

Think bold today for a brighter tomorrow.



## Investor Presentation for the July 2020 (26th) Period

Securities Code : **3249**

Industrial & Infrastructure Fund Investment Corporation

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## Appendix

### Portfolio Data and Other Materials

# 1. Executive Summary



# Achieved increase of unit holders' value and stability of financial base through continuous public offering

## New Acquisitions

### Acquisition of high-profitability assets

- AUM reaches JPY **370bn.** level through flexible offering

<Overview of PO launched in July 2020>

- New Acquisition **3**properties  
JPY **46.3bn.**
- NOI yield **6.0%**
- NOI yield after depreciation **5.2%**
- CRE proposal **100.0%**
- Manufacturing and R&DC **84.1%**

## Existing Portfolio

### Stability maintenance and further organic growth

- Continuous initiatives for organic growth

<Properties with improved profitability>

- 【Logistics】
  - IIF Koshigaya LC
  - IIF Fukuoka Hakozaki LC II
- 【Manufacturing and R&DC】
  - IIF Shin-Kawasaki R&DC
- 【Infrastructure】
  - IIF Haneda Airport MC

### ■ Further ESG initiatives

<New CASBEE for Real Estate certification>

- IIF Hiroshima LC (S rank)
- IIF Kobe LC (S rank)
- IIF Noda LC (S rank)
- IIF Koshigaya LC (B rank)

## Financial Strategy

### Further reinforcement to financial stability

- To raise new borrowings with low interest by leveraging high credit

<Overview of new borrowings related to PO>

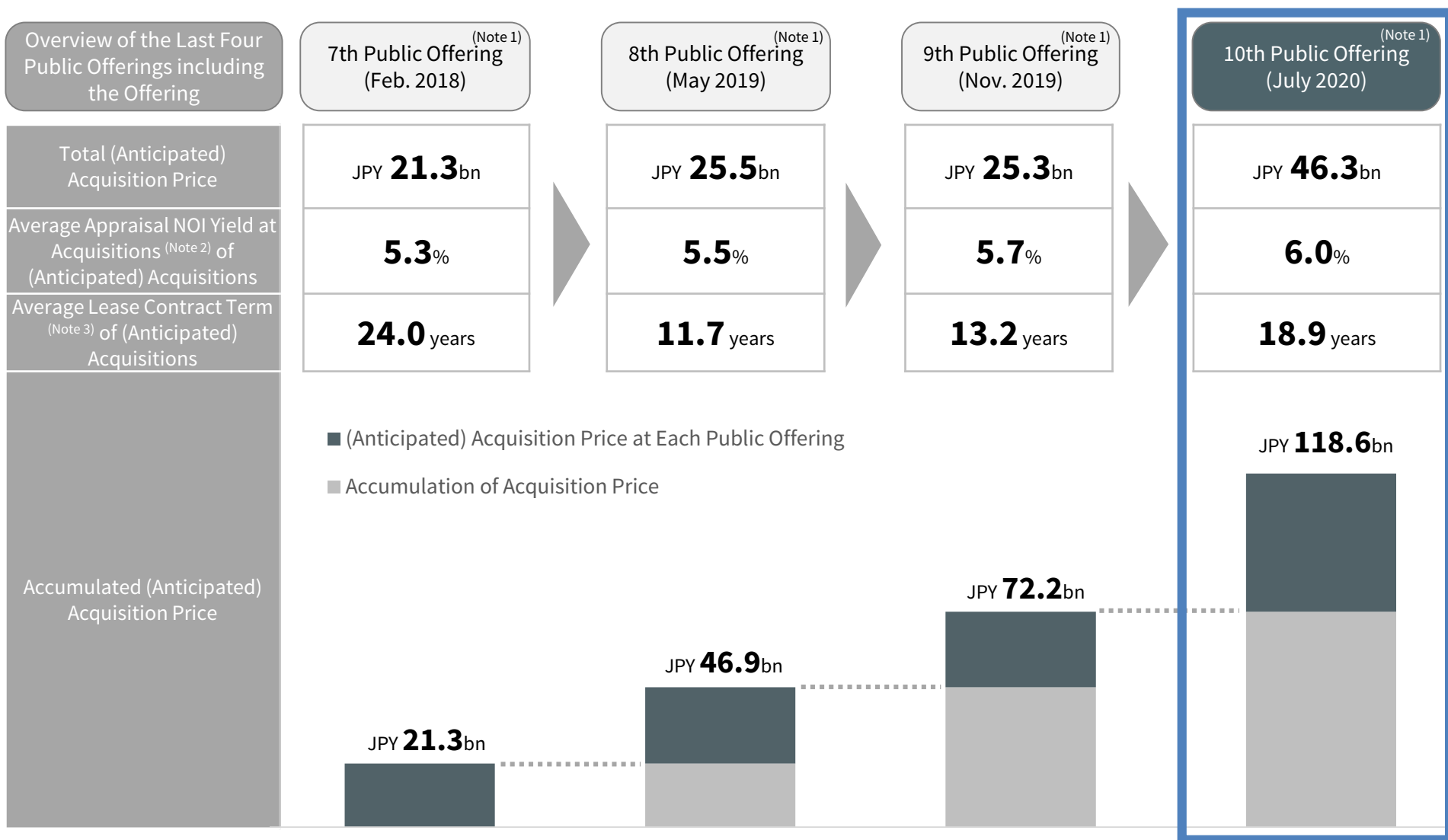
- Plans to raise JPY **23.8bn.** borrowings in total
- Average borrowing period : **8.3** years
- Average interest rate : **0.36%**

<Key Indicators>

	As of July 2020	After New Acquisitions
• LTV	: 49.8%	⇒ <b>48.1%</b>
• Average Interest Rate	: 0.79%	⇒ <b>0.74%</b> (Note)

# Continuous acquisition with high profitability and stability

## ■ Overview of recent 4 follow-on offerings

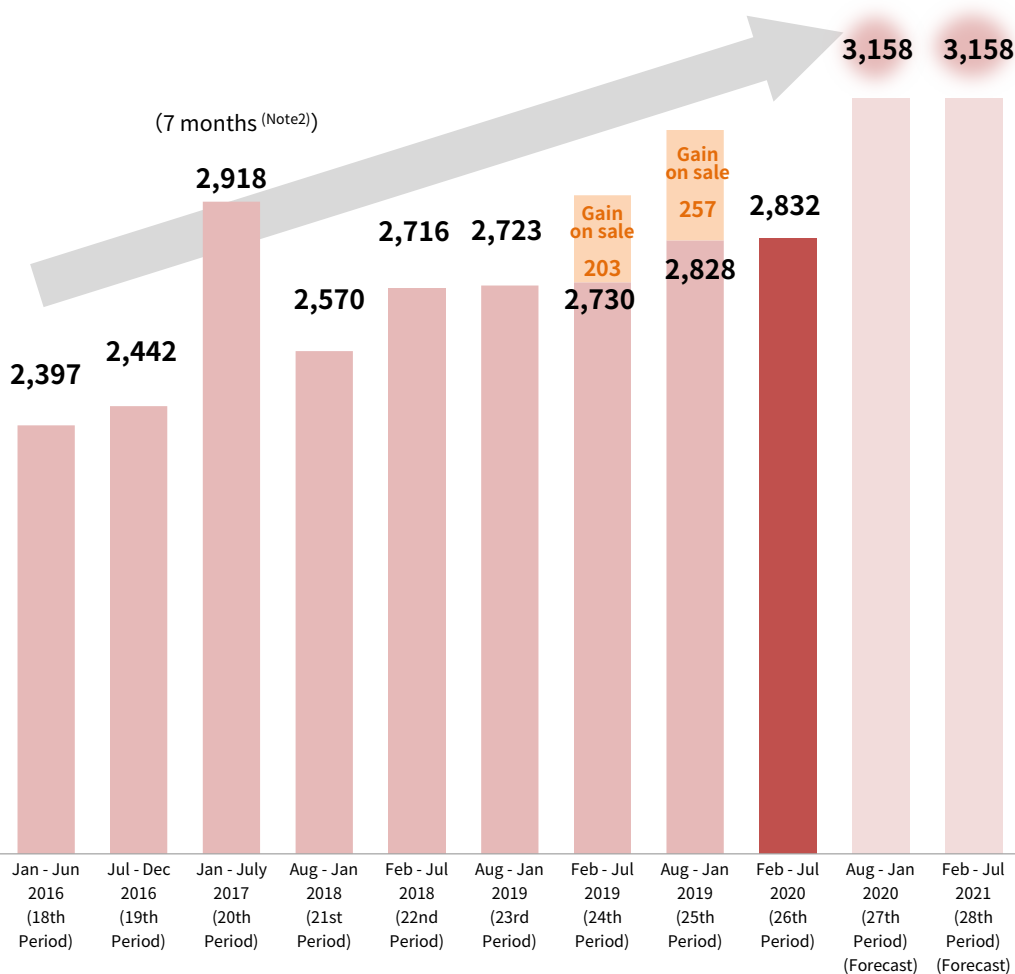




# Steady growth in DPU and NAV

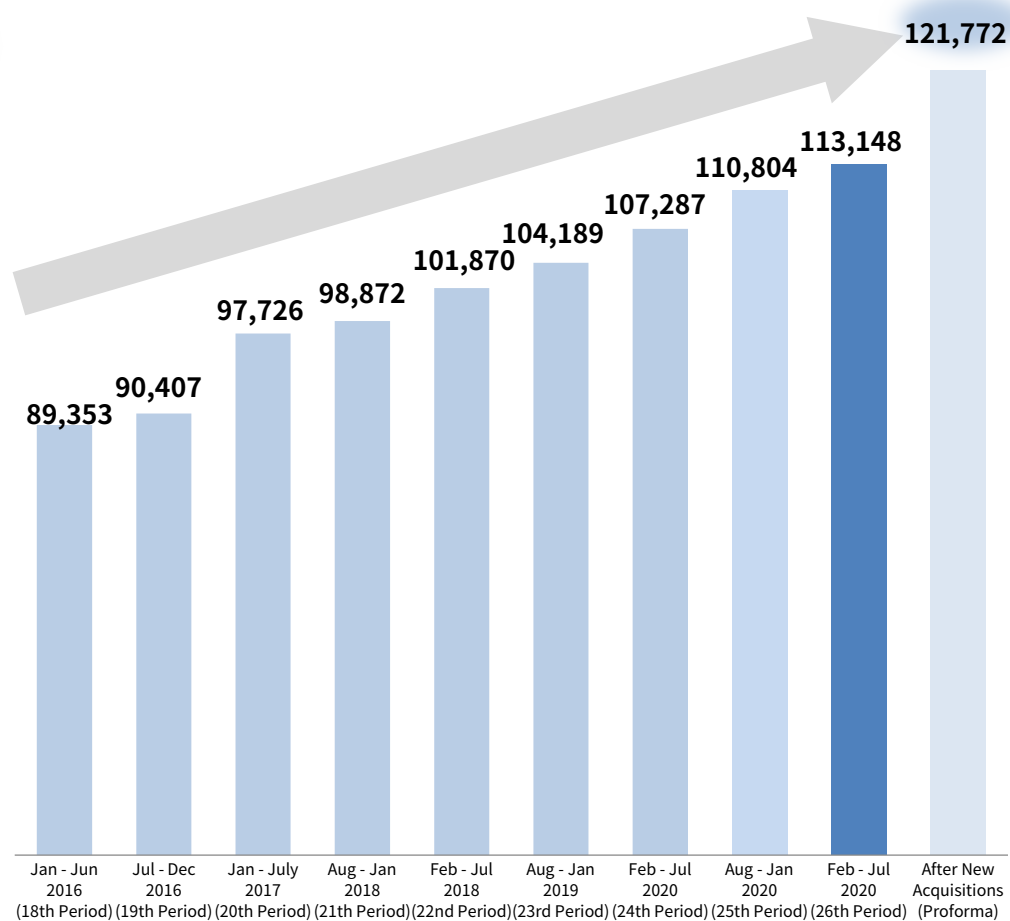
**DPU growth by approx. 1.3 times  
over five-year period** (Note 1)

(JPY/Unit)



**Appraisal NAV per unit growth by approx. 1.4 times  
over five-year period** (Note 1)

(JPY/Unit)



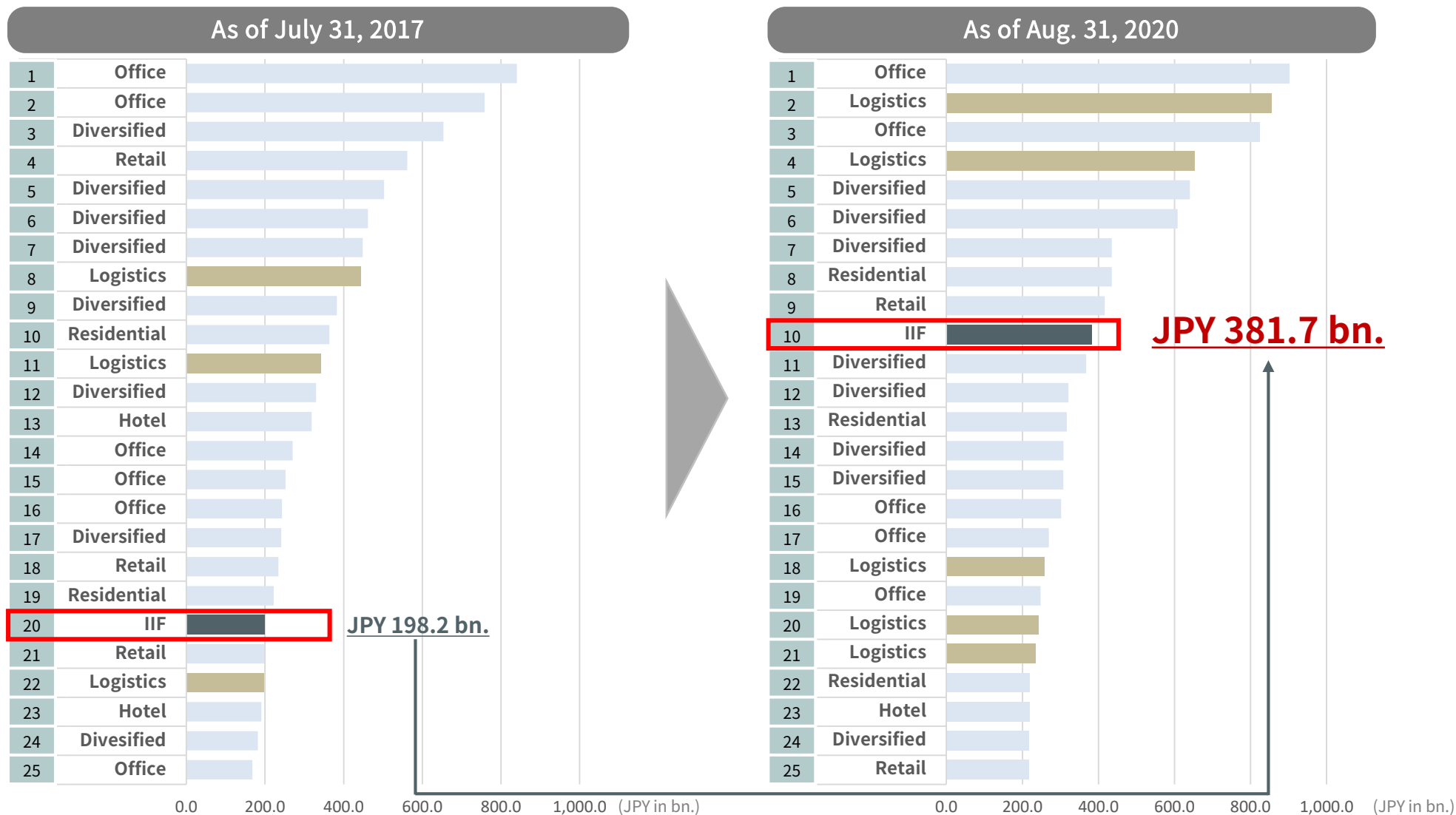
# Steady AUM growth

## AUM expansion and major acquired assets



Market cap has doubled compared to that of three years ago and reached over JPY 380 bn.

