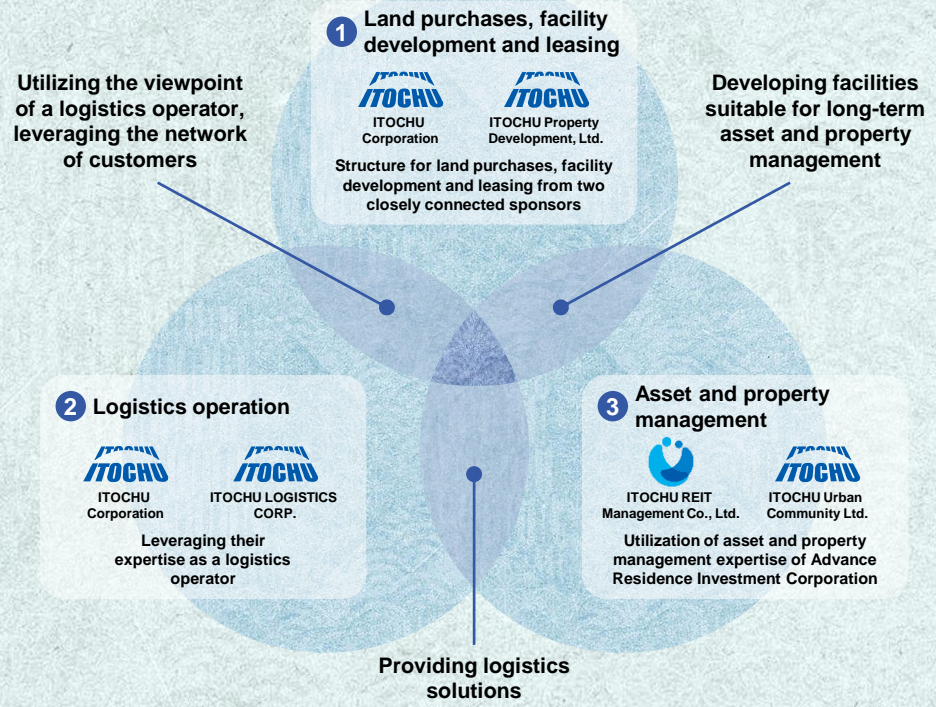
# Basic Strategies – Collaborative Growth Relationships (2) –

Two business platforms that provide the foundation for the Collaborative Growth Relationships

## Realty and Logistics (R/L) Platform

- 1 Strength in land purchase, facility development and leasing experience since FY2004
- 2 Experience as a **logistics operator**
- 3 Utilization of expertise gained in **J-REIT management**

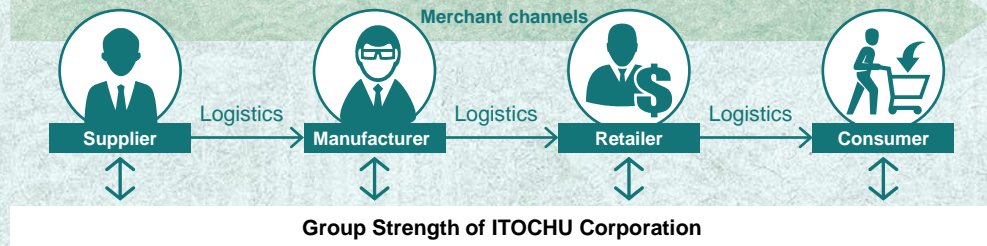
**Real Estate & Logistics function** of General Products & Realty Company of ITOCHU Corporation, which has integrated responsibility for 1, 2 and 3



## Group-wide Merchant Channel (M/C) Platform

- 1 Extensive customer network covering **100,000 companies**
- 2 A wide business domain covering **upstream to downstream merchant channels**
- 3 Strong presence in **consumer-related businesses**

**General trading company** that has transactional relationships at the **management level** encompassing 1, 2 and 3



# External Growth Strategies Steady Expansion of Asset Size through Selective Investment in Quality Properties








Acquire selective quality properties to maintain/improve profitability of portfolio at appropriate level of NOI yield in the area.

Aiming to improve portfolio quality by tenants with stable cash flow and competitive location

## Properties developed by Sponsor

**Backed by sponsor support, continue to acquire properties at appropriate level of NOI yield in each area**

Properties owned / developed by the ITOCHU Group: 7 properties with total floor area of about 250,478m<sup>2</sup>

IMP Ichikawashiohama	IMP Atsugi 2	IMP Kazo	IMP Minoh	IMP Kasugai	IMP Kuwana	IMP Yoshikawa Minami
Preferential negotiation right	Preferential negotiation right	Preferential negotiation right	Preferential negotiation right	Preferential negotiation right		
						
Tokyo Bay area	Kanto region	Kanto region	Kansai region	Chubu region	Chubu region	Kanto region
Completed	To be completed in Jul. 2022	To be completed in Oct. 2022	To be completed in Feb. 2023	To be completed in Mar. 2023	To be completed in May. 2023	To be completed in Sep. 2023
57,724m <sup>2</sup>	About 15,482m <sup>2</sup>	About 11,055m <sup>2</sup>	About 42,582m <sup>2</sup>	About 15,409m <sup>2</sup>	About 90,378m <sup>2</sup>	About 17,848m <sup>2</sup>

\*red frame is properties of which preferential negotiation right is newly acquired in 7<sup>th</sup> FP.

## Third party Properties

**Acquisition of Third-party Properties in Alliance with ITOCHU Corporation and ITOCHU Property Development (IPD)**

- Enhance property information gathering capability through merger of asset management companies.
- Create projects utilizing own network of financial institutions or ITOCHU Group.
- Capture liquidation needs of ITOCHU Group.
- Proactively utilize bridge scheme or warehousing by sponsors.



# Portfolio Characteristics

Further improves the stability of Portfolio through selective investment, tenant stickiness, and strong sponsor support

(As of Jan. 31, 2022)

## Strong Sponsor Support



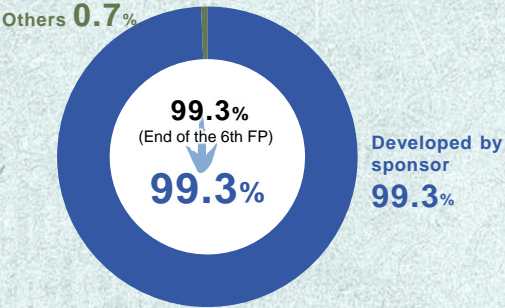
## Competitive Property



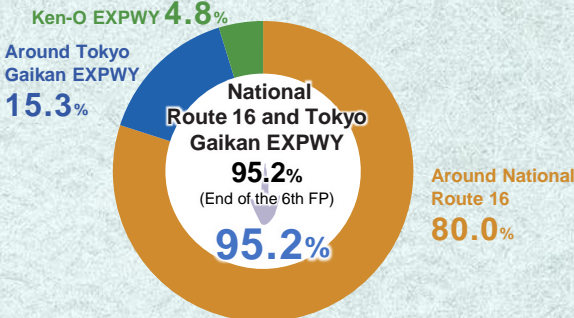
## Quality Contract



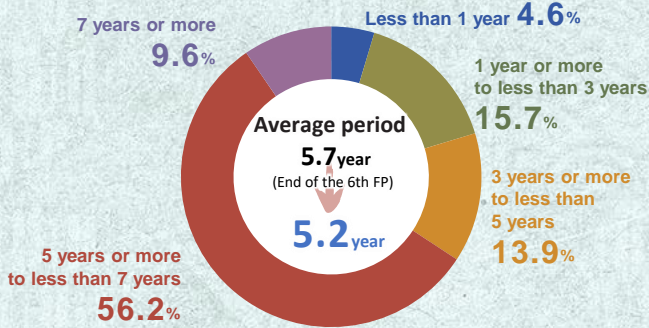
**Properties developed by sponsor**  
(based on acquisition price)



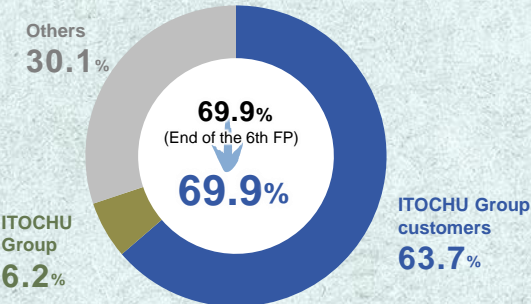
**Location**  
(based on acquisition price)



