



*Redevelopment*

*Acquisition*

*Internal  
Growth*



## Investor Presentation for the July 2022 (30th) Period

Securities Code : **3249**

Industrial & Infrastructure Fund Investment Corporation



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Portfolio Data and Other Materials



# 1. Executive Summary





# Strengthen portfolio quality through asset replacement and redevelopment while building up the pipeline

## Key Points of 30th FP

### ① Replacement of asset whose profitability is expected to decline

- Realize substantial gains on sales while avoid the risk of future decline in profitability

**[30th]** ≪Acquisition≫ Iruma MC and Tochigi Moka MC (land with leasehold interest) ≪Disposition≫ Inzai LC

**[31st]** ≪Scheduled acquisition≫ Yokkaichi LC (New Building) ≪Disposition≫ Osaka Nanko ITSC

### ② Commencement of redevelopment project of IIF Narashino LC I & LC II

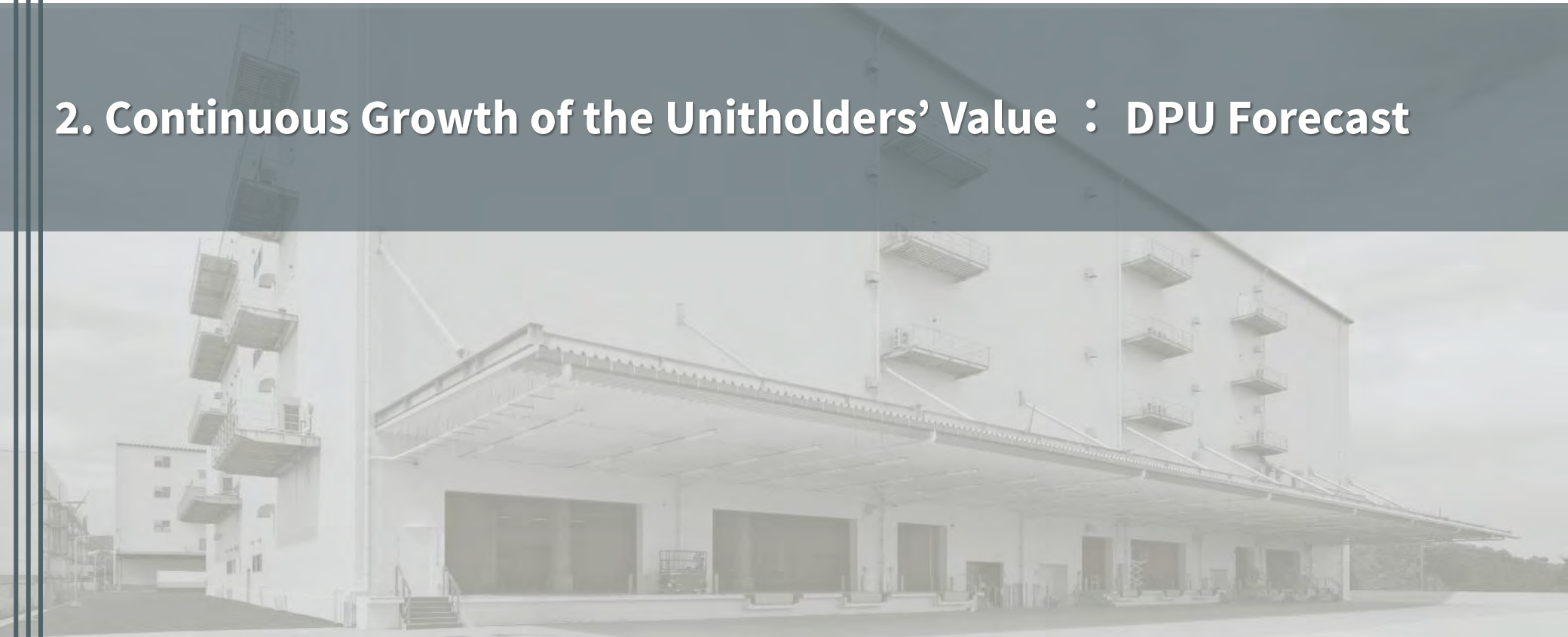
- Third redevelopment project to utilize unused floor space of owned properties, following Atsugi LC III and Hamura LC
- Large-scale redevelopment project of two logistics facilities with a total floor area of over 150,000m<sup>2</sup>
- Commence development of a BTS-type logistics at Narashino LC I (land with leasehold interest) as the first phase