## ■ Top 25 market cap ranking in J-REIT





# (Reference) Market cap ranking of US REIT has also shifted due to market transition

## Transition of top 15 market cap ranking of US REIT

As of Mar. 31, 2015

	Name	Main Asset Type	Market Cap (USD Billions)
1	Simon Property Group Inc	Retail	61.5
2	American Tower Corp	Tower	39.6
3	Public Storage	Storage	34.1
4	Equity Residential	Residential	28.3
5	Crown Castle Intl Corp	Tower	27.6
6	Welltower Inc	Health Care	27.1
7	GGP Inc	Retail	26.2
8	Ventas Inc	Health Care	24.2
9	AvalonBay Communities Inc	Residential	23.0
10	Prologis Inc	Logistics	22.7
11	Boston Properties Inc	Office	21.5
12	Vornado Realty Trust	Diversified	21.0
13	Healthpeak Properties Inc	Health Care	19.9
14	Weyerhaeuser Co	Timberland	17.4
15	Host Hotels & Resorts Inc	Hotel	15.3

US REITs that invest in the same category as IIF does have increased in **number and market cap** in the last 5 years



As of Aug. 31, 2020

	Name	Main Asset Type	Market Cap (USD Billions)
1	American Tower Corp	Tower	110.5
2	Prologis Inc	Logistics	75.2
3	Equinix Inc	Data Center	69.9
4	Crown Castle Intl Corp	Tower	68.5
5	Digital Realty Trust Inc	Data Center	43.2
6	Public Storage	Storage	37.1
7	SBA Communications Corp	Tower	34.3
8	Welltower Inc	Health Care	24.0
9	Weyerhaeuser Co	Timberland	22.6
10	AvalonBay Communities Inc	Residential	22.2
11	Realty Income Corp	Diversified	21.4
12	Alexandria Real Estate Equities	R&DC	21.2
13	Equity Residential	Residential	21.0
14	Simon Property Group Inc	Retail	20.8
15	Invitation Homes Inc	Residential	16.0

# Realized acquisition to contribute to continued enhancement of unit holders' value

## ■ Key indices

	As of July 31, 2020		New acquisitions		After new acquisitions (Note 1)
Number of Properties	75 properties		3 properties		<b>78</b> properties
Total (Anticipated) Acquisition Price	JPY 323,566mn		JPY 46,390mn		<b>JPY 369,956mn</b>
Average NOI Yield (Note 2)	5.8%		6.0%		<b>5.8%</b>
Average NOI Yield after Depreciation (Note 2)	4.8%		5.2%		<b>4.8%</b>
Difference between Appraisal Value and Acquisition Price / Book Value (Note 3)	+JPY 62,485mn		+JPY 5,720mn		<b>+JPY 68,205mn</b>
Total Number of Tenants	100 tenants		11 tenants		<b>111</b> tenants
LTV (based on book value) (Note 4)	49.8%				<b>48.1%</b>
LTV (based on appraisal value) (Note 4)	42.1%				<b>41.2%</b>
Average Borrowing Period	9.3years				<b>9.2years</b>
Weighted Average Interest Rate	0.79%				<b>0.74%</b>
Stabilized DPU (After adjustment of property-related taxes and estimated temporary revenue loss) (Note 5)	JPY 2,919				<b>JPY 3,037 (+4.0%)</b>
Appraisal NAV per Unit (Note 6)	JPY 113,148				<b>JPY 121,772 (+7.6%)</b>



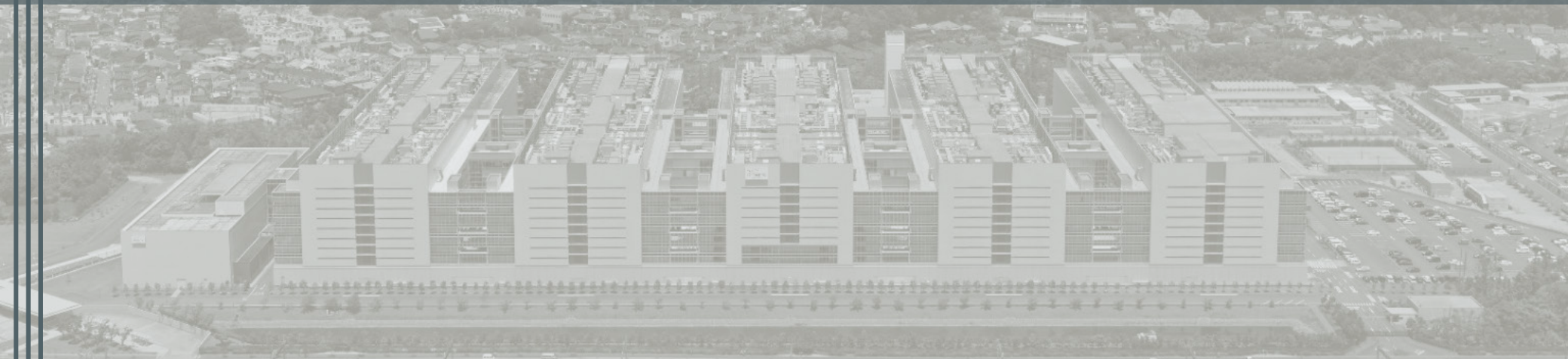
Continuous  
External  
Growth  
through CRE  
Proposals

Further Enhancement in Stability  
through Decrease in LTV

ALM (Asset Liability Management) Strategy<sup>(7)</sup>  
in Pursuit of Long-term Stability

Continuous Increase in  
DPU and Appraisal NAV per Unit

## 2. Recent Acquisition and Investment Strategy Going Forward —“CRE Beyond ”



“CRE Beyond” is the advanced investment strategy for CRE proposals based on (i) Our past track record and know-how for the acquisition of properties through original CRE proposals, (ii) Our established track-record as a CRE solution provider enhancing our potential for further growth, and (iii) Leveraging on our experience and reputation as a CRE solution provider to identify new investment opportunities.



# To acquire 3 assets in JPY 46.3bn. through 10th public offering

## Overview of the public offering in July 2020

### Summary of new acquisitions

New acquisition

**3** properties JPY**46.3**bn

Profitability

Average NOI yield

**6.0**%

Average NOI yield after depreciation

**5.2**%

Aggregate differences between appraisal value and acquisition Price (Average Ratio)

**+JPY 5.72**bn. (**+12.3**%)

### <New properties to be acquired >

IIF Shonan Health Innovation Park (60% co-ownership interest)



IIF Ichihara Manufacturing Center (land with leasehold interest)



(Note)

IIF Shonan Logistics Center

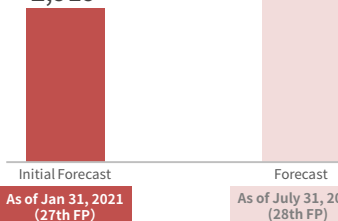


### Result of Public Offering

#### Enhancement of unit holders' value

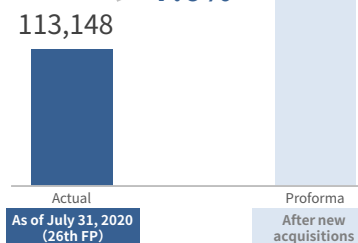
【Stabilized DPU】

(JPY)

**Approx. +4.0%**


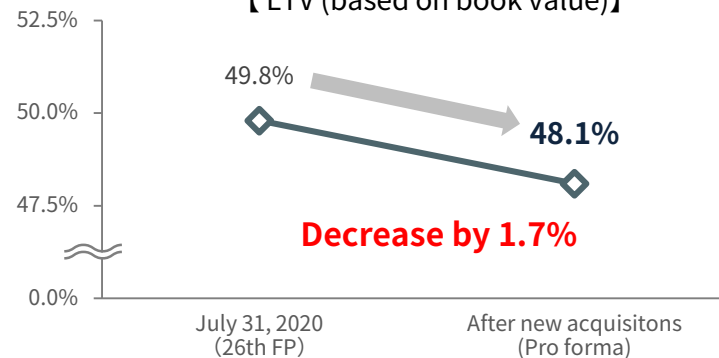
【NAV per unit】

(JPY)

**Approx. +7.6%**


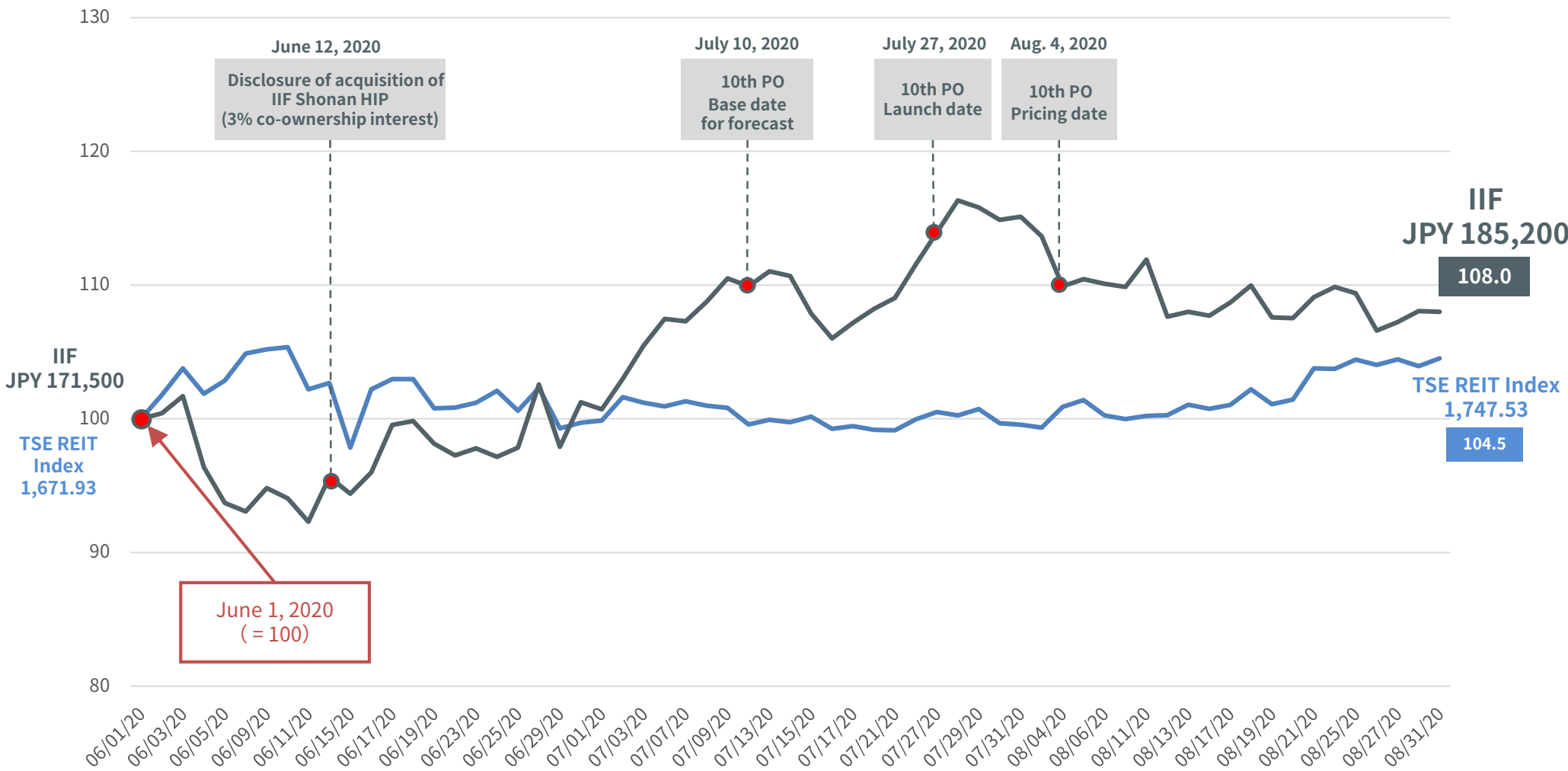
#### Enhancement of financial stability by lowering LTV