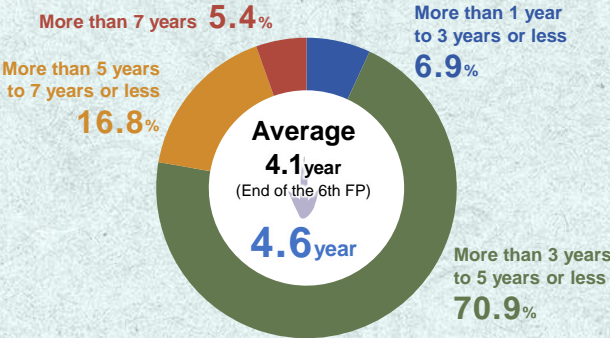
**Remaining lease term**  
(based on annual rent)



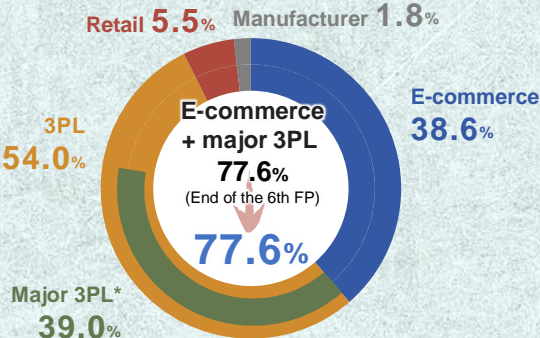
**ITOCHU Group and Group customer tenant**  
(based on annual rent)



**Property age**  
(based on acquisition price)

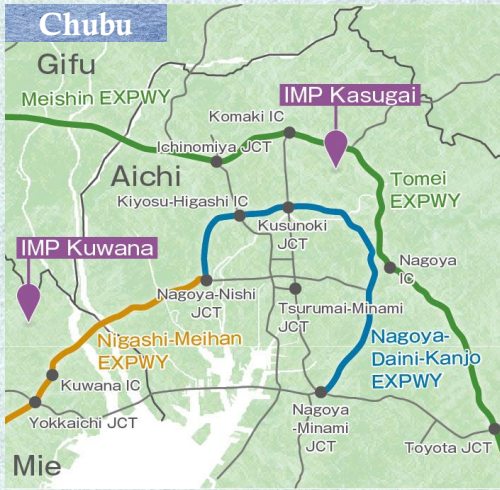


**Tenant industry**  
(based on annual rent)



\* "Major 3PL" refers to 3PLs with consolidated group sales exceeding 100 billion

# Portfolio Map



## Owned Properties



IMP Atsugi



IMP Inzai



IMP Noda



IMP Kashiwa



IMP Moriya



IMP Chiba-Kita



IMP Misato



IMP Moriya 2



IMP Kashiwa 2



IMP Inzai 2

Developed by the ITOCHU Group



IMP Ichikawashiohama



IMP Atsugi 2



IMP Kazo



IMP Yoshikawa Minami



IMP Minoh



IMP Kasugai



IMP Kuwana



IMP Tokyo-Adachi



IMP Miyoshi

# Initiatives for ESG (E) Environmental Initiatives (1)

## Basic Policy of Asset Management Company

### E Environment

- 1 Reduce energy consumption (decarbonization) and conserve resources
- 2 Utilize environmental certification programs

### S Society

- 1 Place importance on human resources training
- 2 Respect human rights and promote workplace reforms
- 3 Implement sustainability policies together with suppliers
- 4 Cooperate with tenants
- 5 Benefit areas surrounding properties and the real estate market as a whole

### G Governance

- 1 Comply with the law and prohibit improper conduct
- 2 Disclose accurate and timely information to unitholders and other stakeholders
- 3 Build sound relations with the ITOCHU Group and other stakeholders



### GRESB Real Estate Assessment

Having been highly evaluated by GRESB for its proactive implementation of initiatives, such as disclosure of environmental data, acquisition of DBJ Green Building certification, improvement in the working environment, and participation in community services, IAL was awarded "Green Star" status and granted "4-star" in the GRESB Rating, in 2021 which is a five level rating system (the highest level is "five star")

## E Environment

### Certification Acquisition

 <p>Acquisition% (floor area base) <b>92.3%</b></p> <p>★★★★★ 7 properties ★★★ 2 properties</p> <p>※5-star is the highest</p>  <p>IMP Inzai</p>	 <p>Acquisition % (floor area base) <b>74.0%</b></p> <p>★★★★★ 7 properties ★★★★★ 1 property</p>  <p>IMP Kashiwa2</p>
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### Response to climate-related risk

- Established the internal climate resilience policy and developed the internal system
- Expressed support for the recommendations of the TCFD as an asset management company
- Joined the TCFD consortium



### Energy consumption reduction



LED lighting

### Water consumption reduction



Installing water-saving toilet system

### Renewable energy generation



Solar panels

### Greening



Greening parking lots

### CO2 emissions reduction



Promoting CO2 emissions reduction in cooperation among tenants based on applicable law

### Green lease agreements



Installing LED based on green lease agreements

# Initiatives for ESG (E) Environmental Initiatives (2)

## S

### Social Contribution

#### Logistics Continuity at Emergencies

##### Emergency Supplies Storehouse

Store water, food, portable toilets for tenants to be built in IMP Noda (Non-occupied office area) and IMP Atsugi 2



##### Emergency Power Generation Equipment

Enables operation continuity at emergency by supplying power for a certain time. Planned in IMP Atsugi 2



#### Coexistence with Local Communities

##### Blood Donation

The Asset Management Company's employees actively participate in the blood donation event at ITOCHU Headquarters



##### Cleanup Activities

Regular cleanups held around the Asset Management Company's office building (November 10, 2021)



#### Initiatives for Employees

##### Declaration of practice of "Telework TOKYO rule"

Company received approval from the Tokyo Metropolitan Government for a system to declare companies that practice the "Telework Tokyo Rules" and declared "Improvement of Business Efficiency and Productivity," "Promotion of Diverse Work Styles," and "Introduction of Telework during the Spread of Infectious Diseases"

##### TOKYO Work-Style Reform Declaration

Approved as a company committed to "TOKYO Work-Style Reform Declaration," a program promoted by the Tokyo Metropolitan Government

Improve paid holidays

Improve work environment

## G

### Governance

- ITOCHU Corporation's same-boat investment
- Cumulative unit investment program and investment unit ownership program are introduced to full time directors and non-director employees of Asset Management Company respectively
- Appropriate decision-making process (dealing with interested party transactions)
- Expansion of compliance rules
  - External experts are appointed to analyzing the gap with FSA guidelines, and formulating regulations and manuals, etc to cope with global money laundering and terrorist financing measures (company-wide control / business process control) required by the FSA etc.
  - In-house training on money laundering and terrorist financing measures has been completed. Aim for further understanding and penetration within the company
- Fee structure that is linked to unitholders' profit
  - Review the current asset management fee structure to enhance unitholder value linked with strengthened revenue base through asset size expansion and by rationalization effect of account closing operations, etc., reducing total fee by nearly 10%(from 9th FP)

※IMP Atsugi 2 is a property developed by sponsor for which IAL holds preferential negotiation right.