### ③ Progress in measures to improve profitability of existing properties

- Completed renovation of Kobe LC to a multi-tenant logistics, attracting a new tenants to approx. 20% of total floor
- Progress in organic growth: (31st ) Morioka LC, Kashiwa LC, Kobe LC (32nd FP) Higashi Osaka LC
- Progress in measures to cope with rising utility costs at Shonan HIP, and agreed with tenants to share partial costs



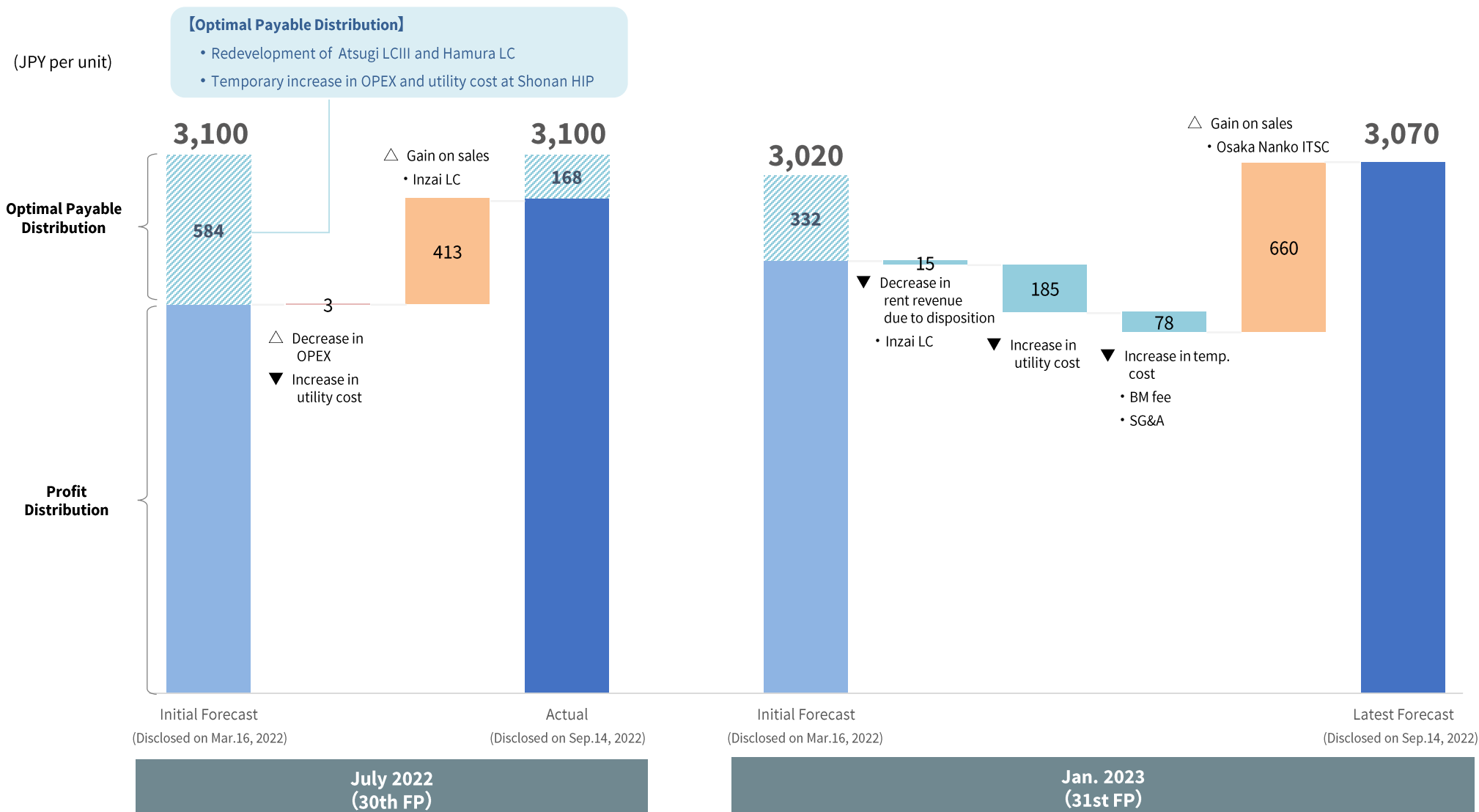
## 2. Continuous Growth of the Unitholders' Value : DPU Forecast