【LTV (based on book value)】



# Steady procurement of equity funding through flexible public offering




## Unit price performance of IIF & TSE REIT Index (from June 1, 2020 to August 31, 2020)





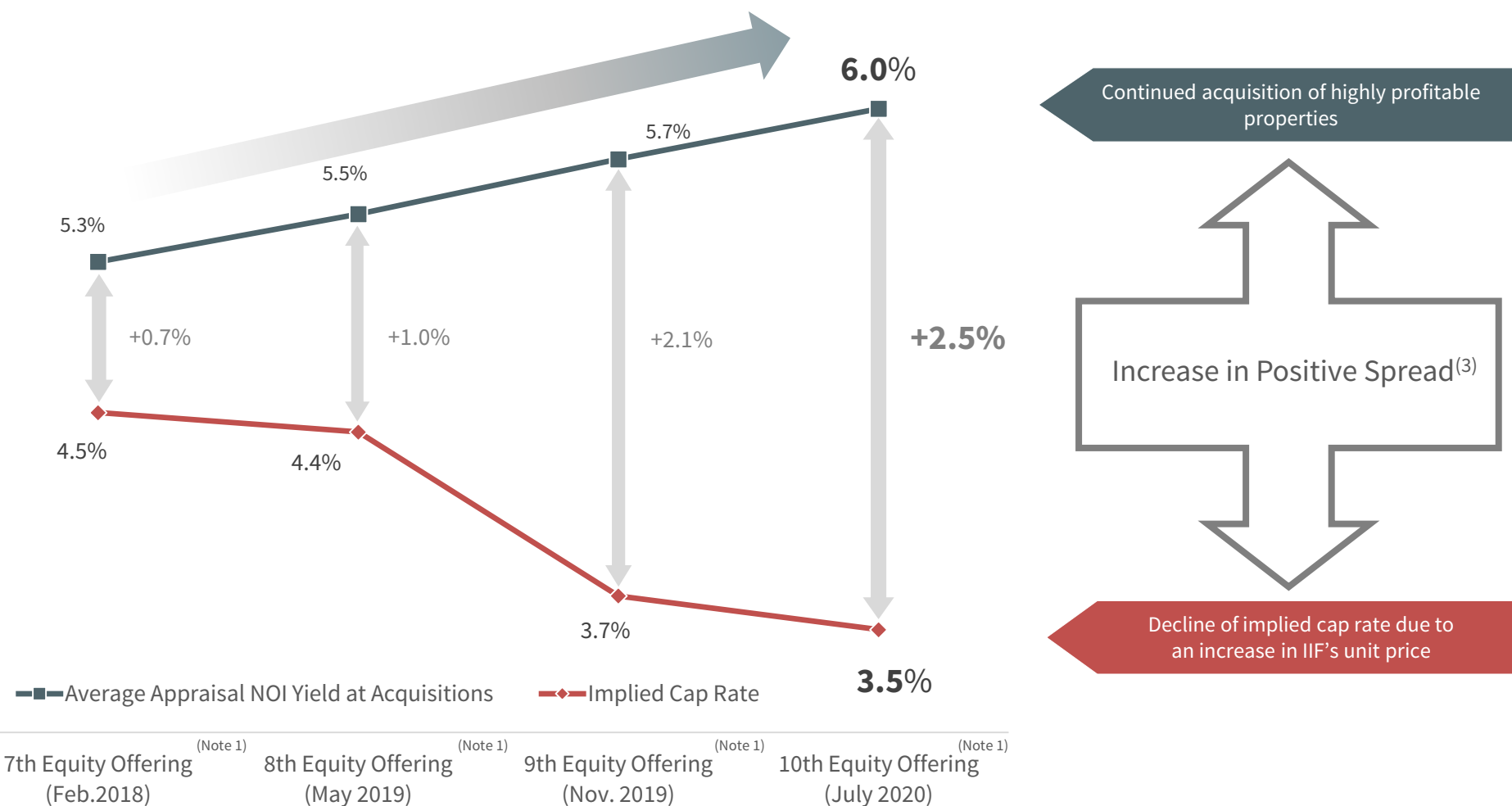
# Acquisition of assets with high profitability, long-term usability and versatility thorough IIF's unique CRE proposals

## Overview of new acquisitions

Acquisition Method	Property Name		Seller (Note 2)	Tenant (Note 3)	Difference between Appraisal Value and Anticipated Acquisition Price		Profitability		Stability				
					Anticipated Acquisition Price (JPYmn)	Appraisal Value (JPYmn)	Appraisal NOI Yield	Appraisal NOI Yield after Depreciation	Occupancy Rate (Note 4)	Lease Term (Note 5) (Lease Type) (Note 6)	Remaining Term (Note 7) (As of Oct. 5th, 2020)	Cancellation before Maturity / Rent Revision (Note 8)	
					Difference between Appraisal Value and Anticipated Acquisition Price (JPY mn) (Ratio)								
CRE Proposals	R&D		Takeda Pharmaceutical	Takeda Pharmaceutical	23,100	25,680	6.5%  (After Additional CAPEX : 6.2%) (Note 9)	5.1%  (After Additional CAPEX : 4.8%) (Note 9)	100.0%	20.0 years (Ordinary lease) (Note 10)	20.0 years (Note 10)	Not allowed for 5 years/ Not allowed (Note 10,11)	
	IIF Shonan Health Innovation Park (60% co-ownership interest) <sup>(Note 1)</sup>		+2,580 (+11.2%)										
	Manufacturing		Japanese Operating Company	Mitsui E&S Holdings	15,910	18,230	5.7%	5.7%	100.0%	(Section A) 10.0 years (Fixed-term leasehold)	(Section A) 9.5 years	(Section A) Not allowed for a certain period of time <sup>(Note 12)</sup> / Not allowed	
	IIF Ichihara Manufacturing Center (land with leasehold interest)		+2,320 (+14.6%)		(Section B) 23.0 years (Fixed-term leasehold)	(Section B) 22.5 years							(Section B) Not allowed for a certain period of time <sup>(Note 12)</sup> / Not allowed
	Logistics		TODA CORPORATION	Suzuken			7,380	8,200	4.9%	4.2%	100.0%	20.0 years (Fixed-term leasehold)	
	IIF Shonan Logistics Center		+820 (+11.1%)										
					Total or Average	46,390	52,110	6.0%  (After additional CAPEX : 5.8%) (Note 13)	5.2%  (After additional CAPEX : 5.0%) (Note 13)	100.0%	18.9 years	18.1 years	—
						+5,720 (+12.3%)							

# (Reference) Continued acquisition of assets with yield higher than implied cap rate

Trends in Average Appraisal NOI Yield at Acquisitions of (Anticipated) Acquisitions<sup>(Note 1)</sup> and Implied Cap Rate<sup>(Note 2)</sup> at the Time of the Equity Offerings by IIF



# Steadily build up pipeline by making use of extensive track record and methods

- Acquiring assets with less competition and high growth prospects through CRE/PRE proposals

## External Growth : CRE Beyond

Pursue first-mover advantage by responding to various disposition needs and developing new asset type through CRE/PRE proposals

### <Examples of recent CRE/PRE proposals>

- Main plant facilities of major transportation machinery manufacturing industries located in Greater Tokyo Area (land with leasehold interest)
- Main plant facilities of major manufacturing industries located in Greater Tokyo Area (land with leasehold interest)
- Distribution facility for large supermarket located in Greater Osaka Area
- Proposals for securitization of real estate owned by incorporated administrative agencies

### <Pipeline with preferential negotiation right>

IIF Shonan Health Innovation Park  
(40% co-ownership interest)



OTA Techno CORE  
(Factory apartment in Ota City)



## ■ Pipeline Status

Total number of properties under consideration **36 Properties**

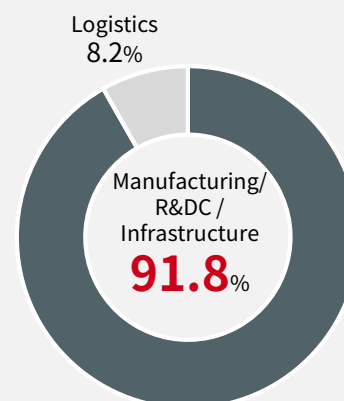
Total value of properties under consideration **JPY 202.2bn**

Number of properties currently under detailed consideration

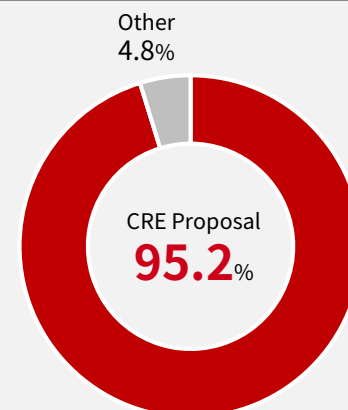
**11 properties**

### Breakdown of deals under detailed consideration

By asset class (Based on price)



By source (Based on price)

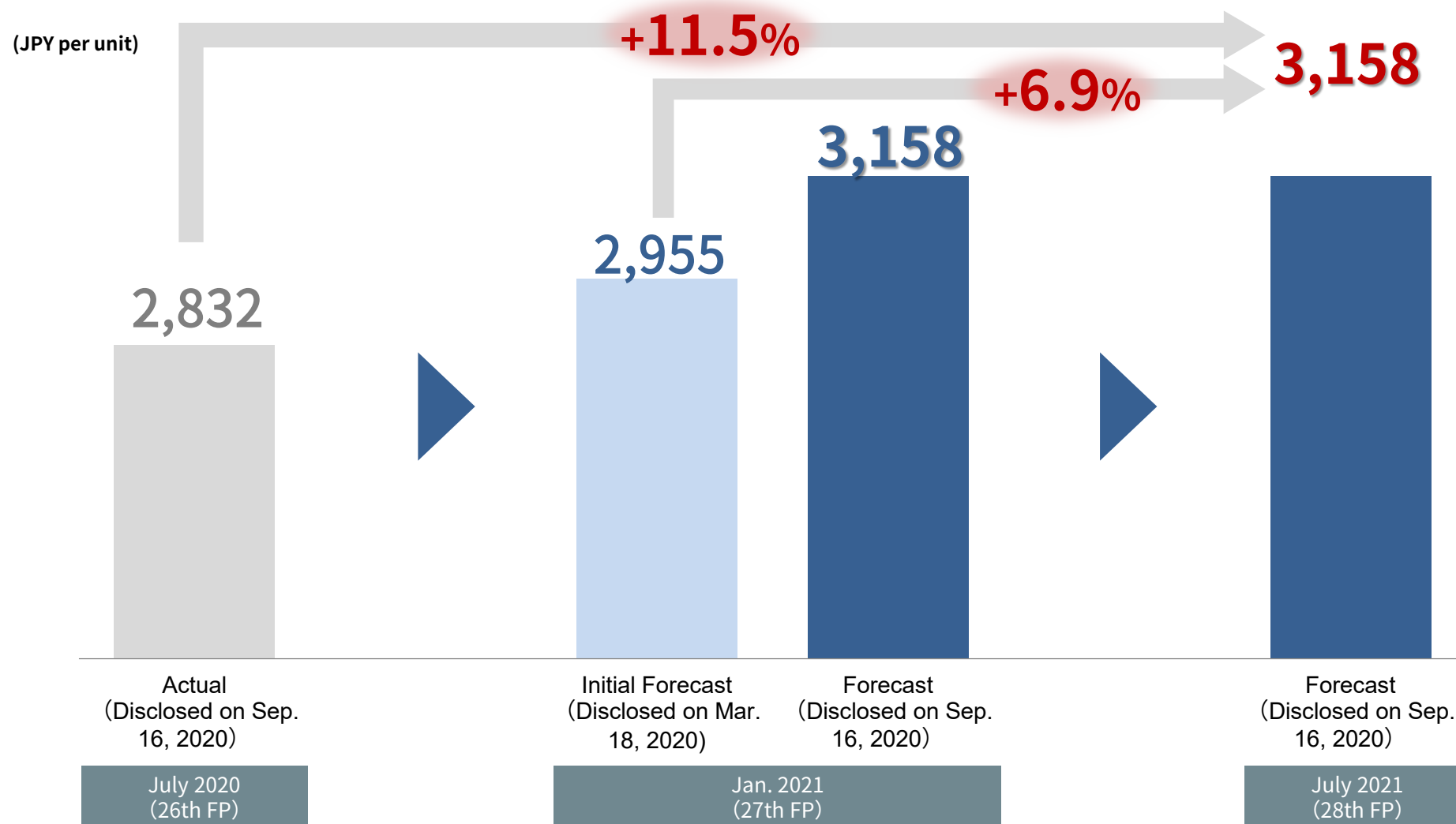


### 3. Continuous Growth of the Unitholders' Value : DPU Forecast



# DPU is expected to increase significantly due to the acquisition of new properties

## DPU Forecast

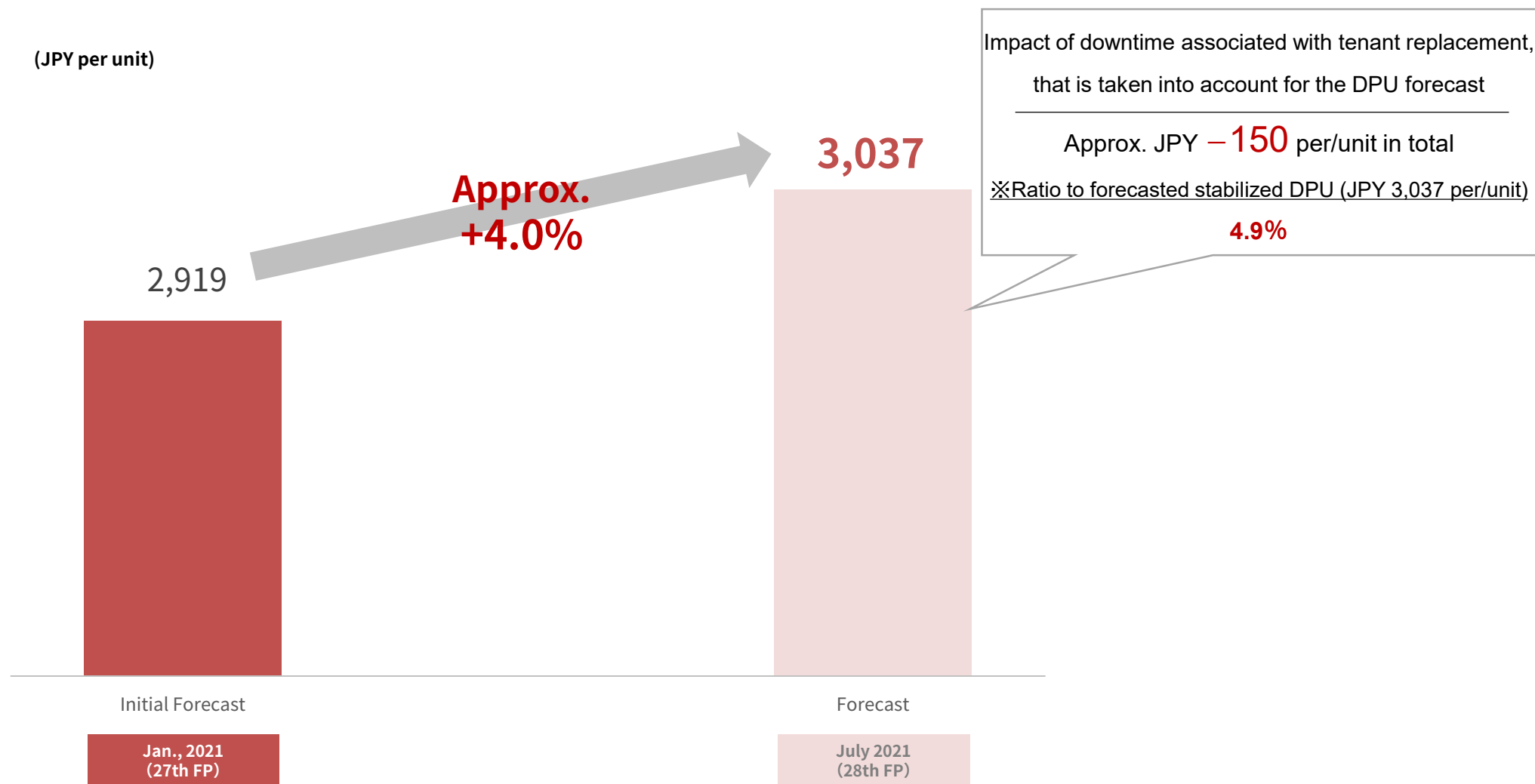




# Stabilized DPU after adjustment of property-related taxes and estimated one-time revenue loss is expected to grow by 4.0%

## ■ DPU forecast (After adjustment of property-related taxes and estimated one-time revenue loss)

(JPY per unit)