**Balance Sheet**

(Thousands of yen)

	6th fiscal period As of July 31, 2021	7th fiscal period As of January 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	2,056,841	2,909,181
Cash and deposits in trust	4,158,986	4,233,581
Operating accounts receivable	47,114	44,336
Consumption taxes receivable	199,436	-
Prepaid expenses	62,749	60,724
Total current assets	6,525,128	7,247,824
Non-current assets		
Property, plant and equipment		
Buildings in trust	60,371,130	60,372,596
Accumulated depreciation	(2,990,335)	(3,697,510)
Buildings in trust, net	57,380,795	56,675,086
Structures in trust	2,214,959	2,214,959
Accumulated depreciation	(247,992)	(308,197)
Structures in trust, net	1,966,967	1,906,761
Machinery and equipment in trust	1,666,312	1,666,312
Accumulated depreciation	(139,035)	(170,781)
Machinery and equipment in trust, net	1,527,277	1,495,531
Tools, furniture and fixtures in trust	3,054	3,054
Accumulated depreciation	(738)	(1,010)
Tools, furniture and fixtures in trust, net	2,315	2,043
Land in trust	48,131,041	48,131,041
Total property, plant and equipment	109,008,398	108,210,465
Intangible assets		
Software	2,547	1,990
Total intangible assets	2,547	1,990
Investments and other assets		
Leasehold and guarantee deposits	10,000	10,000
Long-term prepaid expenses	192,572	164,505
Deferred tax assets	17	7
Total investments and other assets	202,590	174,513
Total non-current assets	109,213,536	108,386,968
Deferred assets		
Investment corporation bond issuance costs	8,509	7,232
Total deferred assets	8,509	7,232
Total assets	115,747,173	115,642,026

The accompanying notes are integral part of these financial statements

(Thousands of yen)

	6th fiscal period As of July 31, 2021	7th fiscal period As of January 31, 2022
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	19,157	159,814
Short-term loans payable	433,000	5,300,000
Accounts payable - other	38,152	13,713
Accrued expenses	447,953	479,842
Current portion of long-term loans payable	5,300,000	1,750,000
Income taxes payable	967	758
Accrued consumption taxes	-	263,316
Advances received	581,699	580,565
Other	5,353	5,605
Total current liabilities	6,826,283	8,553,616
Non-current liabilities		
Investment corporation bonds	1,500,000	1,500,000
Long-term loans payable	40,490,000	38,740,000
Tenant leasehold and security deposits in trust	1,674,231	1,674,273
Other	923	257
Total non-current liabilities	43,665,155	41,914,531
Total liabilities	50,491,438	50,468,147
Net assets		
Unitholders' equity		
Unitholders' capital	64,647,572	64,647,572
Deductions from unitholders' capital	(744,993)	(887,824)
Unitholders' capital, net	63,902,578	63,759,748
Surplus		
Unappropriated retained earnings (undisposed loss)	1,353,156	1,414,130
Total surplus	1,353,156	1,414,130
Total unitholders' equity	65,255,735	65,173,878
Total net assets	*1 65,255,735	*1 65,173,878
Total liabilities and net assets	115,747,173	115,642,026

The accompanying notes are integral part of these financial statements

**Statement of Income**

(Thousands of yen)

	6th fiscal period From February 1, 2021 to July 31, 2021	7th fiscal period From August 1, 2021 to January 31, 2022
<b>Operating revenues</b>		
Leasing business revenues	*1 3,031,868	*1 3,142,715
Other leasing business revenues	*1 28,057	*1 35,474
<b>Total operating revenues</b>	<b>3,059,926</b>	<b>3,178,190</b>
<b>Operating expenses</b>		
Expenses related to leasing business	*1 1,146,040	*1 1,170,645
Asset management fees	366,779	395,045
Asset custody fee and Administrative service fees	11,128	12,426
Directors' compensations	2,640	2,640
Other operating expenses	43,708	47,195
<b>Total operating expenses</b>	<b>1,570,297</b>	<b>1,627,953</b>
<b>Operating income</b>	<b>1,489,628</b>	<b>1,550,237</b>
<b>Non-operating income</b>		
Interest income	25	27
Interest on tax refund	214	81
Subsidy income	120	-
<b>Total non-operating income</b>	<b>360</b>	<b>109</b>
<b>Non-operating expenses</b>		
Interest expenses	98,507	107,838
Interest expenses on investment corporation bonds	2,237	2,286
Amortization of investment corporation bond issuance costs	1,276	1,276
Borrowing related expenses	33,130	23,503
Other	991	1,008
<b>Total non-operating expenses</b>	<b>136,143</b>	<b>135,914</b>
<b>Ordinary income</b>	<b>1,353,846</b>	<b>1,414,432</b>
Income before income taxes	1,353,846	1,414,432
Income taxes - current	971	762
Income taxes - deferred	(1)	10
<b>Total income taxes</b>	<b>969</b>	<b>772</b>
<b>Net income</b>	<b>1,352,876</b>	<b>1,413,660</b>
Retained earnings brought forward	279	470
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>1,353,156</b>	<b>1,414,130</b>

The accompanying notes are integral part of these financial statements

**Statement of Changes in Net Assets**

6th fiscal period (from February 1, 2021 to July 31, 2021)

(Thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deductions from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at the beginning of period	64,647,572	(419,124)	64,228,447	1,184,930	1,184,930	65,413,378	65,413,378
Changes during the period							
Distributions in excess of retained earnings		(325,868)	(325,868)			(325,868)	(325,868)
Distributions of retained earnings				(1,184,650)	(1,184,650)	(1,184,650)	(1,184,650)
Net income				1,352,876	1,352,876	1,352,876	1,352,876
Total changes during the period	-	(325,868)	(325,868)	168,226	168,226	(157,642)	(157,642)
Balance at the end of period	<sup>*1</sup> 64,647,572	(744,993)	63,902,578	1,353,156	1,353,156	65,255,735	65,255,735

7th fiscal period (from August 1, 2021 to January 31, 2022)

(Thousands of yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deductions from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at the beginning of period	64,647,572	(744,993)	63,902,578	1,353,156	1,353,156	65,255,735	65,255,735
Changes during the period							
Distributions in excess of retained earnings		(142,830)	(142,830)			(142,830)	(142,830)
Distributions of retained earnings				(1,352,686)	(1,352,686)	(1,352,686)	(1,352,686)
Net income				1,413,660	1,413,660	1,413,660	1,413,660
Total changes during the period	-	(142,830)	(142,830)	60,973	60,973	(81,856)	(81,856)
Balance at the end of period	<sup>*1</sup> 64,647,572	(887,824)	63,759,748	1,414,130	1,414,130	65,173,878	65,173,878

The accompanying notes are integral part of these financial statements



## Statement of Cash Distributions

(Yen)

	6th fiscal period From February 1, 2021 to July 31, 2021	7th fiscal period From August 1, 2021 to January 31, 2022
I. Unappropriated retained earnings	1,353,156,595	1,414,130,528
II. Additional distributable amount in excess of retained earnings		
Deductions from unitholders' capital	142,830,226	239,450,673
III. Distributions	1,495,516,484	1,653,349,885
(Distributions per unit)	(2,492)	(2,755)
Of which, retained earnings	1,352,686,258	1,413,899,212
(Earnings distributions per unit)	(2,254)	(2,356)
Of which, Distributions in excess of retained earnings	142,830,226	239,450,673
(Distributions in excess of retained earnings per unit)	(238)	(399)
IV. Retained earnings carried forward	470,337	231,316

Distribution amount calculation method	<p>Under the distribution policy established in Paragraph 1, Article 39 of the certificate of incorporation of IAL, the distribution amount shall exceed the amount equivalent to 90% the profit available for distributions provided for in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, IAL decided to distribute ¥1,352,686,258, the maximum integral multiple of the total number of investment units outstanding, which does not exceed the unappropriated retained earnings.</p> <p>Based on the cash distribution policy established in Paragraph 2, Article 39 of the certificate of incorporation of IAL, IAL continuously distributes cash in excess of profit (contribution refunds that fall under distributions accompanying a decrease in capital under tax law) in every period. Under this policy, IAL has decided to distribute ¥142,830,226, as distributions in excess of earnings (contribution refunds that fall under distributions accompanying a decrease in capital under tax law).</p>	<p>Under the distribution policy established in Paragraph 1, Article 39 of the certificate of incorporation of IAL, the distribution amount shall exceed the amount equivalent to 90% the profit available for distributions provided for in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, IAL decided to distribute ¥1,413,899,212, the maximum integral multiple of the total number of investment units outstanding, which does not exceed the unappropriated retained earnings.</p> <p>Based on the cash distribution policy established in Paragraph 2, Article 39 of the certificate of incorporation of IAL, IAL continuously distributes cash in excess of profit (contribution refunds that fall under distributions accompanying a decrease in capital under tax law) in every period. Under this policy, IAL has decided to distribute ¥239,450,673, as distributions in excess of earnings (contribution refunds that fall under distributions accompanying a decrease in capital under tax law).</p>
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The accompanying notes are integral part of these financial statements

**Statement of Cash Flows**

(Thousands of yen)