# Changes in DPU in the 30th fiscal period and the 31st fiscal period

## Changes in DPU

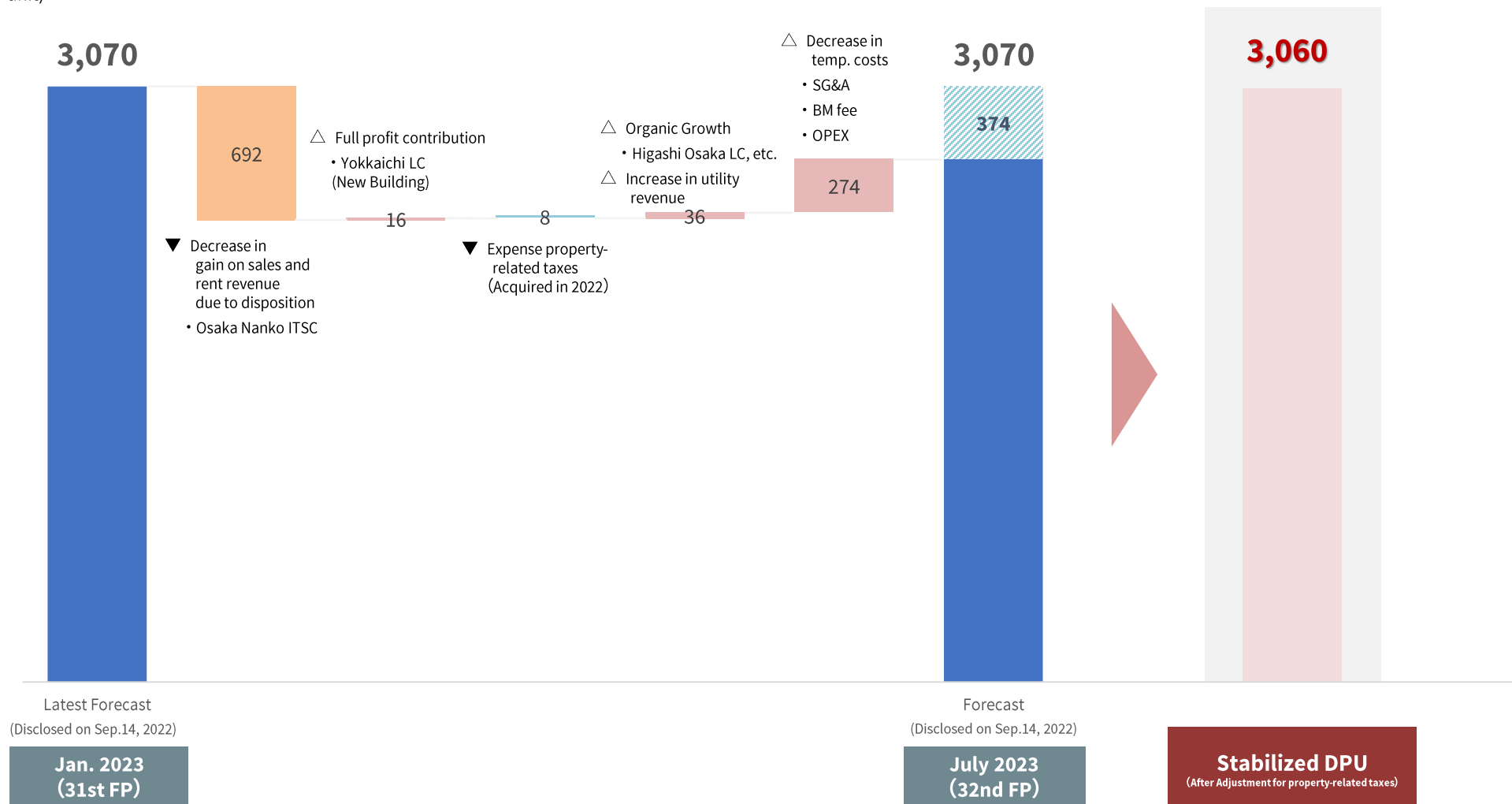




# Changes in DPU from 31st fiscal period to 32nd fiscal period, and stabilized DPU

## Changes in DPU

(JPY per unit)