# (Reference) Impact of tenant replacement as anticipated in the earnings forecast

## ■ 3 anticipated tenant replacements and measures being taken for them

Tenant Type	Background for anticipation of tenant replacement	Anticipated replacement timing	Estimated timing of tenant leave in forecast	Facility Spec and Measures
<b>Logistics</b> (IIF Kobe LC)	<ul style="list-style-type: none"> <li>Early cancellation due to consolidation of end tenants' distribution bases (Refer to next page)</li> </ul>	Spring in 2021	Feb. 1, 2021	<ul style="list-style-type: none"> <li>Highly valuable logistics facility located near major consumer districts with excellent transportation access</li> <li>Leasing in progress</li> </ul>
<b>Manufacturing</b> (Land with leasehold interest)	<ul style="list-style-type: none"> <li>Possibility of early cancellation due to tenant's business strategy reasons</li> </ul>	Fall in 2021	<p>—</p> <p>※Not applicable to the forecast period</p>	<ul style="list-style-type: none"> <li>Highly versatile land of manufacturing facility located near industrial center</li> <li>Tenant candidates have visited the site and some of them show intention to own the land, and IIF should decide whether lease or dispose after considering conditions</li> </ul>
<b>Office</b>	<ul style="list-style-type: none"> <li>Early cancellation due to tenant's business strategy reasons</li> </ul>	Feb. 28, 2021 (Confirmed)	Feb. 28, 2021	<ul style="list-style-type: none"> <li>Excellent facility for BCP with good access to Tokyo metropolitan area</li> <li>Already received letter of intent from a medical firm valuing its high versatility for office</li> </ul>

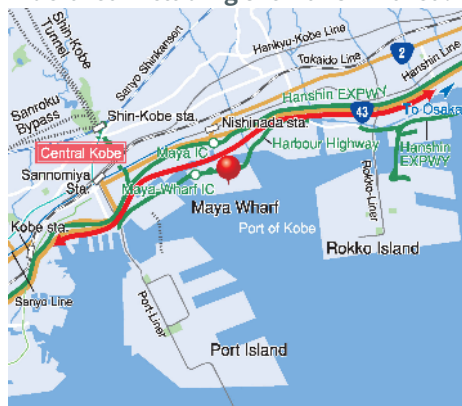
# IIF Kobe Logistics Center - 1 : Aiming for early lease up in cooperation with tenant

Valuable logistics warehouse with highly versatile spec, located near the central area of Kobe City and near IC of expressway.

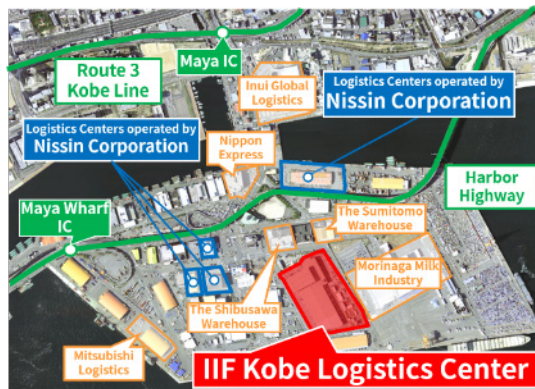


## Location

Maya wharf is located at the center of Kobe Port, which enables it to cover wide-area including the Hanshin area.



Logistics center operated in Maya wharf by Nisshin Corporation, the tenant of IIF Kobe LC



## Events details and measures hereafter

Possibility that the tenant, Nisshin Corporation, may cancel the lease contract early due to the relocation of the end tenant, a major toy firm.

## 【IIF Policy for lease up】

Decided to cooperate with Nisshin Corporation, who is familiar with the Maya wharf area, in order to lease up early.

## Measures hereafter

After the partial revise of current lease contract, Nissin Corporation should conduct leasing activity with IIF while maintaining and managing the property as a tenant.

January, 2021 (27th FP) → July, 2021 (28th FP)

Sep. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May June July

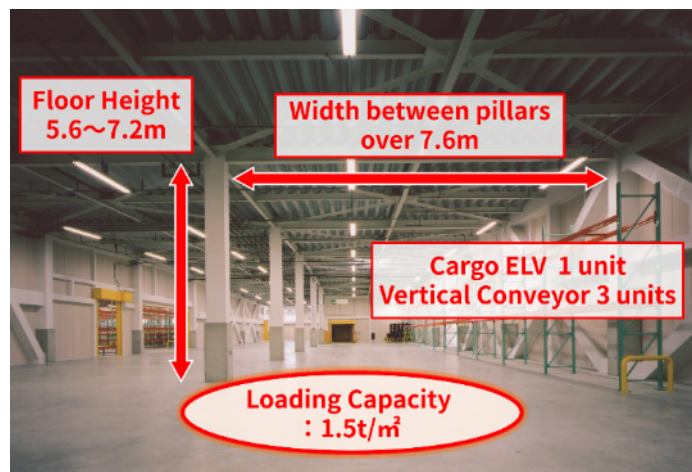
Existing Tenant

Leasing activity

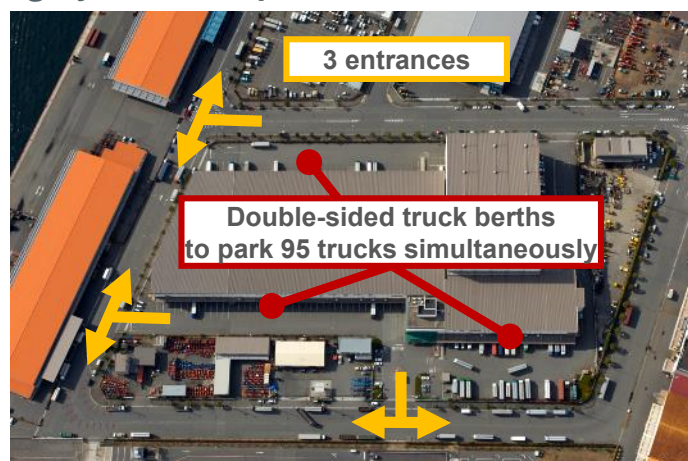
# IIF Kobe Logistics Center - 2 : High versatile spec and favorable rent market

## Facility Spec

### ■ High versatile facility

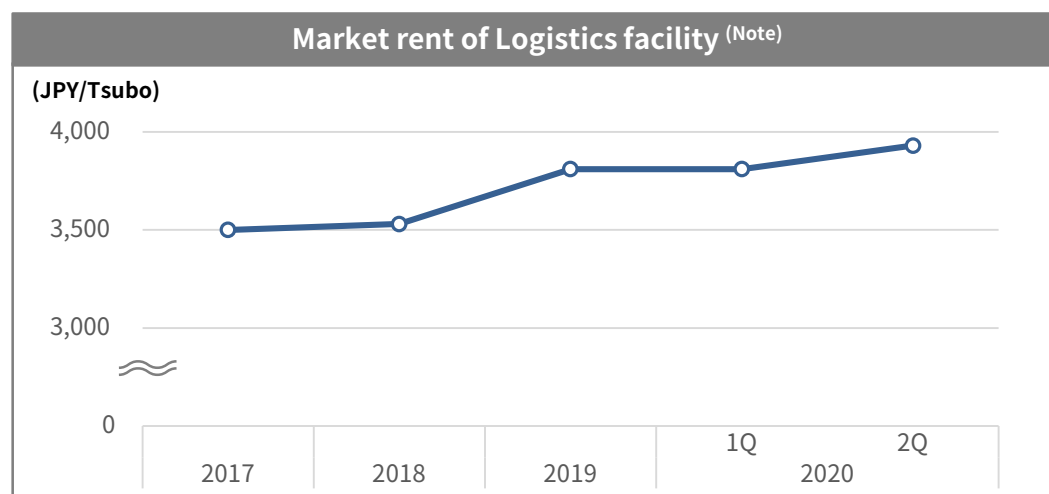
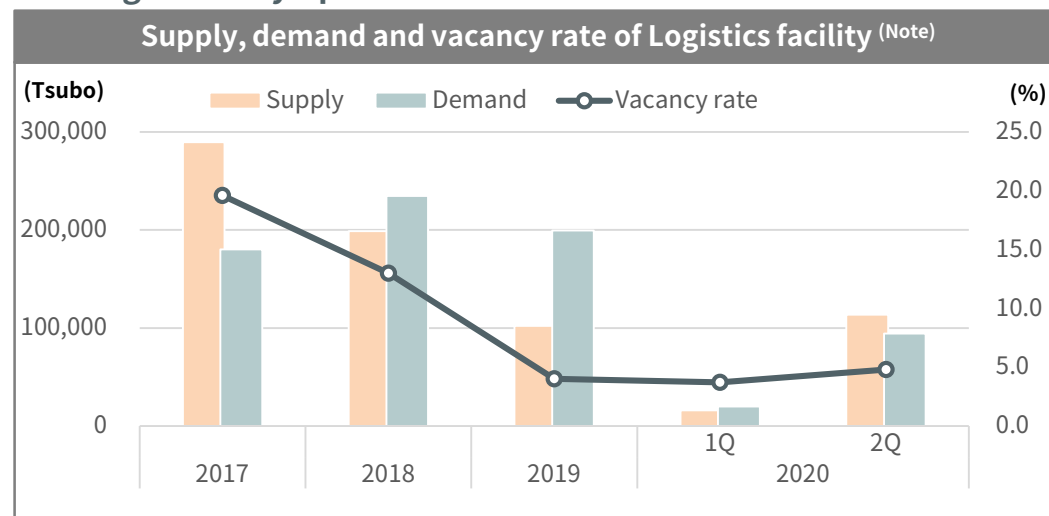


### ■ Highly efficient spec with double-sided berths



## Logistics rent market in Greater Osaka Area

### ■ Vacancy rate stays lower due to favorable supply and demand, resulting in steady upward rent trend





## 4. Current Status of Operations and Initiatives Going Forward

### (1) Management of Current Portfolio: “3C Management”

“3C Management” is a portfolio management method of (i) grasping tenants’ true needs through close communication(Communicate); (ii) strategically making custom-made proposals to meet tenants’ individual needs(Customize); and (iii) creating unitholder value through long-term stable management coupled with enhanced profitability and asset value (Create).



# Steadily improve profitability of existing properties by taking advantage of opportunities such as contract termination

## Logistics

### IIF Koshigaya LC



#### Contract renewal

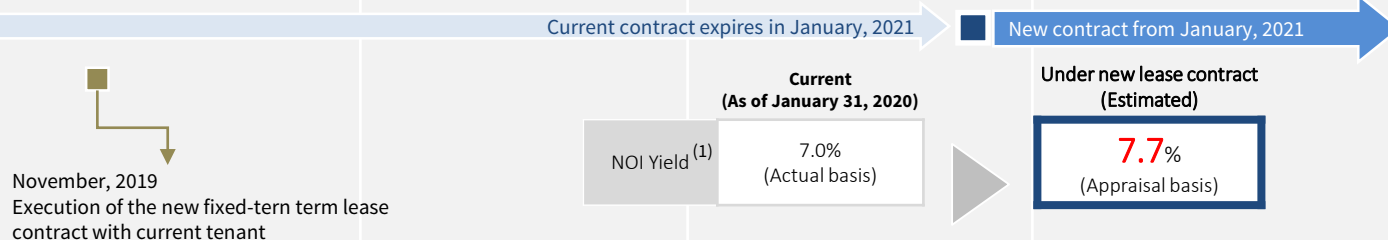
- New fixed-term lease contract was concluded with the current tenant in November 2019
- Increased rent based on market rent

Fiscal period ended January 31, 2020 (25th Period)

Fiscal period ending July 31, 2020 (26th Period)

Fiscal period ending January 31, 2021 (27th Period)

Fiscal period ending July 31, 2021 (28th Period)

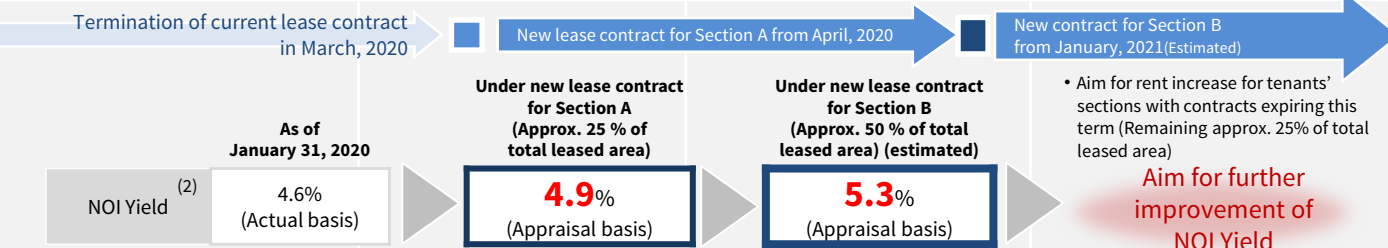


### IIF Fukuoka Hakozaki LC II



#### Contract renewal

- New fixed-term lease contract was concluded for sections with expiring contracts (approx. 75% of total leased area)
- Increased rent based on market rent



## Manufacturing / R&D

### IIF Shin-Kawasaki R&D C



#### Tenant replacement

- New fixed-term building lease contract is already concluded with the succeeding tenant
- Rent increased from April, 2020



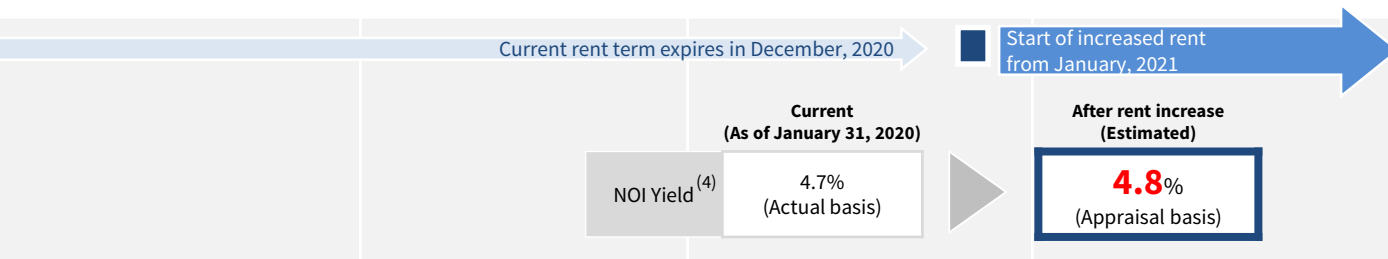
## Infrastructure

### IIF Haneda Airport MC



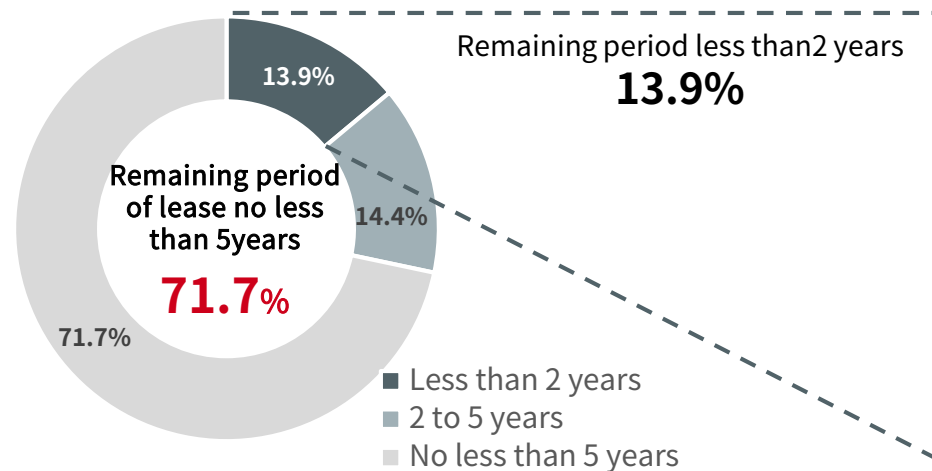
#### Rent revision

- Rent to be increased from January 1, 2021 based on conditions of the current lease agreement
- Approx. JPY 58mn annual increase in revenue is expected