	6th fiscal period From February 1, 2021 to July 31, 2021	7th fiscal period From August 1, 2021 to January 31, 2022
<b>Cash flows from operating activities</b>		
Income before income taxes	1,353,846	1,414,432
Depreciation	783,205	799,956
Amortization of investment corporation bond issuance costs	1,276	1,276
Interest income	(25)	(27)
Interest expenses	98,507	107,838
Decrease (increase) in operating accounts receivable	7,576	2,777
Decrease (increase) in consumption taxes refund receivable	323,283	199,436
Decrease (increase) in prepaid expenses	(11,912)	2,025
Decrease (increase) in long-term prepaid expenses	(41,034)	28,067
Increase (decrease) in operating accounts payable	(76,684)	140,656
Increase (decrease) in accrued expenses	81,643	32,784
Increase (decrease) in accrued consumption taxes	-	263,316
Increase (decrease) in advances received	60,446	(1,133)
Other	(21,565)	(666)
Subtotal	2,558,561	2,990,740
Interest income received	25	27
Interest expenses paid	(98,464)	(108,733)
Income taxes paid	(935)	(971)
Net cash provided by (used in) operating activities	2,459,186	2,881,062
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(13,385,897)	(25,904)
Net cash provided by (used in) investing activities	(13,385,897)	(25,904)
<b>Cash flows from financing activities</b>		
Proceeds in short-term loans payable	433,000	5,300,000
Repayments of short-term loans payable	-	(433,000)
Proceeds from long-term loans payable	12,650,000	-
Repayments of long-term loans payable	(730,000)	(5,300,000)
Distributions payments	(1,509,081)	(1,495,264)
Net cash provided by (used in) financing activities	10,843,918	(1,928,264)
Net increase (decrease) in cash and cash equivalents	(82,792)	926,893
Cash and cash equivalents at the beginning of period	4,624,388	4,541,595
Cash and cash equivalents at the end of period	*1 4,541,595	*1 5,468,489

The accompanying notes are integral part of these financial statements

## Notes to Financial Statements

### 1 Organization

IAL was established on May 1, 2018, by its incorporator, ITOCHU REIT Management Co., Ltd., (the “Asset Management Company”) pursuant to Japan’s Act on Investment Trusts and Investment Corporations (Act 198 of 1951 as amended; referred to below as the “Investment Trust Act”). Its investment units (issuer code: 3493) were listed on the Tokyo Stock Exchange (TSE) Real Estate Investment Trust (REIT) Market (the “J-REIT Market”) on September 7, 2018.

One of IAL’s sponsors<sup>(Note 1)</sup> is ITOCHU Corporation, a major general trading company with a strong presence in logistics-intensive consumer-related<sup>(Note 2)</sup> businesses such as food and apparel. ITOCHU Corporation sponsored IAL as a publicly traded REIT with a mandate to invest mainly in logistics real estate properties (defined as properties used or usable primarily as logistics facilities). In addition to maximizing unitholder value and contributing to the J-REIT Market’s sound development, IAL aims to benefit society by developing logistics infrastructure, particularly logistics real estate properties, through a collaborative growth relationship<sup>(Note 3)</sup> with the ITOCHU Group<sup>(Note 4)</sup>.

(Note 1) As used herein, “sponsor” means a party that has entered into a sponsor support agreement with IAL and the Asset Management Company. IAL’s sponsors as of January 31, 2022, are ITOCHU Corporation and ITOCHU Property Development, Ltd.

(Note 2) As used herein, “consumer-related” refers to ITOCHU Corporation’s textiles, food, general products & realty, ICT & financial businesses, and the 8th Company. The 8th Company is a divisional company established by ITOCHU Corporation in July 2019 with the aim of cultivating new customers and developing new businesses from a market-oriented perspective. This is to be accomplished by maximally leveraging ITOCHU Corporation’s diverse business infrastructure and strengths in consumer-related businesses.

(Note 3) IAL aims to achieve steady growth by utilizing the ITOCHU Group’s platforms (Realty & Logistics (R/L) Platform and Merchant Channel (M/C) Platform. Meanwhile, the ITOCHU Group will work to strengthen its own platforms through management of IAL’s assets. Such a virtuous cycle of cooperation between IAL and the ITOCHU Group is referred to herein as a “collaborative growth relationship.”

(Note 4) As used herein, “ITOCHU Group” refers to the corporate group consisting of ITOCHU Corporation, consolidated subsidiaries and equity-method affiliates.

### 2 Basis of Presentation of Financial Statements

The accompanying financial statements are an English translation of the financial statements of IAL filed with the appropriate local finance bureau of the Ministry of Finance, prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

IAL does not prepare consolidated financial statements as it has no subsidiaries. Unless otherwise specified, amounts have been less than one thousand yen. As a result, the totals shown in the financial statements do not necessarily agree with the sums of the individual amounts.

IAL’s six-month fiscal periods end at either the end of January or July.

### 3 Significant Accounting Policies

<p>1. Depreciation method for non-current assets</p>	<p>(1) Property, plant and equipment (including assets in trust) The straight-line method is used. The useful lives of major property, plant and equipment are as stated below.</p> <table border="0"> <tr> <td>Buildings</td> <td>3 to 62 years</td> </tr> <tr> <td>Structures</td> <td>14 to 46 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>5 to 29 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>5 to 6 years</td> </tr> </table> <p>(2) Intangible assets The straight-line method is used. Software 5 years</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	3 to 62 years	Structures	14 to 46 years	Machinery and equipment	5 to 29 years	Tools, furniture and fixtures	5 to 6 years
Buildings	3 to 62 years								
Structures	14 to 46 years								
Machinery and equipment	5 to 29 years								
Tools, furniture and fixtures	5 to 6 years								
<p>2. Accounting for deferred assets</p>	<p>(1) Investment corporation bond issuance costs Amortized by the straight-line method over the period from issuance to redemption of the bonds.</p>								
<p>3. Revenue and expense recognition</p>	<p>(1) Revenue recognition The main performance obligations related to revenue arising from IAL's contracts with customers and when it typically satisfies its performance obligations (the ordinary time at which revenue is recognized) are as follows.</p> <p>1) Disposition of real estate For disposition of real estate IAL recognizes revenue when the buyer, who is a customer, obtains control of the real estate by fulfilling the delivery obligations stipulated in the sales and purchase agreement.</p> <p>2) Utility service revenues Utility service revenues are recognized based on the supply of electricity, water, etc. to the lessee, who is a customer, in accordance with the real estate lease contract and related agreements. As to utility service revenues in cases where IAL is acting as an agent, the net amount derived by deducting the amount to be paid to other parties supplying the electricity, water, etc. from the amount received by IAL as service revenues from the customer is recognized as revenue.</p> <p>(2) Treatment of property taxes Property taxes, city planning taxes, depreciable asset taxes and other taxes assessed on IAL's real estate and other asset holdings are expensed as a leasing business expense prorated by fiscal period. Such taxes paid to a seller at settlement in conjunction with a property acquisition are capitalized and added to the property's acquisition costs, not expensed as a leasing business expense. Property taxes capitalized and added to the property's acquisition costs were 41,330 thousand yen in the previous period. There were no property taxes or other taxes for the current period ended.</p>								

<p>4. Method of hedge accounting</p>	<p>(1) Method of hedge accounting                      Deferral hedge accounting is used. Special treatment is used for interest rate swaps meeting the requirements for special treatment.</p> <p>(2) Hedging instruments and hedged items                      Hedging instruments: Interest rate swap transactions                      Hedged items: Interest on loans</p> <p>(3) Hedging policy                      IAL REIT conducts derivative transactions to hedge the risks set forth in its certificate of incorporation based on rules specifying the basic policy for risk management.</p> <p>(4) Methods of assessing hedge effectiveness                      The evaluation of the effectiveness of interest rate swaps is omitted because they meet the requirements for special treatment.</p>
<p>5. Scope of cash and cash equivalents in the Statement of Cash Flows</p>	<p>Cash and cash equivalents in the statements of cash flows include cash on hand, entrusted cash, demand deposits, entrusted bank deposits, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months from the date of acquisition.</p>
<p>6. Other matters that serve as the basis for preparation of financial statements</p>	<p>(1) Accounting policy for trust beneficiary interests in real estate                      For trust beneficiary interests in real estate, all trust assets and liabilities as well as all income generated and expenses incurred for trust properties are recorded in the applicable accounts in the balance sheet and the statement of income.                      The following material items among assets in trust posted in the trust accounts are listed separately on the balance sheet.</p> <ol style="list-style-type: none"> <li>1) Cash and deposits in trust</li> <li>2) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; and land in trust</li> <li>3) Tenant leasehold and security deposits in trust</li> </ol> <p>(2) Accounting for consumption taxes                      All amounts in the accompanying financial statements exclude consumption taxes.</p>

#### 4 Notes to Significant Accounting Estimates

Impairment loss on investment and rental properties

(1) Amounts recorded in the financial statements

(Thousands of yen)

	July 31,2021	January 31,2022
Property, plant and equipment	109,008,398	108,210,465
Intangible assets	2,547	1,990
Impairment loss	-	-

(2) Information on the details of the significant accounting estimates for identified items

In accordance with the Accounting Standard for Impairment of Fixed Assets, in cases where a decline in profitability makes it unlikely that an investment will be recovered, IAL has adopted the accounting treatments to reduce the book value of the fixed assets to the recoverable value.