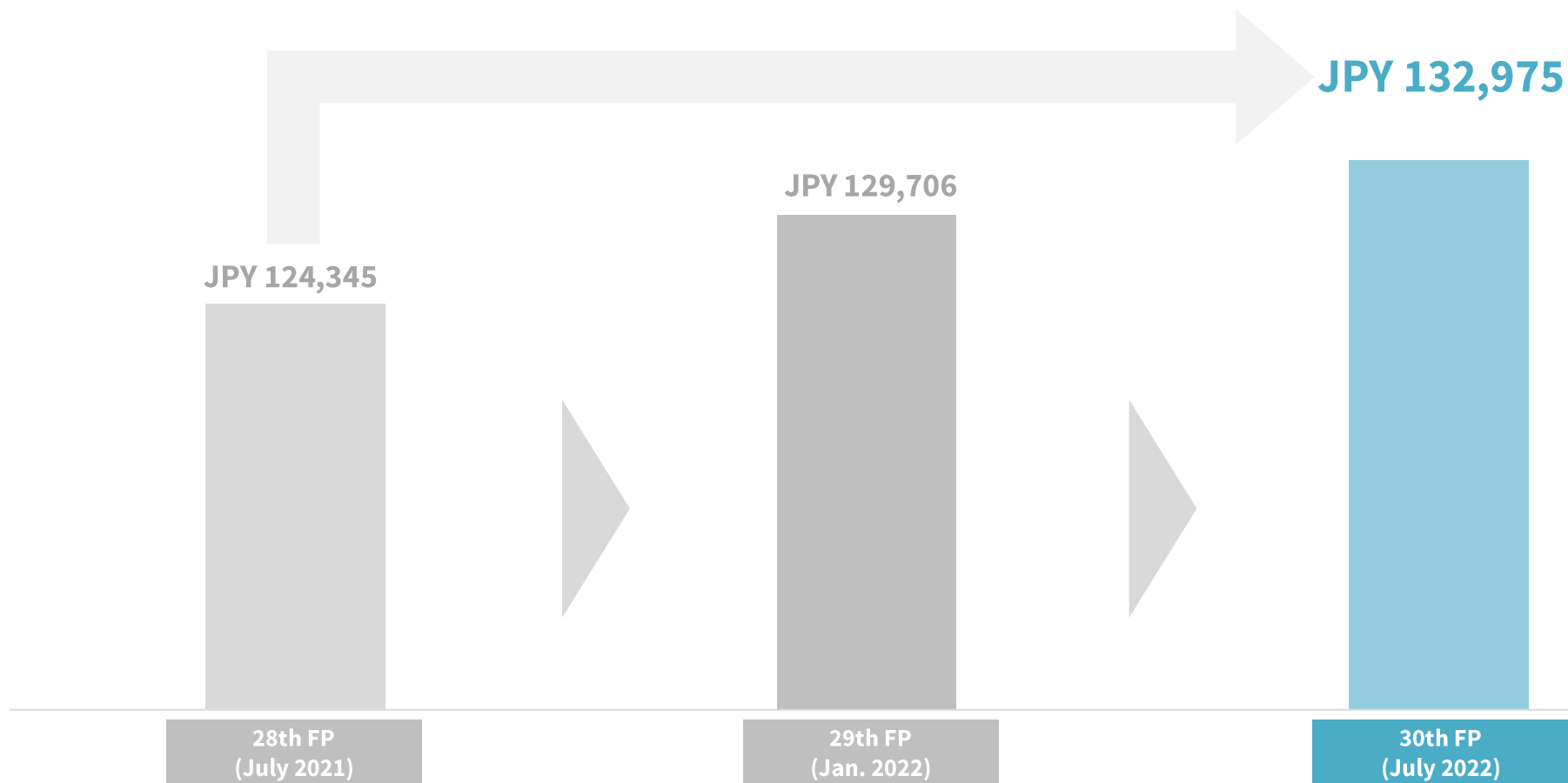


## Steady growth of NAV per unit

### ■ Changes in NAV per unit

(JPY per unit)

Increase by **+6.9%** over the past one year through asset replacement, new acquisitions and increase in unrealized gain for existing properties





An aerial photograph of an industrial complex, likely a manufacturing or distribution center. The image shows several large, rectangular buildings with flat roofs, surrounded by parking lots and some smaller structures. The overall scene is industrial and well-organized.