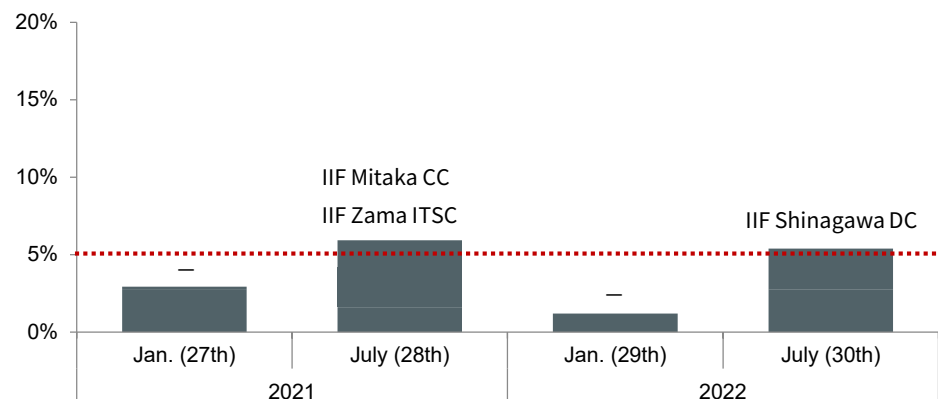
# Continuous actions to key tenants facing lease expiration

## Distribution of Lease Expiration Periods (annual rent basis)



## Distribution of leases expiring within the next two years (annual rent basis)

<Rent income contribution in the entire portfolio>



※ Only asset names accounting for 1.0% or more of the entire portfolio are listed above.

## Response to Key Tenants Facing Lease Expiration in Next Two Years (Only tenants accounting for 1.0% or more of the entire portfolio)

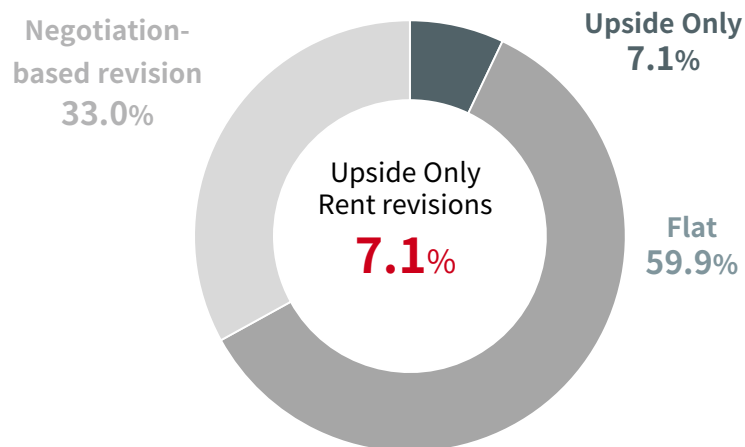
	Lease Expiry	Property Name	Tenant	Achievements / Action Plans	
July 2020 (26th FP)	4/30/2020	IIF Shin-Kawasaki R&DC	<div>Old</div> Mitsubishi Logisnext Co., Ltd. <div>New</div> NEC Networks & System Integration Corporation	Concluded a new fixed-term building lease contract with a new tenant, achieving rent increase	Concluded
July 2021 (28th FP)	2/28/2021	IIF Mitaka CC	JCB Co., Ltd.	Under negotiation for contract terms and assuming renewal after confirming intention of continued use	In progress
	7/25/2021	IIF Zama ITSC	IBM Japan, Ltd.	Concluded a new fixed-term building lease contract for 5 years with the existing tenant	Concluded
July 2022 (30th FP)	3/6/2022	IIF Shinagawa ITSC	XYMAX corporation	Under negotiation for contract terms and assuming renewal after confirming intention of continued use	In progress

# Achieve internal growth while continuously executing measures for environmental conservation

## Key internal growth and stabilization measures

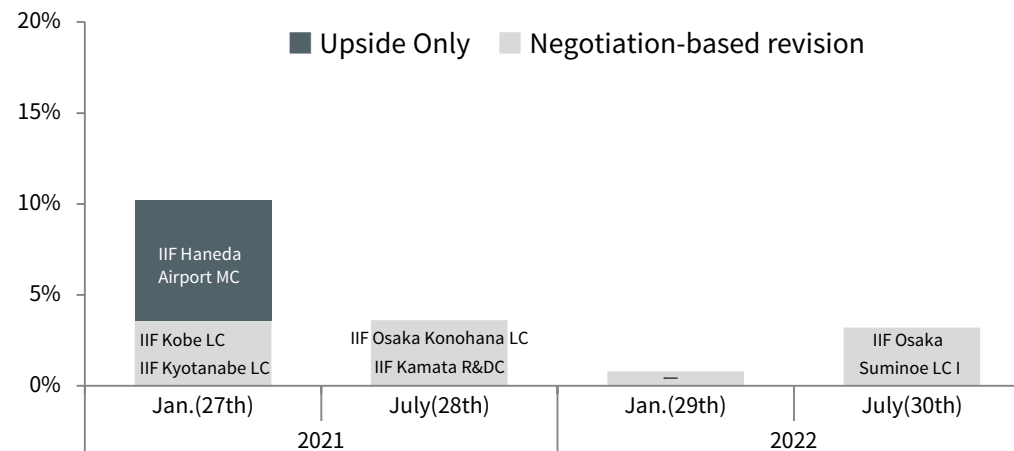
	Effective Date	Property Name	Tenant	Measures	Status	Rent Increase
July 2020 (26th FP)	Feb. 2020	IIF Sagami-hara R&DC	Micron Memory Japan Inc.	IIF receives direct benefits from reduced electricity consumption accompanying the shift to LED lighting equipment.	Increased	Not disclosed
	Feb. 2020	IIF Nagoya LC	JAPAN AIRWAYS CO.,LTD	Contracted new fixed-term lease with the existing tenant in June 2019 and realized rent growth by capturing market rent	Increased	Not disclosed
	Apr. 2020	IIF Fukuoka Hakozaki LC II	NIPPON EXPRESS CO., LTD.	Contracted new fixed-term lease agreement on two floors scheduled to expire and to be realized rent growth by capturing market rent	Increased	Not disclosed
	Apr. 2020	IIF Osaka Suminoe LC I	Toshiba Logistics Corporation	Contracted partial benefit from the reduced electricity charge due to the installation of LED lighting.	Increased	Not disclosed
	May 2020	IIF Kawaguchi LC	Hitachi Transport System Metropolitan Co., Ltd.	Contracted partial benefit from the reduced electricity charge due to the installation of LED lighting.	Increased	Not disclosed
Jan. 2021 (27th FP)	Jan. 2021	IIF Koshigaya LC	Tsukasa Express Co., Ltd.	Contracted new fixed-term lease with the existing tenant in June 2019 and to be realized rent growth by capturing market rent	Increased	Not disclosed
	Jan. 2021	IIF Fukuoka Hakozaki LC II	NTT LOGISCO Inc.	Contracted new fixed-term lease agreement on one floor scheduled to expire and to be realized rent growth by capturing market rent	Increased	Not disclosed
	Jan. 2021	IIF Haneda Airport MC	Japan Airlines Co., Ltd.	3% rent increase from the current rent starting from January 1, 2021 based on the current contract	To be increased	+ JPY 58.4M p.a.

## Rent Revisions (annual rent basis) (Note)



## Properties of which the rent may be revised within the next two year

<Rent income contribution in the entire portfolio>



※ Only asset names accounting for 1.0% or more of the entire portfolio are listed above.



## 4. Current Status of Operations and Initiatives Going Forward

### (2) Financial Strategy: “ALM”



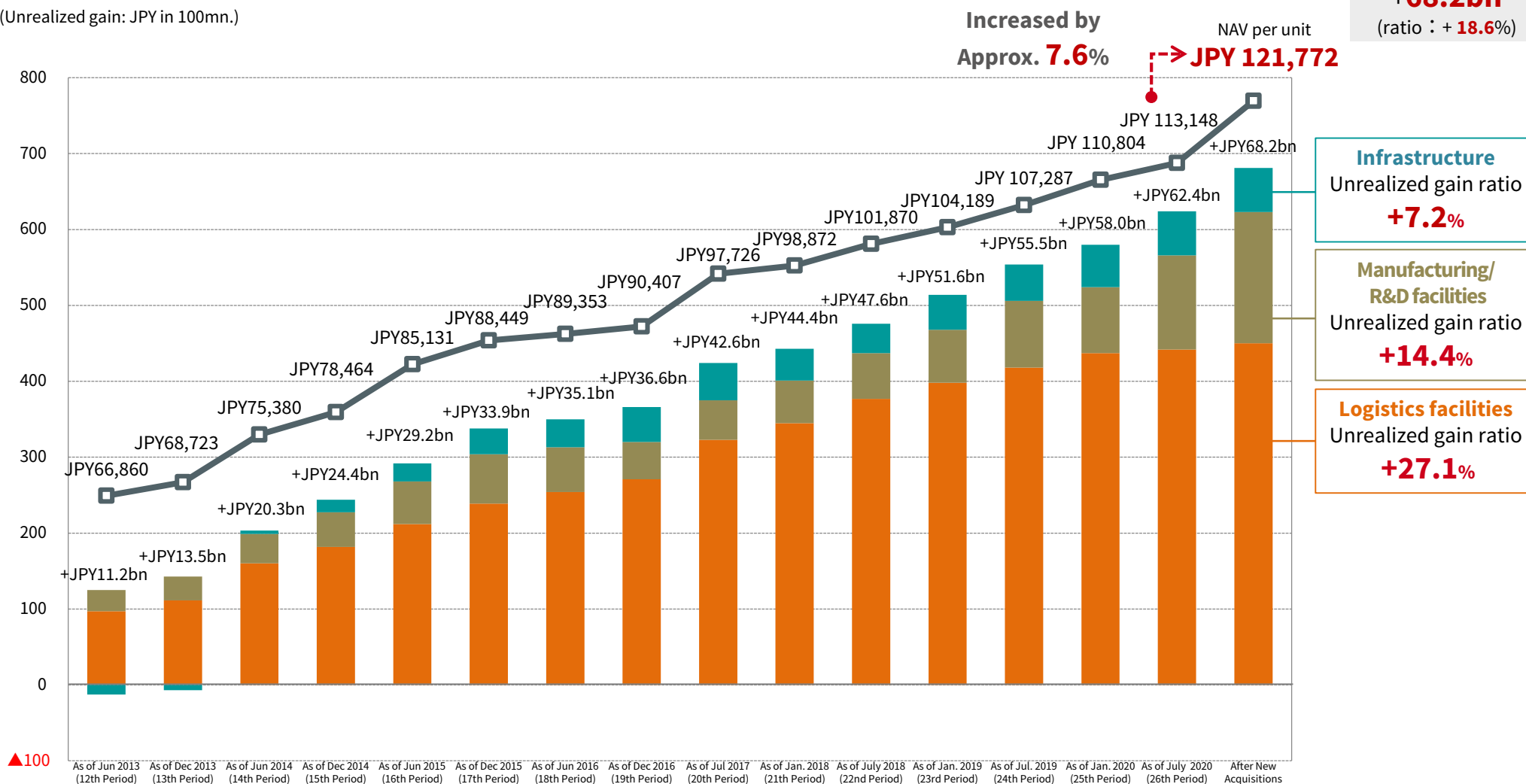
“ALM” refers to the financing strategy which intends to maintain a stable and efficient financial condition, in order to achieve stable revenues and continuous growth of our portfolio. Implementation of the ALM strategy whereby matching stable and long-term lease contract periods with long-term fixed-rate loan periods.

# Unrealized gain to reach JPY68.2bn (ratio+18.6%) after new acquisition

## ■ Unrealized gain / NAV per unit

Unrealized gain  
+**68.2bn**  
(ratio : + **18.6%**)

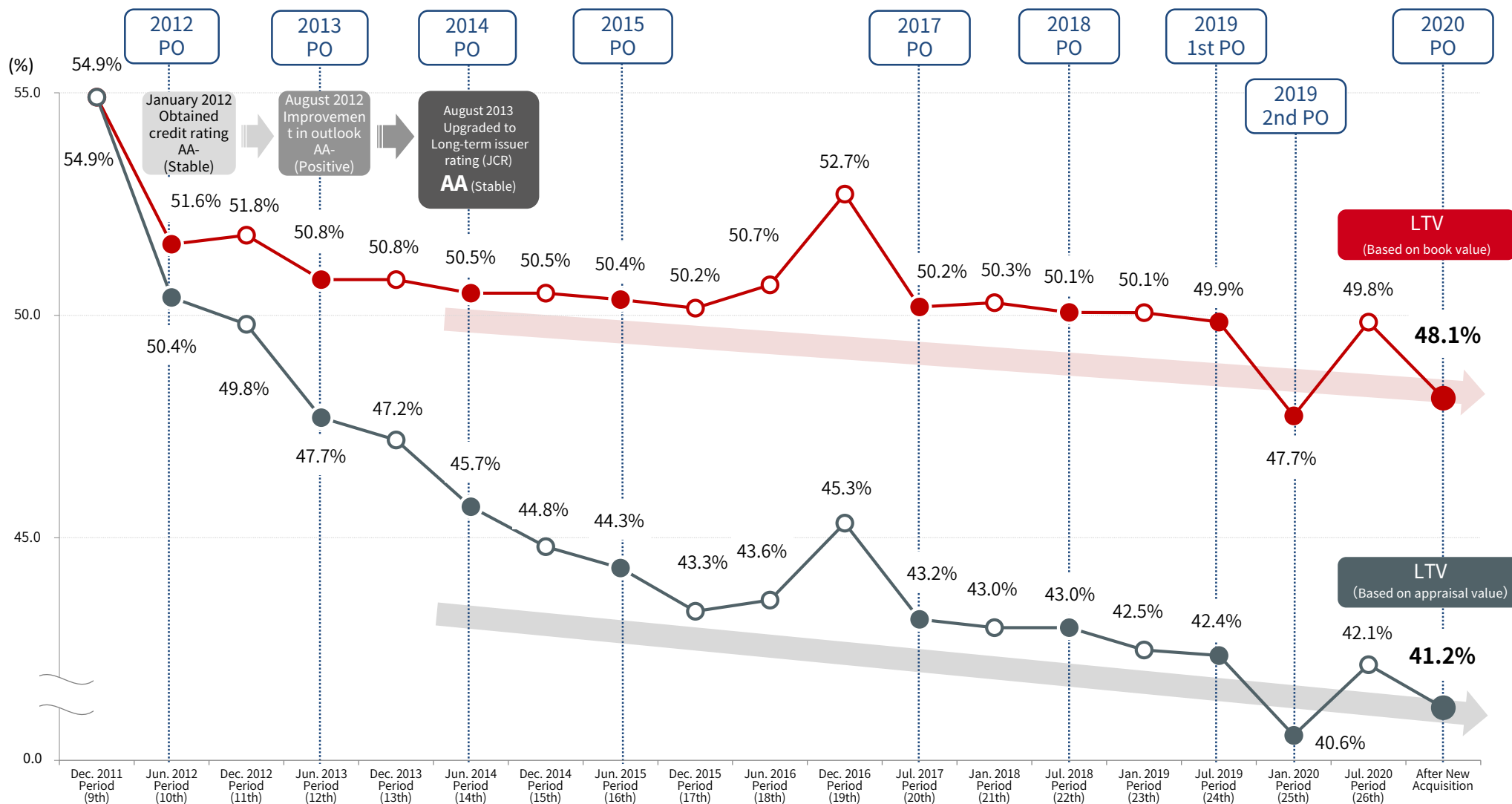
(Unrealized gain: JPY in 100mn.)