In adopting the accounting treatment, the respective properties owned by IAL are regarded as a single asset group, and judgment is made whether it is required to recognize impairment losses when indications of impairment are deemed to exist for the group due to continuous operating losses, a significant decline in the market value and significant deterioration of the business environment, etc.

Future cash flow estimates are used to determine whether or not to recognize impairment losses. When it is determined that impairment losses should be recognized, the book value is reduced to the recoverable amount based on the real estate appraisal values by external appraisers, and the reduced amount is recorded as impairment losses.

In estimating future cash flows, the certain assumptions such as market rent, occupancy rate and rental expenses, etc., are determined based on the market trends and transaction made in the market for similar properties.

Market Rent, occupancy rate and rental expenses for each property are the assumptions and inherently uncertain, those may be affected by current and future real estate leasing market conditions. Accordingly, when changes arise to those assumptions, the financial position and the financial performance of IAL in the following fiscal period may be affected.

#### 5 Notes to Changes in Accounting Policies

1. Application of the accounting standard for revenue recognition, etc.

IAL has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter, the "Accounting Standard for Revenue Recognition"), etc. from the beginning of the current period. Revenue is recognized when control of the promised goods or services is transferred to the customer, at the amount expected to be received in exchange for those goods or services. The effect of this change on the financial statements for the current period is immaterial.

In accordance with the transitional treatment prescribed in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, the Notes to "Revenue Recognition" for the previous period are not disclosed.

2. Application of the accounting standard for fair value measurement, etc.

IAL has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter, the "Accounting Standard for Fair Value Measurement"), etc. from the beginning of the current period. In accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the Accounting Standard for Fair Value Measurement, etc. will be applied prospectively. The effect of this change on the financial statements for the current period is immaterial. Based on the stipulation of Paragraph 5, Article 2, Supplementary Provisions, the Cabinet Office Ordinance on Partial Revision of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Cabinet Office Ordinance No. 61, September 24, 2021), description of the matters listed in Item 3, Paragraph 1, Article 8-6-2, regarding the revised Regulation on Terminology, Forms, and Preparation Methods of Financial Statements, etc. is omitted.

**6 Notes to Balance Sheet**

\*1 Minimum net assets under Article 67(4) of the Investment Trust Act

(Thousands of yen)

	6th fiscal period As of July 31, 2021	7th fiscal period As of January 31, 2022
	50,000	50,000

**7 Notes to Statement of Income**

\*1 Breakdown of real estate leasing business revenues and expenses

(Thousands of yen)

	6th fiscal period From February 1, 2021 to July 31, 2021	7th fiscal period From August 1, 2021 to January 31, 2022
<b>A. Real estate leasing business revenues</b>		
Leasing business revenues		
Leasing revenues	3,005,404	3,116,251
Common area charge income	26,463	26,463
Other leasing business revenues		
Utility service revenues	19,651	27,499
Parking revenues	5,070	5,225
Other revenues	3,334	2,749
Total real estate leasing business revenues	3,059,926	3,178,190
<b>B. Real estate leasing business expenses</b>		
Expenses related to leasing business		
Property management fees	45,053	49,339
Utility expenses	23,155	30,781
Repair expenses	7,069	2,283
Taxes and public dues	276,622	276,612
Depreciation	782,647	799,399
Insurance premiums	8,783	9,105
Trust fees	2,584	2,750
Other leasing business expenses	124	373
Total real estate leasing business expenses	1,146,040	1,170,645
<b>C. Real estate leasing business income (A–B)</b>	<b>1,913,885</b>	<b>2,007,544</b>

## 8 Notes to Statement of Changes in Net Assets

\*1 Total number of investment units authorized and outstanding

	6th fiscal period From February 1, 2021 to July 31, 2021	7th fiscal period From August 1, 2021 to January 31, 2022
Total authorized investment units	10,000,000 units	10,000,000 units
Total investment units outstanding	600,127 units	600,127 units

## 9 Notes to Statement of Cash Flows

\*1 Reconciliation between cash and cash equivalents at end of period and Balance Sheet line-item amounts

(Thousands of yen)

	6th fiscal period From February 1, 2021 to July 31, 2021	7th fiscal period From August 1, 2021 to January 31, 2022
Cash and deposits	2,056,841	2,909,181
Cash and deposits in trust	4,158,986	4,233,581
Use-restricted deposits in trust (Note)	(1,674,231)	(1,674,273)
Cash and cash equivalents	4,541,595	5,468,489

(Note) Deposits in trust that are reserved for refunding tenants' security deposits

## 10 Notes to Leases

Operating lease transactions (lessor side)

Future minimum rent

(Thousands of yen)

	6th fiscal period As of July 31, 2021	7th fiscal period As of January 31, 2022
Within 1 year	6,228,314	6,119,460
More than 1 year	27,106,611	24,354,453
Total	33,334,925	30,473,913



## 11 Notes to Financial Instruments

### 1. Our policy for financial instruments

#### (1) Policy for financial instruments

IAL raises funds through borrowings, issuance of investment corporation bonds (including short-term investment corporation bonds), and issuance of investment units in order to secure stable earnings over the medium to long term, steadily expand the size of assets under management, and stabilize management. Surplus funds may be invested in securities or loan and receivables with due consideration of safety and liquidity, and with due consideration of the market environment and cash flow projection. Derivative transactions are entered into solely for the purpose of hedging interest rate and other risks arising from liabilities.

#### (2) Details of financial instruments, their risks and risk management

Bank deposits are used for surplus funds and are exposed to credit risk such as bankruptcy of depository financial institutions. Such credit risk is managed by limiting the deposit period to a short period of time and by limiting transactions to financial institutions with high credit ratings. Borrowings and investment corporation bonds are mainly used to finance acquisition of properties, repayment of existing borrowings, and redemption of investment corporation bonds. These are exposed to liquidity risk of not being able to refinance at the time of repayment or redemption. IAL manages such liquidity risk by diversifying funding sources, diversifying maturity dates and lenders, and ensuring liquidity on hand, as well as by preparing cash flow projections and other methods.

Floating-rate borrowings and investment corporation bonds are exposed to interest rate fluctuation risk IAL mitigates this risk by maintaining an appropriate interest-bearing debt ratio and using derivatives (interest rate swaps). Tenant leasehold and security deposits are deposits from tenants and are exposed to liquidity risk because of the obligation to return them when tenants vacate. IAL manages liquidity risk by preparing cash flow projections as required by our investment guidelines, taking safety and liquidity into consideration.

#### (3) Supplemental explanation regarding the fair value of financial instruments

Certain preconditions apply in the calculation of fair value of financial instruments, which may vary when different preconditions apply. The amount of derivative trading contracts in the latter section, "Notes to derivative trading." do not directly indicate market risks associated with derivative trading.

### 2. Matters regarding fair value of financial instruments

Financial instruments' book value and fair values, and differences between the two, are tabulated below. The fair values of cash and deposits, cash and deposits in trust, and short-term loans payable are omitted because their fair value approximates their book value as they are in cash and settled in a short term. Tenant leasehold and security deposits in trust are omitted due to immateriality.