## 3. Recent Acquisitions 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.



# Acquisition of new property : IIF Yokkaichi Logistics Center (New building)

■ Acquisition of complex project consisting of the existing building and the new building through CRE proposal in capturing business expansion needs of major logistics company

## Points

- Acquired complex project through CRE proposal (including proposal of new building development) in collaboration with Kajima Group capturing the business expansion needs of major logistics company
- Located close to Yokkaichi-higashi IC near where distribution bases of major logistics companies and the one of the largest semiconductor manufacturing plants in the world are located, dramatically improved traffic convenience by stretching expressway

<Acquisition of the new building developed jointly proposal in collaboration with Kajima Group through CRE capturing business expansion needs of a major logistics company>



Tenant	Kajima Tatemono Sogo Kanri Co., Ltd
Occupancy rate	100.0%
Contract type	Fixed-term building lease contract
Contract term	10 years
Cancelability before Maturity/ Rent Revision	Not allowed in principle/ Not allowed in principle

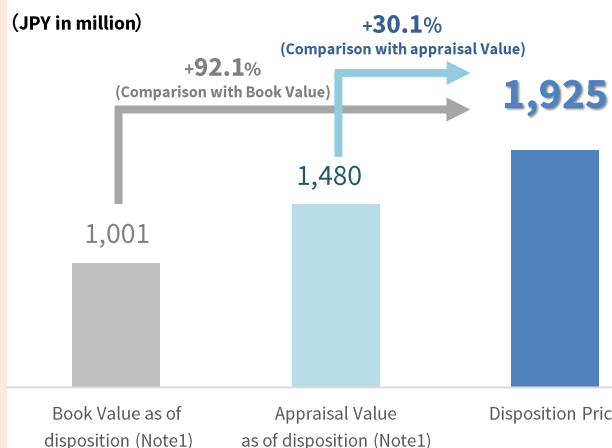
<Key indices>	Existing building		New building		After acquisition of new building
(Anticipated) acquisition price (Note1)	JPY 3,530 mn.		JPY 5,382 mn.		JPY 8,912 mn.
Appraisal value (Note2)	JPY 3,973 mn.		JPY 6,010 mn.		JPY 10,300 mn.
Unrealized gain (Unrealized gain ratio) (Note3)	JPY 443 mn. (+12.5%)	+	JPY 628 mn. (+11.7%)	=	JPY 1,388 mn. (+15.6%)
Total floor area (Note4)	18,155.31 m <sup>2</sup>		33,322.33 m <sup>2</sup>		51,477.64 m <sup>2</sup>
NOI yield/ NOI yield after depreciation (Note5)	5.5% / 4.3%		5.5% / 2.8% (After adjustment by optimal payable distribution : 3.6%) (Note6)		5.5% / 3.4% (After adjustment by optimal payable distribution : 3.9%) (Note6)



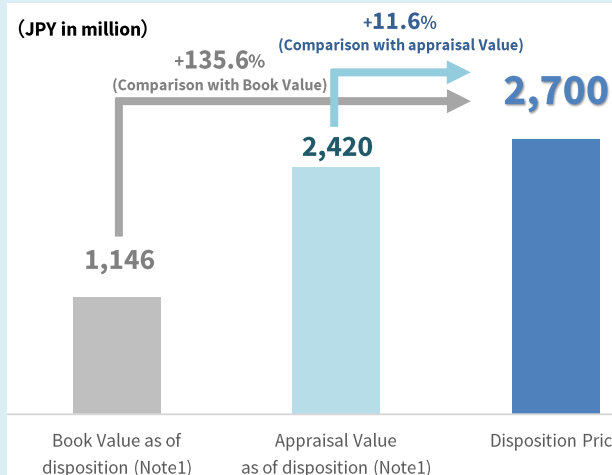
# Background and effects of dispositions in the 30th FP and the 31st FP

- Realized gains on sale and secure surplus cash on hands by the dispositions at a price significantly higher than book value and appraisal value for properties with a downtime risk of future earnings decline

## IIF Inzai Logistics Center



## IIF Osaka Nanko IT Solution Center



## Estimated surplus cash on hands through the dispositions

Proceed from disposition of IIF Inzai LC (Note2)	JPY 1.0 bn.
Proceed from disposition of IIF Osaka Nanko ITSC (Note 2)	JPY 1.1 bn.
Surplus cash on hands equivalent to reduction of optimal payable distribution (Note 3)	JPY 1.5 bn.

**Estimated additional cash on hands JPY 3.6 bn.**

**Cash on hand will be used for acquisitions of new property, redevelopment and expansion project**



# Successful disposition of “Old-type data center” to be expected to decline in revenue

## ■ Background behind sale

- Sequentially disposed old type data centers (around 30 years old) with inferior building specifications and location characteristics compared to the latest data centers.
- Presuming excessive capital expenditures and longer leasing periods in the event of future tenant replacement.
- Unstable management due to frequent tenant turnover and decline in revenue even in properties convertible to partial office use.