# LTV has dropped through constant public offering

## Historical LTV

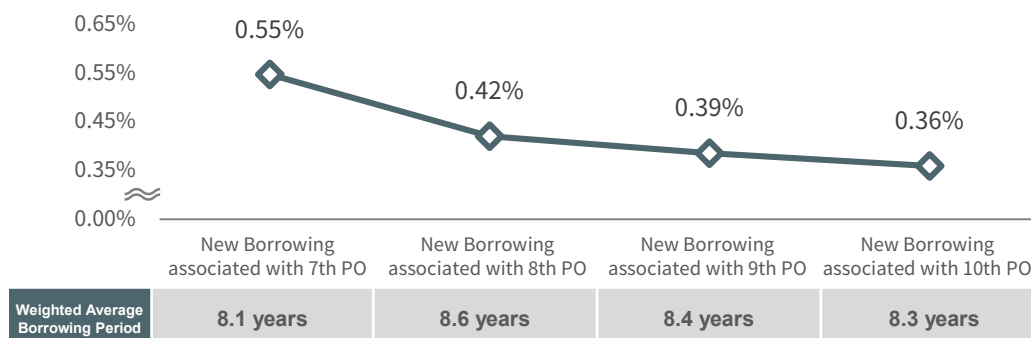


# Further reduction in interest costs and strengthening of financial base

## High stability and credit lead to lower interest on new borrowings

## Key indices

Weighted average interest rate for new borrowings associated with each PO



	July 2020 (26th FP)
Issuer's Long-term Credit Rating (JCR)	AA <sub>(stable)</sub>
LTV	49.8%
Average Borrowing Period	9.3years
Average Interest Rate	0.79%

After 10th PO

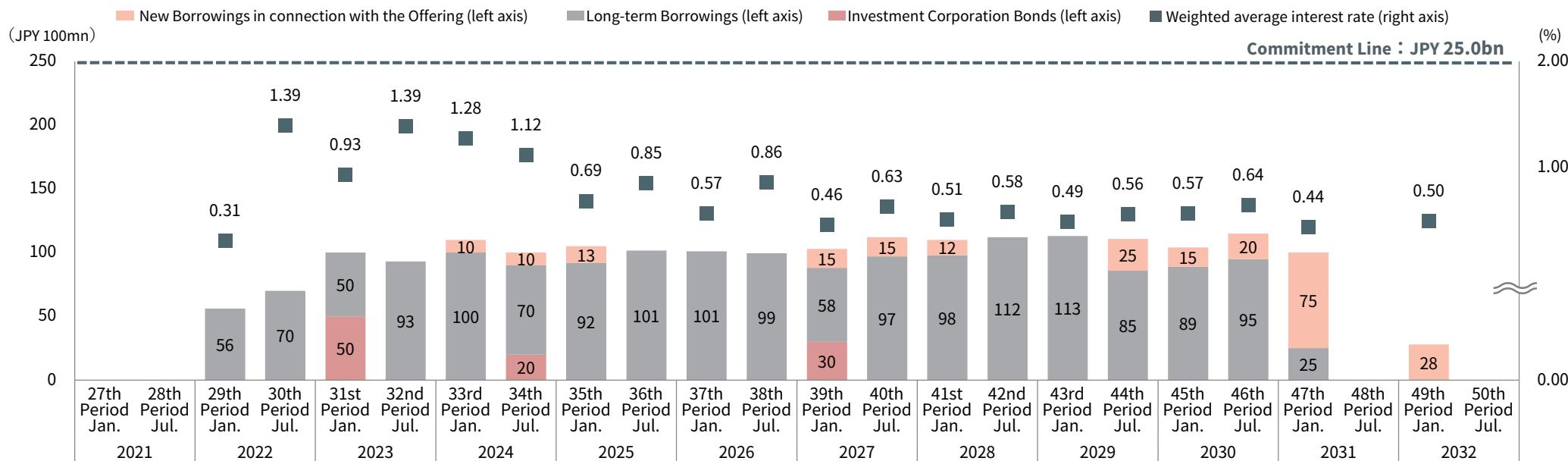
**AA<sub>(stable)</sub>**

**48.1%**

**9.2years**

**0.74%**  
(▲0.05pt.)

## Maturity ladder and weighted average interest rate



## 5. Approach to ESG



# Continuous MC-UBS group initiatives for ESG

## Continuous Commitment to ESG

2013	<ul style="list-style-type: none"> <li>Established an “Environment Charter”</li> <li>Established the Basic Policy for Responsible Property Investment               <ul style="list-style-type: none"> <li>Established Sustainability Committee with the Asset Manager’s CEO as Chairman</li> </ul> </li> <li>Signed the “Principles for Responsible Investment (PRI)” proposed by the UN Secretary General</li> <li>Became the first J-REIT asset manager to sign the “Principles for Financial Action Towards a Sustainable Society (Principles for Financial Action for the 21st Century)” drawn up with the Ministry of Environment serving as secretariat</li> </ul>
2015	<ul style="list-style-type: none"> <li>Became the first J-REIT asset manager to sign the “Montreal Carbon Pledge”, a new commitment to reduce CO<sub>2</sub>, drawn up by the United Nations PRI General Assembly</li> </ul>
2016	<ul style="list-style-type: none"> <li>Became the first J-REIT asset manager to sign the “United Nation’s Environment Programme – Finance Initiative (UNEP FI)” and participate in a working group</li> <li>Became the first J-REIT asset manager to sign the United Nations Global Compact (UNGC), an organization led by the UN Secretary General</li> </ul>
2019	<ul style="list-style-type: none"> <li>Expressed support for the recommendations of the “Task Force on Climate-related Financial Disclosures (TCFD)”</li> </ul>
2020	<ul style="list-style-type: none"> <li>Newly organized a “Sustainability Committee”</li> <li>Introduced Chief Sustainability Officer (CSO)</li> </ul>

Signatory of:



WE SUPPORT (★)



Signatory of:



\* Since 2016, the Asset Manager has been supporting the UN Global Compact corporate responsibility initiative and its principles in the areas of “human rights”, “labor”, “the environment” and “anti-corruption”

## Inclusion in MSCI Japan ESG Select Leaders Index <sup>(Note)</sup>

### 2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

IIF has been included in the MSCI Japan ESG Select Leaders Index, launched by MSCI on July 3, 2017. As of the end of June 2020, the ESG rating for IIF is “A”

※For the details of the footnotes, see Page 37 ~ 39.

## External Recognition and Certifications

### ■ GRESB Real Estate Assessment



Awarded the “Green Star”, the highest rank, for 7 consecutive years and rated “A”, the highest rating, for 2 consecutive years in GRESB Public Disclosure

### ■ CASBEE for Real Estate Certification

IIF Hiroshima LC, IIF Kobe LC, IIF Noda LC and IIF Koshigaya LC newly received “CASBEE for Real Estate Certification” in March, 2020. 16 properties have received this certification as of the end of July, 2020



IIF Hiroshima LC



IIF Noda LC



### ■ BELS rating

As of the end of July 2020, eight properties have received the BELS rating



BELS rating certified properties	
IIF Kashiwa LC	IIF Yokohama Tsuzuki LC
IIF Nishinomiya LC	IIF Hiroshima LC
IIF Atsugi LC III	IIF Shinagawa ITSC
IIF Kawasaki SC	IIF Haneda Airport MC

### ■ DBJ Green Building Certification

As of the end of July 2020, five properties have received the DBJ Green Building certification



DBJ Green Building certified properties	
IIF Hiroshima LC	IIF Kobe LC
IIF Tosu LC	IIF Koshigaya LC
IIF Noda LC	

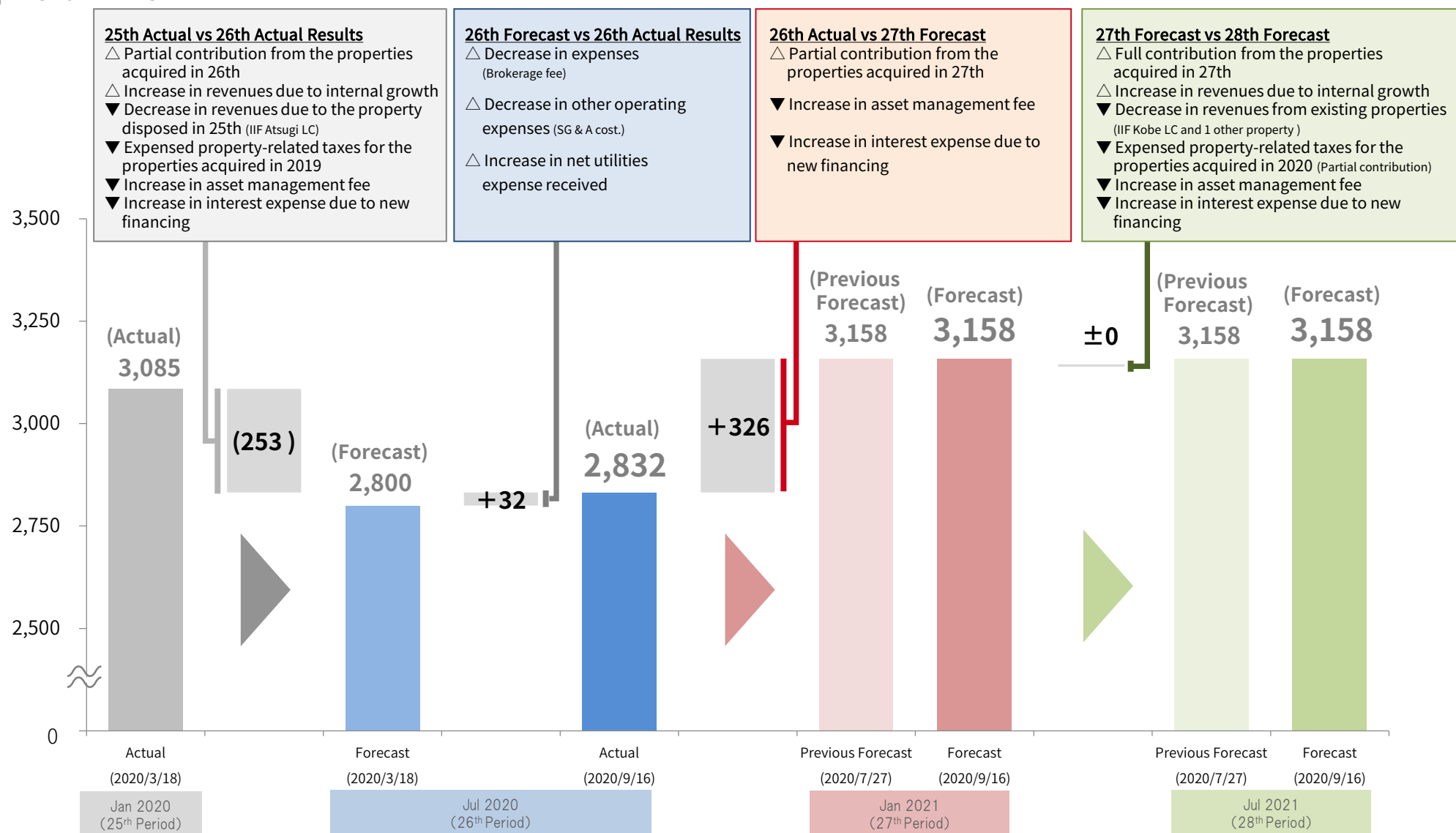


## 6. Operating Results for the July 2020 (26th) Fiscal Period and Earnings Forecast for the Jan. 2021 (27th) and July 2021 (28th) Fiscal Periods



# DPU Continues to Increase Due to Property Acquisitions Through Public Offering

## Trend in DPU



# Operating Results for the July 2020 (26th) Financial Periods

	(JPY mn)				(JPY mn)			
	Jan. 2020	Jul. 2020 (26th Period Actual)	Period over period		Jul. 2020	Jul. 2020 (26th Period Actual)	Period over period	
	(25th Period Actual)				(26th Period Forecast)			
Key P/L Figures	Operating revenue	11,049	10,984	(65) (0.6)%	10,984	10,984	(0) (0.0)%	
	Operating expense	4,529	4,736	+206 +4.6 %	4,793	4,736	(56) (1.2)%	
	Operating Income	6,519	6,247	(271) (4.2)%	6,191	6,247	+56 +0.9 %	
	None-operating income	1	0	(1) (78.8)%	-	0	+0 -	
	Non-operating expense	949	929	(19) (2.1)%	932	929	(3) (0.3)%	
	Ordinary income	5,572	5,318	(253) (4.5)%	5,259	5,318	+59 +1.1 %	
	Net income	5,571	5,317	(254) (4.6)%	5,257	5,317	+59 +1.1 %	
	Distributions per unit (yen)	3,085	2,832	(253) (8.2)%	2,800	2,832	+32 +1.1 %	
	Capital expenditure	788	699 (Note 1)	(89) (11.3)%	705	699	(5) (0.8)%	
	Repair expense	87	98 (Note 2)	+10 +12.4 %	103	98	(5) (5.5)%	
Other Figures	Total	876	797	(78) (9.0)%	809	797	(11) (1.4)%	
	Depreciation	1,471	1,585	+114 +7.8 %	1,587	1,585	(2) (0.1)%	
	FFO	6,557	6,902	+345 +5.3 %	6,845	6,902	+57 +0.8 %	
	AFFO	5,768	6,203	+434 +7.5 %	6,139	6,203	+63 +1.0 %	
	Number of properties	72	75	-	75	75	-	
	Occupancy rate	99.8%	100.0%	-	100.0%	100.0%	-	
	Total book value	297,921	321,217	+23,295 +7.8 %				
	Total appraisal value	356,001	383,703	+27,702 +7.8 %				
	Unrealized gain	58,079	62,485	+4,406 +7.6 %				
	Total debt	156,583	170,583	+14,000 +8.9 %				
	LTV	47.7%	49.8%	+2.1pt +4.4 %				
	Total net assets	155,559	155,107	(452) (0.3)%				
	Net assets per unit	82,743	82,503	(240) (0.3)%				

(Note 1) Major capital expenditures for the 26<sup>th</sup> FP

IIF Haneda Airport MC : JPY 60mn for renewal of major parts of the elevator units  
 IIF Osaka Suminoe LC I : JPY 55mn for installation of LED lighting  
 IIF Akishima LC : JPY 51mn for repair of outer wall

(Note 2) Major repair cost expensed in the 26<sup>th</sup> FP

IIF Shin-Kawasaki R&DC : JPY 15mn for removal of slopes  
 IIF Osaka Suminoe LC I : JPY 6mn for repair of east gate rail  
 IIF Osaka Toyonaka DC : JPY 5mn for restoration of 6th floor conference room

(JPY mm.)