6th fiscal period (as of July 31, 2021)

	Book value (thousands of yen)	Fair value (thousands of yen)	Difference (thousands of yen)
(1) Current portion of long-term loans payable	(5,300,000)	(5,301,318)	1,318
(2) Investment corporation bonds	(1,500,000)	(1,500,150)	150
(3) Long-term loans payable	(40,490,000)	(41,243,145)	753,145
(4) Derivatives(Note 2)	—	—	—

7th fiscal period (as of January 31, 2022)

	Book value (thousands of yen)	Fair value (thousands of yen)	Difference (thousands of yen)
(1) Current portion of long-term loans payable	(1,750,000)	(1,751,356)	1,356
(2) Investment corporation bonds	(1,500,000)	(1,497,750)	(2,250)
(3) Long-term loans payable	(38,740,000)	(39,245,449)	505,449
(4) Derivatives(Note 2)	—	—	—

(Note 1) Liabilities' book value and fair values are enclosed in parentheses.

(Note 2) Special accounting treatment is applied to the interest-rate swaps in accordance with the "Accounting Standard for Financial Instruments" and therefore interest rate swaps are not stated at fair value in the balance sheet.

(Note 3) Fair value measurement methods for financial instruments

(2) Investment corporation bonds

Fair value is based on reference quotes published by the Japan Securities Dealers Association unless reference quotes are not available, in which case fair value is measured at principal and interest payments' sum discounted to present value using the interest rate at which IAL could hypothetically issue the same bonds as of the measurement date.

(1) Current portion of long-term loans payable, (3) Long-term loans payable

Book value is used as a proxy for fair value because the short-term loans' periodic interest-rate resets render their book and fair values approximately equivalent to each other. However, in the case of long-term loans payable with floating rates hedged by interest rate swaps accounted for by the aforementioned special treatment, fair value is measured at the present value of the sum of the borrowings' principal and interest payments adjusted to reflect the interest rate swap's cash flows. Said sum is discounted to present value at the rationally estimated interest rate at which IAL could hypothetically obtain the same loan as of the measurement date.

The fair value of long-term loans payable at fixed rates is calculated by discounting the sum of principal and interest payments by the interest rate at which it is assumed that new borrowings could be made over the remaining period.

(4) Derivatives

Please refer to "Fair values of Derivatives" below.

(Note 4) Loans payable and investment corporation bonds debt's maturity schedule after the closing date

6th fiscal period (as of July 31, 2021)

(Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Investment corporation bonds	—	—	—	1,500,000	—	—
Long-term loans payable	5,300,000	1,750,000	—	9,070,000	5,000,000	24,670,000
Total	5,300,000	1,750,000	—	10,570,000	5,000,000	24,670,000

7th fiscal period (as of January 31, 2022)

(Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Investment corporation bonds	—	—	1,500,000	—	—	—
Long-term loans payable	1,750,000	—	5,120,000	8,950,000	5,500,000	19,170,000
Total	1,750,000	—	6,620,000	8,950,000	5,500,000	19,170,000

## 12 Notes to Securities

6th fiscal period (as of July 31, 2021)

Not applicable

7th fiscal period (as of January 31, 2022)

Not applicable

**13 Notes to Derivative Transactions**

## (1) Derivatives not applying hedge accounting

6th fiscal period (as of July 31, 2021)

Not applicable

7th fiscal period (as of January 31, 2022)

Not applicable

## (2) Derivatives applying hedge accounting

The following table shows the contracted amount or principal equivalent amount as set forth in the contract as of the balance sheet date for each hedge accounting method.

6th fiscal period (as of July 31, 2021)

(Thousands of yen)

Method of hedge accounting	Type of derivative transactions	Main hedged item	Contracted value		Fair value	Fair value measurement method
				Of which, maturity more than 1 year		
Interest rate swap special treatment	Interest rate swap transactions Floating rate receipt, Fixed rate payment	Long-term loans payable	44,790,000	39,490,000	*	—

(Note) Fair value for interest rate swaps with this special treatment is included in the fair value of (3) "Long-term loans payable" in "2. Matters regarding fair value of financial instruments" of "Notes to Financial Instruments" described above, as it is accounted for as a single unit with the hedged long-term loans payable.

7th fiscal period (as of January 31, 2022)

(Thousands of yen)

Method of hedge accounting	Type of derivative transactions	Main hedged item	Contracted value		Fair value	Fair value measurement method
				Of which, maturity more than 1 year		
Interest rate swap special treatment	Interest rate swap transactions Floating rate receipt, Fixed rate payment	Long-term loans payable	39,490,000	37,740,000	*	—

(Note) Fair value for interest rate swaps with this special treatment is included in the fair value of (3) "Long-term loans payable" in "2. Matters regarding fair value of financial instruments" of "Notes to Financial Instruments" described above, as it is accounted for as a single unit with the hedged long-term loans payable.

**14 Notes to Profit or Loss of Affiliates Accounted for Under the Equity Method**

6th fiscal period (from February 1, 2021 to July 31, 2021)

Not applicable

7th fiscal period (from August 1, 2021 to January 31, 2022)

Not applicable

## 15 Notes to Transactions with Related parties

1. Parent company and main corporate unitholders, and other.

6th fiscal period (from February 1, 2021 to July 31, 2021)

Not applicable

7th fiscal period (from August 1, 2021 to January 31, 2022)

Not applicable

2. Affiliated companies, and other.

6th fiscal period (from February 1, 2021 to July 31, 2021)

Not applicable

7th fiscal period (from August 1, 2021 to January 31, 2022)

Not applicable

3. Fellow subsidiary companies and other.

6th fiscal period (from February 1, 2021 to July 31, 2021)

Not applicable

7th fiscal period (from August 1, 2021 to January 31, 2022)

Not applicable

4. Directors and major individual unitholders, and other.

6th fiscal period (from February 1, 2021 to July 31, 2021)

Instrument	Name	Location	Capital or amount invested (millions of yen)	Nature of business	Percentage of voting rights owned	Relationships with related parties	Nature of transaction(s)	Transaction value (thousands of yen) (Note 1)	Account	Balance at the end of period (thousands of yen) (Note 1)
Directors and their immediate relatives	Junichi Shoji	—	—	Executive Director of IAL and the President of ITOCHU REIT Management Co., Ltd.	0.00%	Asset manager	Asset management fees (Note 2) (Note 3)	432,954	Accrued expenses	403,457

Transaction terms and policy for setting transaction terms

(Note 1) The above transaction amounts and balances do not include consumption taxes, but the balance at the end of the period does include consumption taxes

(Note 2) These are transactions conducted by Executive Director of IAL Junichi Shoji (ITOCHU REIT Management Co., Ltd.) acting as the representative of a third party, compensation for which complies with the conditions set out in IAL's Articles of Incorporation.

(Note 3) Asset management fees includes 66,175 thousand yen of management fees related to property acquisitions added to the book value of individual properties.

(Note 4) Transaction terms are set based on market pricing/terms.

7th fiscal period (from August 1, 2021 to January 31, 2022)

Instrument	Name	Location	Capital or amount invested (millions of yen)	Nature of business	Percentage of voting rights owned	Relationships with related parties	Nature of transactions	Transaction value (thousands of yen) (Note 1)	Account	Balance at the end of period (thousands of yen) (Note 1)
Directors and their immediate relatives	Junichi Shoji	–	–	Executive Director of IAL and the President of ITOCHU REIT Management Co., Ltd.	0.00%	Asset manager	Asset management fees (Note 2)	395,045	Accrued expenses	434,550

Transaction terms and policy for setting transaction terms

(Note 1) The above transaction amounts and balances do not include consumption taxes, but the balance at the end of the period does include consumption taxes

(Note 2) These are transactions conducted by Executive Director of IAL Junichi Shoji (ITOCHU REIT Management Co., Ltd.) acting as the representative of a third party, compensation for which complies with the conditions set out in IAL's Articles of Incorporation.

(Note 3) Transaction terms are set based on market pricing/terms.

**16 Notes to Tax Effect Accounting**

## 1. Breakdown of deferred tax assets and liabilities

(Thousands of yen)

	6th fiscal period As of July 31, 2021	7th fiscal period As of January 31, 2022
Deferred tax assets		
Accrued business taxes, currently deductible	17	7
Total deferred tax assets	17	7
Net deferred tax assets	17	7

## 2. Reconciliation between statutory effective tax rate and actual income tax rate

(%)

	6th fiscal period As of July 31, 2021	7th fiscal period As of January 31, 2022
Statutory effective tax rate	31.46	31.46
(Adjustments)		
Deductible distributions paid	(31.43)	(31.45)
Other	0.04	0.04
Effective tax rate after application of deferred tax accounting	0.07	0.05

**17 Notes to Retirement Benefits**

6th fiscal period (from February 1, 2021 to July 31, 2021)

Not applicable

7th fiscal period (from August 1, 2021 to January 31, 2022)

Not applicable

**18 Notes to Asset Retirement Obligations**

6th fiscal period (from February 1, 2021 to July 31, 2021)

Not applicable

7th fiscal period (from August 1, 2021 to January 31, 2022)

Not applicable

**19 Notes to Segment Information**

## 1. Segment Information

Disclosure is omitted as IAL is comprised of a single reportable segment engaged in the real estate rental business.