## ■Major Factors of change for 26<sup>th</sup> Period (Compared to 25<sup>th</sup> Actual )

<b>Operating Revenue</b>	<b>(65)</b>
✓ Partial contribution from the properties acquired for PO in Dec. 2019	+412
✓ Diminished gain on sales from the partial disposition of the property (IIF Atsugi LC)	(485)
✓ Increase in revenue due to the internal growth	+75
✓ Decrease in utilities expense received (IIF Osaka Toyonaka DC etc.)	(31)
✓ Decrease in other revenue (Insurance claim etc.)	(38)
<b>Operating Expense</b>	<b>+206</b>
✓ Decrease in lease expenses (Utilities expense paid ) (IIF Sagamihara R&DC etc.)	(24)
✓ Increase in expensed property-related taxes due to the properties acquired in 2019	+37
✓ Increase in depreciation for the new properties acquired	+114
✓ Increase in asset management fee due to the new properties acquired	+48
<b>Non-Operating Expense</b>	<b>(19)</b>
✓ Increase in interest expense for new debt for PO in Dec. 2019	+10
✓ Decrease in interest expense due to refinancing in 25th FP and 26th FP	(9)
✓ Decrease in interest expense due to the difference in business days	(7)
✓ Increase in amortization for new units issued for PO in Dec. 2019	+16
✓ Decrease in amortization for new units issued for PO in Feb. 2017	(30)

## ■Major Factors of Change for 26<sup>th</sup> Period (Compared to 26<sup>th</sup> Forecast)

<b>Operating Revenue</b>	<b>(0)</b>
✓ Increase in rental revenue (IIF Haneda Airport MC : Usage fee for national land)	+13
✓ Decrease in utilities expense received (IIF Sagamihara R&DC etc.)	(11)
✓ Decrease in other revenue (IIF Fukuoka Hakozaki LC II etc.)	(2)
<b>Operating Expense</b>	<b>(56)</b>
✓ Decrease in lease expenses (Brokerage fee etc.)	(35)
✓ Decrease in lease expenses (Utilities expense paid ) (IIF Sagamihara R&DC etc.)	(23)
✓ Increase in lease expenses (IIF Haneda Airport MC : Usage fee for national land)	+13
✓ Increase in asset management fee	+15
✓ Decrease in other operating costs (SG&A)	(26)
<b>Non-Operating Expense</b>	<b>(3)</b>
✓ Decrease in interest expense due to refinancing in 26 <sup>th</sup> FP	(4)

# Earnings Forecast for the January 2021 (27th)

	(JPY mn)			
	Jul. 2020	Jan. 2021 (27th Period Forecast)		
	(26th Period Actual)		Period over period	
Operating revenue	10,984	13,897	+2,913	+26.5 %
Operating expense	4,736	6,350	+1,614	+34.1 %
Operating Income	6,247	7,546	+1,299	+20.8 %
None-operating income	0	-	(0)	-
Non-operating expense	929	1,014	+84	+9.1 %
Ordinary income	5,318	6,532	+1,213	+22.8 %
Net income	5,317	6,530	+1,213	+22.8 %
Distributions per unit (yen)	2,832	3,158	+326	+11.5 %

Capital expenditure	699	1,063 (Note1)	+363	+52.0 %
Repair expense	98	392 (Note2)	+294	+299.5 %
Total	797	1,455	+657	+82.5 %
Depreciation	1,585	1,789	+203	+12.9 %
FFO	6,902	8,320	+1,417	+20.5 %
AFFO	6,203	7,257	+1,053	+17.0 %
Number of properties	75	78	-	-
Occupancy rate	100.0%	100.0%	-	-

(Note 1) Major capital expenditures planned in the 27<sup>th</sup> FP

IIF Haneda Airport MC : JPY 122mn repair of typhoon damage  
 IIF Sagamihara R&DC : JPY 60mn for outdoor air conditioning unit  
 IIF Akishima LC : JPY 50mn for repair of outer wall

(Note 2) Major repair cost planned in the 27<sup>th</sup> FP

IIF Sagamihara R&DC : JPY 4mn for repair of stairs and replacement wallpaper  
 IIF Iruma LC : JPY 4mn for repair for installation of smoke exhaust window of 4th floor warehouse  
 IIF Narashino LC II : JPY 4mn for removal of gate

	(JPY mn)			
	Jan. 2021	Jan. 2021 (27th Period Forecast)		
	(27th Period Previous Forecast)		Period over period	
Operating revenue	13,904	13,897	(6)	(0.0)%
Operating expense	6,357	6,350	(6)	(0.1)%
Operating Income	7,546	7,546	+0	+0.0 %
None-operating income	-	-	-	-
Non-operating expense	1,013	1,014	+0	+0.0 %
Ordinary income	6,532	6,532	+0	+0.0 %
Net income	6,530	6,530	+0	+0.0 %
Distributions per unit (yen)	3,158	3,158	-	-

(JPY mm.)

## Major Factors of Change for 27<sup>th</sup> Period (Compared to 26<sup>th</sup> Actual)

### Operating Revenue +2,913

- ✓ Partial contribution from the properties acquired for PO in Aug. 2020 +2,465
- ✓ Full contribution from the properties acquired for PO in Dec. 2019 +379
- ✓ Increase in revenue due to the internal growth +53

### Operating Expense +1,614

- ✓ Increase in lease expenses due to the properties acquired for PO in Aug. 2020 +1,159
- ✓ Increase in lease expenses (Brokerage fee) +35
- ✓ Increase in expensed property-related taxes due to the properties acquired in 2019 +34
- ✓ Increase in depreciation for the new properties acquired +203
- ✓ Increase in asset management fee due to the new properties acquired +110
- ✓ Increase in other operating expenses (SG&A) +59

### Non-Operating Expense +84

- ✓ Increase in interest expense for new debt for PO in Aug. 2020 +47
- ✓ Increase in interest expense due to new debt and refinancing in 26<sup>th</sup> FP +12
- ✓ Increase in interest expense due to the difference in business days +8
- ✓ Increase in amortization for new units issued for PO in Aug. 2020 +15

## Major Factors of Change for 27<sup>th</sup> Period (Compared to 27<sup>th</sup> Previous Forecast)

### Operating Revenue (6)

- ✓ Increase in rental revenue due to internal growth (IIF Shinagawa ITSC) +5
- ✓ Decrease in utilities expense received (IIF Sagamihara R&DC) (11)

### Operating Expense (6)

- ✓ Increase in lease expenses (Brokerage fee) +6
- ✓ Decrease in lease expenses (Utilities expense paid) (IIF Sagamihara R&DC) (22)
- ✓ Increase in asset management fee +1
- ✓ Increase in other operating expenses (SG&A) +6



# Earnings Forecast for the July 2021 (28th) Fiscal Periods

Key P/L Figures

	(JPY mn)			
	Jan. 2021 (27th Period Forecast)	Jul. 2021 (28th Period Forecast)	Period over period	
Operating revenue	13,897	14,837	+940	+6.8 %
Operating expense	6,350	7,311	+960	+15.1 %
Operating Income	7,546	7,526	(20)	(0.3)%
None-operating income	-	-	-	-
Non-operating expense	1,014	993	(20)	(2.0)%
Ordinary income	6,532	6,532	(0)	(0.0)%
Net income	6,530	6,530	(0)	(0.0)%
Distributions per unit (yen)	3,158	3,158	-	-

	(JPY mn)			
	Jul. 2021 (28th Period Previous Forecast)	Jul. 2021 (28th Period Forecast)	Period over period	
	14,839	14,837	(1)	(0.0)%
	7,313	7,311	(1)	(0.0)%
	7,526	7,526	+0	+0.0 %
	-	-	-	-
	993	993	+0	+0.0 %
	6,532	6,532	+0	+0.0 %
	6,530	6,530	+0	+0.0 %
	3,158	3,158	-	-

(JPY mm.)

## ■ Major Factors of Change for 28<sup>th</sup> Period (Compared to 27<sup>th</sup> Forecast)

### Operating Revenue **+940**

- ✓ Full contribution from the properties acquired for PO in Aug. 2020 +1,143
- ✓ Increase in rental revenue due to internal growth +51
- ✓ Decrease in revenue from existing properties (IIF Kobe LC and 1 other property) (245)

### Operating Expense **+960**

- ✓ Increase in lease expenses due to the properties acquired for PO in Aug. 2020 +657
- ✓ Increase in expensed property-related taxes due to the properties acquired in 2020 +192
- ✓ Increase in depreciation for the new properties acquired +53
- ✓ Increase in asset management fee due to new properties acquired +78

### Non-Operating Expense **(20)**

- ✓ Increase in interest expense for new debt for PO in Aug. 2020 +20
- ✓ Decrease in interest expense due to the difference in business days (13)
- ✓ Decrease in amortization for new units issued for PO in Mar. 2018 (22)

## ■ Major Factors of Change for 28<sup>th</sup> Period (Compared to 28<sup>th</sup> Previous Forecast)

### Operating Revenue **(1)**

- ✓ Increase in rental revenue due to internal growth (IIF Shinagawa ITSC) +13
- ✓ Decrease in utilities expense received (IIF Sagamiyara R&DC) (14)

### Operating Expense **(1)**

- ✓ Decrease in lease expenses (Utilities expense paid ) (IIF Sagamiyara R&DC) (23)
- ✓ Increase in asset management fee +4
- ✓ Increase in other operating expenses (SG&A) +18

# Note 1

Overall figures in this material are rounded down to the shown digits otherwise noted, and ratios and years are rounded off to one decimal place. Thus an aggregate of such figures may not coincide with the total of each item.