## 2. Related information

6th fiscal period (from February 1, 2021 to July 31, 2021)

## (1) Information about products and services

Disclosure is omitted as operating revenues from external customers of products and services within a single segment exceeds 90% of operating revenues on the Statement of Income.

(2) Information about region

1) Operating revenues

Disclosure is omitted since operating revenues from external customers in Japan exceeds 90% of operating revenues on the Statement of Income.

2) Property, plant and equipment

Disclosure is omitted since the amount of property and equipment located in Japan exceeds 90% of property and equipment on the Balance Sheet.

(3) Information about major customer

(Thousands of yen)

Name of customer	Operating revenues	Relevant segment name
Hitachi Transport System Metropolitan Co., Ltd.	Undisclosed (Note)	Real estate leasing business
Undisclosed (Note)	Undisclosed (Note)	Real estate leasing business

(Note) Undisclosed as IAL was not able to obtain the tenants' consent to disclose rents.

7th fiscal period (from August 1, 2021 to January 31, 2022)

(1) Information about products and services

Disclosure is omitted as operating revenues from external customers of products and services within a single segment exceeds 90% of operating revenues on the Statement of Income.

(2) Information about region

1) Operating revenues

Disclosure is omitted since operating revenues from external customers in Japan exceeds 90% of operating revenues on the Statement of Income.

2) Property, plant and equipment

Disclosure is omitted since the amount of property and equipment located in Japan exceeds 90% of property and equipment on the Balance Sheet.

(3) Information about major customer

(Thousands of yen)

Name of customer	Operating revenues	Relevant segment name
Hitachi Transport System Metropolitan Co., Ltd.	Undisclosed (Note)	Real estate leasing business
Undisclosed (Note)	Undisclosed (Note)	Real estate leasing business
e-LogiT co., ltd.	Undisclosed (Note)	Real estate leasing business

(Note) Undisclosed as IAL was not able to obtain the tenants' consent to disclose rents.

## 20 Notes to Investment and rental properties

IAL holds rental logistics properties in the Kanto and Kansai areas (Note 1) to earn rental revenues. The amounts of these rental properties on the balance sheet, changes in the amounts during the period, and their book values are as follows.

(Thousands of yen)

		6th fiscal period From February 1, 2021 to July 31, 2021	7th fiscal period From August 1, 2021 to January 31, 2022
Book value			
(Note 2)	Balance at the beginning of period	96,414,913	109,008,398
	Changes during the period (Note 3)	12,593,484	(797,932)
	Balance at the end of period	109,008,398	108,210,465
Fair value at the end of period (Note 4)		124,516,000	127,474,000

(Note 1) As used herein, "Kanto area" denotes Tokyo Metropolis and Kanagawa, Chiba, Saitama and Ibaraki Prefectures; "Kansai area" denotes Osaka, Kyoto, Hyogo, Nara and Shiga Prefectures.

(Note 2) Book value is acquisition costs net of accumulated depreciation.

(Note 3) Of the changes in rental properties' book value during the period, the increase in the previous period was mainly the net result of a 13,352,377 thousand yen due to acquisitions of trust beneficiary interests in two properties, while the decline is primarily due to depreciation (782,647 thousand yen). The increase in the current period is mainly attributable to capital expenditure while the decline is primarily due to depreciation (799,399 thousand yen).

(Note 4) Fair value as of January 31, 2022, is the properties' appraisal value furnished by independent real estate appraisers.

For profit and loss related to rental properties, please refer to "Notes to Statement of Income" above.

## 21 Notes to Revenue Recognition

7th fiscal period (from August 1, 2021 to January 31, 2022)

Disaggregated information on revenue from contracts with customers

See "1. Breakdown of real estate leasing business revenues and expenses" of the Notes to Financial Statements (Notes to Statement of Income) for disaggregated information on revenue from contracts with customers.

"1 Breakdown of real estate leasing business revenues and expenses" includes the revenue based on ASBJ Statement No. 13 "Accounting Standard for Lease Transactions." The main revenue from contracts with customers is utility service revenue.

## 22 Notes to Per unit Information

(Yen)

	6th fiscal period From February 1, 2021 to July 31, 2021	7th fiscal period From August 1, 2021 to January 31, 2022
Net assets per unit	108,736	108,600
Net income per unit	2,254	2,355

(Note 1) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units for the period. Fully diluted net income per investment unit is not presented, as there is no potential dilutive investment unit.

(Note 2) The basis for calculating net income per unit is as follows.

	6th fiscal period From February 1, 2021 to July 31, 2021	7th fiscal period From August 1, 2021 to January 31, 2022
Net income (thousands of yen)	1,352,876	1,413,660
Amount not attributable to common unitholders (Thousands of yen)	–	–
Net income applicable to common units (Thousands of yen)	1,352,876	1,413,660
Average units outstanding during the period (Units)	600,127	600,127



**23 Note to Significant Subsequent Events**

Not applicable

## Supplementary schedules

### 1 Schedule of Securities

Not applicable

### 2 Schedule of contract amounts and fair values of derivative transactions

(Thousands of yen)

Category	Instrument	Contract Amount (Note 1)		Fair value (Note 2) (Note 3)
			Amount over 1 year	
Transactions other than market transactions	Interest rate swap transactions	39,490,000	37,740,000	(24,983)
	Floating rate receipt, Fixed rate payment			
Total		39,490,000	37,740,000	(24,983)

(Note 1) The contract amount of interest rate swap transactions is based on the notional principals.

(Note 2) The fair value is based on the estimation made by the interest rate swap counterparty using the prevailing interest rate.

(Note 3) Special accounting treatment is applied to the interest-rate swaps in accordance with the "Accounting Standard for Financial Instruments" (issued by the Accounting Standards Board of Japan (ASBJ) on March 10, 2008; ASBJ Statement No.10) and therefore interest rate swaps are not stated at fair value in the balance sheet.

### 3 Schedule of real estate

(Thousands of yen)

Asset type	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Accumulated depreciation or accumulated amortization		Net balance at the end of period after deductions	Remarks	
					Depreciation for the period				
Property, plant and equipment	Buildings in trust	60,371,130	1,466	-	60,372,596	3,697,510	707,175	56,675,086	
	Structures in trust	2,214,959	-	-	2,214,959	308,197	60,205	1,906,761	
	Machinery and equipment in trust	1,666,312	-	-	1,666,312	170,781	31,746	1,495,531	
	Tools, furniture and fixtures in trust	3,054	-	-	3,054	1,010	272	2,043	
	Land in trust	48,131,041	-	-	48,131,041	-	-	48,131,041	
	Total	112,386,498	1,466	-	112,387,965	4,177,499	799,399	108,210,465	

### 4 Schedule of other specified assets

Not applicable

## 5 Schedule of investment corporation bonds

(Thousands of yen)

Issue	Issuance date	Balance at the beginning of period	Decrease during the period	Balance at the end of period	Interest rate	Maturity date	Use	Collateral
1st Unsecured Investment Corporation Bond	December 12, 2019	1,500,000	-	1,500,000	0.300%	December 12, 2024	Repayment of loans	Unsecured and non-guaranteed

(Note) The schedule of maturities for the redemption of investment corporation bonds for each year, for a period of 5 years from the balance sheet date, is as follows.

(Thousands of yen)

	1 year or less	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years
Investment corporation bonds	-	-	1,500,000	-	-

## 6 Schedule of loans payable

(Thousands of yen)

	Category	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 1)	Maturity date (Note 2)	Purpose of repayment (Note 3)	Remarks
	Lender								
Short-term loans payable	Sumitomo Mitsui Banking Corporation	433,000	-	433,000	-	0.23281% (Floating rate)	March 31, 2022 (Note 2)	(Note 3)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation	-	2,300,000	-	2,300,000	0.22692% (Floating rate)	August 31, 2022	(Note 5)	
	Mizuho Bank, Ltd.	-	1,600,000	-	1,600,000	0.22692% (Floating rate)	August 31, 2022	(Note 5)	
	Sumitomo Mitsui Trust Bank, Limited	-	1,400,000	-	1,400,000	0.22692% (Floating rate)	August 31, 2022	(Note 5)	
	Subtotal	433,000	5,300,000	433,000	5,300,000				
Current portion of long-term loans payable	Sumitomo Mitsui Banking Corporation	2,300,000	-	2,300,000	-	0.23505% (Fixed rate)	September 7, 2021	(Note 3)	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.	1,600,000	-	1,600,000	-				
	Sumitomo Mitsui Trust Bank, Limited	1,400,000	-	1,400,000	-				
	MUFG Bank, Ltd.	-	540,000	-	540,000	0.13800% (Fixed rate)	January 31, 2023	(Note 3)	
	Sumitomo Mitsui Trust Bank, Limited	-	325,000	-	325,000				
	The Bank of Fukuoka, Ltd.	-	300,000	-	300,000				
	Sumitomo Mitsui Banking Corporation	-	230,000	-	230,000				
	The Norinchukin Bank	-	200,000	-	200,000				
	Mizuho Bank, Ltd.	-	155,000	-	155,000				
	Subtotal	5,300,000	1,750,000	5,300,000	1,750,000				
Long-term loans payable	Sumitomo Mitsui Banking Corporation	1,270,000	-	-	1,270,000	0.53660% (Fixed rate)	September 9, 2024	(Note 3)	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.	650,000	-	-	650,000				
	Sumitomo Mitsui Trust Bank, Limited	1,050,000	-	-	1,050,000				
	MUFG Bank, Ltd.	950,000	-	-	950,000				
	Development Bank of Japan Inc.	600,000	-	-	600,000				
	Mizuho Trust & Banking Co., Ltd.	600,000	-	-	600,000				
	Sumitomo Mitsui Banking Corporation	1,400,000	-	-	1,400,000	0.72645% (Fixed rate)	September 7, 2026	(Note 3)	
	Mizuho Bank, Ltd.	1,000,000	-	-	1,000,000				
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	-	-	1,500,000				
	MUFG Bank, Ltd.	1,600,000	-	-	1,600,000				
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	0.91670% (Fixed rate)	September 7, 2028	(Note 3)	
	Mizuho Bank, Ltd.	500,000	-	-	500,000				
	Development Bank of Japan Inc.	500,000	-	-	500,000				
	Sumitomo Mitsui Banking Corporation	1,510,000	-	-	1,510,000	0.55000% (Fixed rate)	March 31, 2027	(Note 3)	
	Mizuho Bank, Ltd.	1,000,000	-	-	1,000,000				
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000				
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000				
	Development Bank of Japan Inc.	300,000	-	-	300,000				
	Mizuho Trust & Banking Co., Ltd.	210,000	-	-	210,000				
	MUFG Bank, Ltd.	540,000	-	540,000	-	0.13800% (Fixed rate)	January 31, 2023	(Note 3)	
	Sumitomo Mitsui Trust Bank, Limited	325,000	-	325,000	-				
	The Bank of Fukuoka, Ltd.	300,000	-	300,000	-				
	Sumitomo Mitsui Banking Corporation	230,000	-	230,000	-				
	The Norinchukin Bank	200,000	-	200,000	-				
	Mizuho Bank, Ltd.	155,000	-	155,000	-				
	Sumitomo Mitsui Banking Corporation	750,000	-	-	750,000				
	Mizuho Trust & Banking Co., Ltd.	750,000	-	-	750,000				
	Sumitomo Mitsui Trust Bank, Limited	650,000	-	-	650,000				
	Mizuho Bank, Ltd.	500,000	-	-	500,000				
	The Norinchukin Bank	400,000	-	-	400,000				
	The Bank of Fukuoka, Ltd.	400,000	-	-	400,000				
	Shinsei Bank, Limited	300,000	-	-	300,000				
	MUFG Bank, Ltd.	200,000	-	-	200,000				
Sumitomo Mitsui Banking Corporation	900,000	-	-	900,000	0.52220% (Fixed rate)	March 31, 2028	(Note 3)		
Sumitomo Mitsui Trust Bank, Limited	900,000	-	-	900,000					
Mizuho Bank, Ltd.	900,000	-	-	900,000					
MUFG Bank, Ltd.	800,000	-	-	800,000					
Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000					
Shinsei Bank, Limited	200,000	-	-	200,000					
The Norinchukin Bank	100,000	-	-	100,000					

	Category	Balance at the beginning of period	Increase during the period	Decrease during the period	Balance at the end of period	Average interest rate (Note 1)	Maturity date	Purpose of repayment	Remarks
	Lender								
Long-term loans payable	Nippon Life Insurance Company	1,000,000	-	-	1,000,000	0.70000% (Fixed rate)	January 31, 2030	(Note 3)	
	Sumitomo Mitsui Banking Corporation	1,330,000	-	-	1,330,000	0.28900% (Fixed rate) (Note 4)	September 30, 2025	(Note 3)	
	Sumitomo Mitsui Trust Bank, Limited	1,030,000	-	-	1,030,000				
	Mizuho Bank, Ltd.	960,000	-	-	960,000				
	MUFG Bank, Ltd.	800,000	-	-	800,000				
	Mizuho Trust & Banking Co., Ltd.	280,000	-	-	280,000				
	Shinsei Bank, Limited	200,000	-	-	200,000				
	The Norinchukin Bank	200,000	-	-	200,000				
	The Bank of Fukuoka, Ltd.	200,000	-	-	200,000				
	Sumitomo Mitsui Banking Corporation	1,330,000	-	-	1,330,000				
	Sumitomo Mitsui Trust Bank, Limited	1,030,000	-	-	1,030,000				
	Mizuho Bank, Ltd.	960,000	-	-	960,000				
	MUFG Bank, Ltd.	800,000	-	-	800,000				
	Mizuho Trust & Banking Co., Ltd.	280,000	-	-	280,000				
	Shinsei Bank, Limited	200,000	-	-	200,000				
	The Norinchukin Bank	200,000	-	-	200,000				
	The Bank of Fukuoka, Ltd.	200,000	-	-	200,000				
	Sumitomo Mitsui Banking Corporation	750,000	-	-	750,000	0.56000% (Fixed rate) (Note 4)	March 30, 2029	(Note 3)	
	Sumitomo Mitsui Trust Bank, Limited	560,000	-	-	560,000				
	Mizuho Bank, Ltd.	500,000	-	-	500,000				
	MUFG Bank, Ltd.	400,000	-	-	400,000				
	Mizuho Trust & Banking Co., Ltd.	140,000	-	-	140,000				
	Shinsei Bank, Limited	100,000	-	-	100,000				
	The Norinchukin Bank	100,000	-	-	100,000				
	The Bank of Fukuoka, Ltd.	100,000	-	-	100,000				
	Subtotal	40,490,000	-	1,750,000	38,740,000				
	Total	46,223,000	7,050,000	7,483,000	45,790,000				

(Note 1) Interest rates are the lending rate for each loan agreement, shown rounded off to the six decimal place.

(Note 2) Repaid before maturity on November 30, 2021.

(Note 3) The funds were used to acquire real estate trust beneficiary interest(s) and to pay acquisition-related expenses.

(Note 4) Interest rates on floating-rate borrowings hedged with interest rate swaps to avoid interest-rate risk are shown reflecting the effect of the interest rate swap after converting to fixed rates.

(Note 5) The funds were allocated for repayment of loans.

(Note 6) The following is the maturity schedule for each year within five years of the balance sheet date.

(Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years
Long-term loans payable	1,750,000	-	5,120,000	8,950,000	5,500,000



## Independent Auditor's Report

To the Board of Directors of ITOCHU Advance Logistics Investment Corporation

### Opinion

We have audited the financial statements of ITOCHU Advance Logistics Investment Corporation (the Company), which comprise the balance sheet as at January 31, 2022, and the statement of income, statement of changes in net assets, statement of cash distributions and statement of cash flows for the six months period then ended, and notes to financial statements and supplementary schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2022, and its financial performance and its cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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Mitsuo Tsuruta

Designated Engagement Partner  
Certified Public Accountant

April 26, 2022

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Takashi Yabutani

Designated Engagement Partner  
Certified Public Accountant