- P.3 (Note) The average interest rate after new acquisition shows the weighted average of interest rates calculated based on the loan rate calculated based on the offered rate of fixed interest rates (Reuters9154 pages) as of 11:00 a.m. (Tokyo Hour) on July 10, 2020 plus the spreads set forth in each loan agreement, based on the loan agreements related to the new loan concluded on July 27, 2020 as the interest rates applicable to new loans arising from the public offering have not yet been determined as of the date of this document. The same applies hereafter.
- P.4 (Note 1) "Acquisitions at the 7th Equity Offering" means the following 10 properties: IIF Atsugi Manufacturing Center (land with leasehold interest), IIF Totsuka Manufacturing Center (land with leasehold interest), IIF Hiroshima Manufacturing Center (land with leasehold interest), IIF Kobe Nishi Logistics Center (land with leasehold interest), IIF Hitachinaka Port Logistics Center (land with leasehold interest), IIF Koriyama Logistics Center, IIF Sapporo Logistics Center, IIF Itabashi Logistics Center (40% co-ownership interest), IIF Osaka Suminoe Logistics Center I (25% co-ownership interest) and IIF Osaka Suminoe Logistics Center II (25% co-ownership interest), which were acquired with the proceeds from the 7th Equity Offering. "Acquisitions at the 8th Equity Offering" means IIF Tsukuba Manufacturing Center (land with leasehold interest), which was acquired between the term of the 7th Equity Offering and the 8th Equity Offering, and the following 5 properties: IIF Hyogo Tatsuno Logistics Center, IIF Akishima Logistics Center, IIF Shin-Kawasaki R&D Center, IIF Ichikawa Food Processing Center and IIF Gifu Kakamigahara Manufacturing Center (land with leasehold interest), which were acquired with the proceeds from the 8th Equity Offering. "Acquisitions at the 9th Equity Offering" means the following 5 properties: IIF Atsugi Manufacturing Center (building), IIF Yokohama Tsuzuki R&D Center, IIF Okazaki Manufacturing Center (land with leasehold interest), IIF Gifu Kakamigahara Logistics Center and IIF Hiroshima Seifushinto Logistics Center, which were acquired with the proceeds from the 9th Equity Offering. "Acquisitions at the 10th Equity Offering" (sometimes referred to as "New Acquisitions" hereinafter) means the following 3 properties: IIF Shonan Logistics Center, IIF Shonan Health Innovation Park (60% Co-ownership interest) and IIF Ichihara Manufacturing Center (land with leasehold interest), which are acquired or to be acquired with the proceeds from the 10th Equity Offering. The "7th Equity Offering" means equity offering with payment date of March 7, 2018 and third-party allotment with payment date of April 4, 2018, the "8th Equity Offering" means equity offering with payment date of May 29, 2019 and third-party allotment with payment date of June 25, 2019, the "9th Equity Offering" means equity offering with payment date of December 18, 2019 and third-party allotment with payment date of January 15, 2020 and the "10th Equity Offering" means equity offering with payment date of August 11, 2020 and third-party allotment with payment date of September 8, 2020. The same shall apply hereinafter.
- (Note 2) "Average Appraisal NOI Yield at Acquisitions" represents an Average Appraisal NOI Yield of the Acquisitions at the 7th Equity Offering, Acquisitions at the 8th Equity Offering, Acquisitions at the 9th Equity Offering and New Acquisitions calculated based on the net operating revenue for the first fiscal year under the DCF method as stated in the appraisal reports obtained as at the respective acquisitions (If any special circumstances exist in the first year, the net operating revenue for the second or later fiscal years when no such special circumstances exist is used) and differs from the actual value after IIF's acquisition.
- (Note 3) "Average Lease Contract Term" means a period from the commencement date of the lease to the expiration date of the lease specified in the lease contract regarding each of the acquired assets that are effective as of the respective acquisition date for the Acquisitions at the 7th Equity Offering, Acquisitions at the 8th Equity Offering, and Acquisitions at the 9th Equity Offering, and a period from the commencement date of the lease to the expiration date of the lease specified in the lease contract regarding each of the Anticipated Acquisitions that will take effect after the Anticipated Acquisitions, calculated as a weighted average based on annual rent. The same shall apply hereinafter.
- P.5 (Note 1) Due to the 2-for-1 investment unit split implemented in January 1, 2015 and the 4-for-1 investment unit split implemented in February 1, 2018, the figures for DPU and NAV per unit from the period ended in June 2015 (16th period) up to the period ended in July 2017(20th period) are divided by 4 and rounded down to the nearest unit for each period. The figures for DPU and NAV per unit before the period ended December 2014 (15th period) are divided by 8 and rounded down to the nearest unit for each period.
- (Note 2) The fiscal period-ends have been changed from June and December to January and July beginning January 2017. Please see the Appendix for details.
- P.9 (Note 1) Figures for the portfolios after new acquisitions are assumed as of Oct. 5, 2020, unless otherwise noted. These assumptions are estimates as of the date of this document based on certain assumptions and do not necessarily agree with actual figures after the acquisition of the assets to be acquired. The same applies hereafter.
- (Note 2)  $\text{NOI Yield} = \text{NOI} \div \text{Acquisition price}^{**}$   
 \*The figure used for the calculation of NOI is the first year net revenue with the DCF method as described in the real estate appraisal report upon acquisition for each of the (anticipated) acquisitions. If special circumstances are expected in the first year, the second or later year net revenue is used. This is the same in "NOI yield (after depreciation)" as shown below.  
 \*\*Acquisition price is set forth in the sales value of the trust beneficiary rights in the purchase agreement (excluding acquisition-related costs, fixed asset tax, urban planning tax and consumption tax.) This assumption is the same for other calculations below.  
 $\text{NOI yield (after depreciation)} = (\text{NOI} - \text{depreciation}^*) \div \text{Acquisition price}$   
 \*Depreciation is calculated based on the straight-line method according to durable years in the same way as IIF's acquired properties in the portfolio.
- (Note 3) Unrealized gains on the entire portfolio after new acquisition are calculated by adding unrealized gains on assets held as of the end of the 26th fiscal period to unrealized gains for new acquisitions. Please note that there is no guarantee that this unrealized gain will be realized. Unrealized gains/losses are calculated by dividing the unrealized gains/losses by the acquisition price.
- (Note 4)  $\text{LTV based on book value after new acquisition} = (\text{Total interest-bearing debt as of the end of the period ended July 2020 (26th FP)} + \text{Amount of new borrowings for the 10th public offering}) / (\text{Total assets after new acquisition}^*)$   
 $\text{LTV based on appraisal value after new acquisition} = (\text{Total interest-bearing debt as of the end of the period ended July 2020 (26th FP)} + \text{Amount of new borrowings for the 10th public offering}) / (\text{Total assets after new acquisition}^* + \text{unrealized gains for new acquisitions})$   
 \* Total assets after new acquisitions = Total liabilities as of July 2020 (26th FP) + Net assets as of July 2020 (26th FP) + Amount of new borrowings for the 10th public offering + Amount of lease security deposits and guarantees relating to new acquisition + Total amount issued in connection with the 10th Offering + Total amount issued through the Third-Party Allotment in connection with the 10th Offering  
 \*\* Unrealized gains after new acquisitions = Total appraisal value at the end of the period ended July 2020 (26th FP) - Book value of assets held at the end of the period ended July 2020 (26th FP) + Unrealized gains for new acquisitions
- (Note 5) LTV based on book value and LTV based on appraisal value after new acquisitions are estimates as of the date of this document based on certain assumptions, and do not necessarily agree with the actual LTV  
 "DPU (After adjustment of property-related taxes and estimated temporary revenue loss)" (hereinafter referred to as "Stabilized DPU") refers to distribution per unit calculated by assuming that fixed asset tax, city planning tax and depreciable asset tax included in acquisition cost are expensed in each calculation period and that the total rental income of the properties with possibility of tenant replacement is zero conservatively. The same applies hereafter.
- (Note 6)  $\text{NAV per unit} = \text{NAV} \div \text{number of investment units issued and outstanding as of the end of the most recent fiscal period}$   
 "NAV" is the net difference between assets and liabilities when the value of real estate-related assets is evaluated based on the appraisal value (or investigation value) as calculated by the following formula.  
 $\text{NAV} = \text{Total equity}^* + (\text{Appraisal value of real estate-related assets at end of period (or investigation value)} - \text{Book value of real estate-related assets at end of period}^*)$   
 \* The total equity and the book value of real estate-related assets at the end of the fiscal year are based on the amount on the balance sheet as of the end of the most recent fiscal year.  
 The NAV per unit after new acquisitions is calculated by adding the NAV for the fiscal period ended July 2020 (26th FP) to the sum of the appraisal values of IIF Shonan Logistics Center, IIF Shonan Health Innovation Park (60% Co-ownership interest) and IIF Ichihara Manufacturing Center (land with leasehold interest) as of June 1, 2020, which are the assets acquired or to be acquired (hereinafter referred to as "unrealized gains for new acquisition").

# Note 2

- P.11 (Note) For IIF Ichihara Manufacturing Center (land with leasehold interest), IIF will acquire the land within the dotted line. The same shall apply hereinafter.
- P.13 (Note 1) For IIF Shonan Health Innovation Park (in which IIF owns a 60% of co-ownership interest), IIF concluded sales agreements on June 12, 2020 and on July 27, 2020 for the 3% co-ownership interest and for the 57% co-ownership interest, respectively. The same shall apply hereinafter.
- (Note 2) Since the properties will be acquired through a bridge structure, the original sellers, the original sellers, not bridging sellers, are stated as sellers. All of the bridging sellers are the same Japanese operating company. If the original sellers or bridging sellers do not consent to disclosure, the Japanese operating company is stated. The same shall apply hereinafter.
- (Note 3) Only core tenants are listed. The same shall apply hereinafter.
- (Note 4) "Occupancy Rate" is a ratio of the total leased area to the total leasable area (defined as the total of the leased area (including occupied area; the same shall apply hereinafter) of the building or land (in the case of the land with leasehold interest) as stated in the relevant lease contract for each property and trust real estate (including occupied area; the same shall apply hereinafter) plus the leasable area of portions for which no lease contract has been entered into). "Average Occupancy Rate" is the ratio of the total leased area to the total leasable area. The same shall apply hereinafter.
- (Note 5) "Lease Contract Term" means the period from the commencement date of the lease to the expiration date of the lease as provided in the relevant lease contracts for the Anticipated Acquisitions that will become effective after the Anticipated Acquisitions, and is different from the Remaining Lease Term, which is the period from after the Anticipated Acquisitions to the expiration date as provided in the relevant lease contracts. The Average Lease Contract Term is calculated as a weighted average according to annual rent. The same shall apply hereinafter.
- (Note 6) "Fixed-term leasehold (Teishaku)" as a form of lease contract refers to fixed-term land lease contract (teiki-shakuchi keiyaku) and fixed-term building lease contract (teiki-tatemono chintaisyaku keiyaku) and "ordinary lease (Futsushaku)" refers to other types of lease contracts, and lease contracts are classified into each category pursuant to the titles thereof and terms used therein. The types of lease contracts are stated only for those with core tenants. The same shall apply hereinafter.
- (Note 7) "Remaining Lease Term" means the period from after the Anticipated Acquisitions to the date of the expiration indicated in the relevant lease contract that will become effective after the Anticipated Acquisitions. The average Remaining Lease Term is calculated as a weighted average according to annual rent. The same shall apply hereinafter.
- (Note 8) Regarding early cancellation, a lease contract that does not allow early cancellation without payment of rent for a certain period of time or penal charges or requires a prior notice of early cancellation, as a result of which the lessee is required to pay rent for a certain period of time before the cancellation is classified as "Not allowed for a certain period of time." Regarding rent revision, a lease contract that provides that rent may be revised according to the fixed asset tax and urban planning tax is classified as "Not allowed" where no agreement has been made on the revision due to other reasons. The same shall apply hereinafter.
- (Note 9) Yield after the additional CAPEX is calculated as the sum of the Anticipated Acquisition Price and an estimated cost of the additional CAPEX of JPY 1.2 billion to be incurred by IIF after the acquisition (calculated by multiplying the estimated entire cost of the additional CAPEX of JPY 2.0 billion by 60%, equivalent to the co-ownership interest IIF will acquire). Appraisal NOI Yield after Depreciation following the additional CAPEX is calculated by adding estimated depreciation that will increase due to the estimated cost of the additional CAPEX of JPY 1.2 billion to be incurred by IIF. The estimated cost of the additional CAPEX is a pro forma amount as of the date of this material and may change thereafter. The same shall apply hereinafter.
- (Note 10) Only Lease Contract Term, Lease Type, Remaining Lease Term and Cancellation before Maturity and Rent Revision of the lease contract with the core tenant, Takeda Pharmaceutical Company Limited, are stated. The same shall apply hereinafter.
- (Note 11) As the contract is an ordinary building lease contract (futsu tatemono chintashaku keiyaku), any right to request rent decrease as provided in the Act on Land and Building Leases (Act No.90 of 1991, as amended) (the "Act on Land and Building Leases") is not eliminated. The same shall apply hereinafter.
- (Note 12) Actual length of non-cancellable period is not disclosed and is simply stated as "Not allowed for a certain period of time" since consent to disclose is not obtained from the lessee. The same shall apply hereinafter.
- (Note 13) As to "Average Appraisal NOI Yield" and "Average Appraisal NOI Yield after Depreciation", the figures in consideration of the yields after the additional CAPEX at IIF Shonan Health Innovation Park (in which IIF owns a 60% co-ownership interest) are stated in parentheses.
- P.14 (Note 1) Average Appraisal NOI Yield at Acquisitions of the (Anticipated) Acquisitions regarding each of the past offerings and the Offering is calculated based on the Appraisal Reports for Anticipated Acquisition and differs from the actual value after IIF's acquisition.
- (Note 2) "Implied Cap Rate" is an indicator of Average Appraisal NOI Yield based on the value of the assets, assuming that the "total value of the assets in the portfolio" of an investment corporation is calculated as "Market capitalization" + Interest-bearing debt\* + Guarantees and security deposits\* - Cash and deposits.\*"
- Implied Cap Rate is calculated based on the following formula:  

$$\text{Implied Cap Rate} = \frac{\text{Annual Appraisal NOI of the assets owned by IIF}}{\text{Market capitalization} + \text{Interest-bearing debt} + \text{Guarantees and security deposits} - \text{Cash and deposits}}$$
 While IIF's Implied Cap Rate of each of the offering is as of the issue price determination date of the respective offerings, the Implied Cap Rate "before the Offering" is as of July 10, 2020, which is not guaranteed to coincide with an Implied Cap Rate as of the issue price determination date of the Offering and may differ from the actual Implied Cap Rate. Therefore, no Positive Spread is guaranteed regarding the Offering.
- \*Calculation of these values is based on the investment unit prices and number of investment units outstanding as of the record date of the respective Implied Cap Rates, and actual NOI during the disclosed calculation period immediately before the calculation period in which each of such record dates is included and interest-bearing debts, guarantees and security deposits and cash and deposits as of the end of such calculation period (actual NOI during the calculation period in which the record date is included and the number of investment units outstanding, interest-bearing debts, guarantees and security deposits and cash and deposits as of the end of such calculation period if the relevant figures do not exist for the disclosed calculation period immediately before the calculation period in which the relevant record date is included).
- (Note 3) "Positive Spread" indicates a positive value, if any, calculated by deducting the Implied Cap Rate at the respective offerings from the Average Appraisal NOI Yield of the Acquisitions in connection with the 7th Equity Offering, the 8th Equity Offering, the 9th Equity Offering and the 10th Equity Offering, respectively. There is no guarantee that the Positive Spread will increase in the future.
- P.21 (Note) Created by the Asset Manager based on data from CBRE K.K.

## Note 3

- P.23 (Note 1) "Current NOI Yield"(the fiscal period ended January 31, 2020) is calculated using the actual figures for the fiscal periods ended July 31, 2019 (the 24th fiscal period) and January 31, 2020 (the 25th fiscal period), with adjustments for one-time expenditure items (brokerage charges, etc.). "NOI Yield under new contract (estimated)" is calculated using the net operating income for the second year under the DCF method stated in the appraisal report as of January 31, 2020.
- (Note 2) "NOI Yield as of January 31, 2020" is calculated using the actual figures for the fiscal periods ended July 31, 2019 (the 24th fiscal period) and January 31, 2020 (the 25th fiscal period), with adjustments for one-time expenditure items (brokerage charges, etc.). "NOI Yield under new lease contract for Section A (around 25% of total leased area)" is calculated using the net operating income for the second year under the DCF method stated in the appraisal report as of January 31, 2020, with the rent for sections other than Section A being replaced by the rent for the first year under the DCF method. "NOI Yield under new lease contract for Section B (around 50% of total leased area) (estimated)" is calculated using the figure calculated in "NOI Yield under new lease contract for Section A (around 25% of total leased area)" above, with the rent adjusted pursuant to the new fixed-term building lease contract executed for Section B.
- (Note 3) "NOI Yield at the time of acquisition"(as of June, 2019) is calculated using the net operating income for the first year under the DCF method stated in the appraisal report as of April 1, 2019, and "NOI Yield under new lease contract (April 2020)" is calculated using the net operating income for the second year under the DCF method stated in the appraisal report as of January 31, 2020.
- (Note 4) "Current NOI Yield (the fiscal period ended January 31, 2020)" is calculated using the actual figures for the fiscal periods ended July 31, 2019 (the 24th fiscal period) and January 31, 2020 (the 25th fiscal period), with adjustments for one-time expenditure items (brokerage charges, etc.). "NOI Yield after rent increase (estimated)" is calculated using the net operating income for the second year under the DCF method stated in the appraisal report as of January 31, 2020.
- P.25 (Note) "Upside-only" means the rent will be automatically raised or parties can only negotiate for raising rent regarding the rent.  
"Flat" means the rent will not be revised until 10 years has passed or until the lease expiration date from the (anticipated) acquisition date, or the rent will not be revised in general.  
"Negotiation based revision" means the contract type other than both "Upside-only" and "Flat" above , and the rent will be negotiable.
- P.31 (Note) The inclusion of IIF in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of IIF by MSCI or any of its affiliates. The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.





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## Industrial & Infrastructure Fund Investment Corporation

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- This material is prepared based on Japanese accounting principles unless otherwise noted
- This material is to be used for analyzing the financial results of IIF, and is not prepared for the purpose of soliciting the acquisition of IIF's investment securities or the signing of financial instruments contracts. When investing, we ask investors to invest on their own responsibility and their own judgment
- IIF is a publicly-offered real estate investment corporation (J-REIT) investing in real estate and related assets the prices of which may fluctuate. Unitholders of the Investment Corporation may suffer loss when unit prices decline in the market or an amount of distributions declines, according to economic and interest rate circumstances, a balance of supply and demand for units, real estate market environment, fluctuations of prices of, and rent revenues from real estate properties under management, disasters, aggravation of financial status of IIF and other reasons. For details, please see "Investment Risk" in the Securities Registration Statement (offering circular) and the Securities Report of IIF

Asset Management Company : Mitsubishi Corp.- UBS Realty Inc.

(Financial Instruments Dealer Director of Kanto Financial Bureau (Financial Instruments Dealer)

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