IIF Zama ITSC	IIF Shinagawa ITSC	IIF Osaka Nanko ITSC	Total
 Disposed in 2021	 Disposed in 2021	 Disposed in 2022	3 properties






Disposition price	JPY 13,000 mn. <sup>(Note1)</sup>		JPY 2,700 mn.	JPY 15,700 mn.
Book value <sup>(Note2)</sup> (As of disposition)	JPY 4,970 mn.	JPY 7,891 mn.	JPY 1,146 mn.	JPY 14,008 mn.
Difference between Disposition price and Book value	+JPY 138 mn.		+JPY 1,553 mn.	+JPY 1,691 mn.
Appraisal value (Unrealized gain)	JPY 5,530 mn. (+JPY 559 mn.)	JPY 6,910 mn. (-JPY 981 mn.)	JPY 2,420 mn. (+JPY1,273 mn.)	JPY 14,860 mn. (+JPY 851 mn.)
Building age <sup>(Note3)</sup> (As of disposition)	32.5 years	28.5 years	30.4 years	30.1 years



# Steady building up pipeline

## ■ Building up pipeline through acquisitions from third party through CRE proposals plus redevelopment projects

### Pipeline

	Property name	Anticipated acquisition price or Preferential negotiation price
Asset to be acquired	IIF Yokkaichi LC (New building) 	JPY 5.3 bn.
Preferential negotiation rights		
Bridged	(Tentative) Shiga Omihachiman Logistics Center 	Approx. JPY 14.6 bn.
	(Tentative) Saitama Hanno Manufacturing Center (Land with leasehold interest) 	
	OTA Techno CORE 	
	<b>New</b> (Tentative) Shiga Ryuo Logistics Center 	
Under DD	2 properties (Logistics center)	
Under proposal		
	2 properties (Logistics and Manufacturing center)	Approx. JPY 10.0 bn.
Total		Approx. JPY 30.0 bn.

### Redevelopment Project

	IIF Atsugi LC III	IIF Hamura LC	<b>New</b> IIF Narashino LCI (Land with leasehold interest)	Total
				3 properties
Investment amount (Demolition and Development cost)	Approx. JPY 3.0 bn.	Approx. JPY 2.2 bn.	Approx. JPY 5.0 bn.	Approx. JPY 10.2 bn.

### (Reference) Key Indices

<sup>(Note1)</sup> Anticipated Acquisition Price (Land & Building)	JPY 4.4 bn.	JPY 2.7 bn.	JPY 6.2 bn.	JPY 13.4 bn.
<sup>(Note2)</sup> Appraisal Value	JPY 7.0 bn.	JPY 3.7 bn.	JPY 8.2 bn.	JPY 19.0 bn.
<sup>(Note3)</sup> Unrealized Gain Ratio	+58.5%	+39.3%	+31.9%	+42.2%
<sup>(Note4)</sup> Assumed NOI yield	6.9%	5.6%	5.3%	5.9%



# Aiming to build up further pipelines through CRE proposals whilst navigating through changes in the acquisition market

■ Aim to build up pipeline by utilizing relationships with existing tenants in addition to acquisitions from third party through CRE proposals

## External acquisition

### <Build up pipeline through unique CRE solution proposals>

- Disposition of Non-core asset (Logistics / Manufacturing)
- Sale & leaseback project for real estate in connection with business restructuring
- Effective use of real estate asset (including land with leasehold interest)
- Development project of new facility with consolidation of business locations

Shiga Ryuo Logistics Center



«Proposal example»

## Existing properties

### <Redevelopment and expansion by utilizing strong tenant relationships>

- Redevelopment proposal that meets the business expansion needs of consignee (end-tenants) cooperating with existing tenants
- Development proposals for new business locations that meet the business expansion needs of existing tenants
- Expansion proposal through utilizing unused floor space of asset

IIF Atsugi LC III



IIF Hamura LC



IIF Narashino LC I  
(Land with leasehold interest)



■ Pipeline Status (note)

Total number of properties under consideration **39 properties**

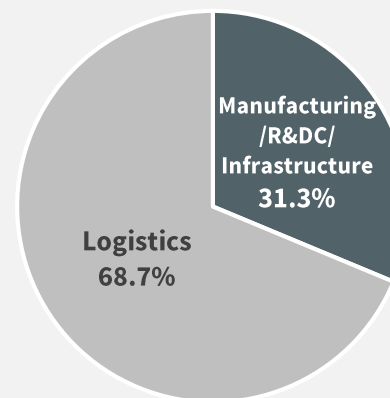
Total value of properties under consideration **JPY 223.9 bn.**

**Number of properties currently under detailed consideration**

**16 properties**

## Breakdown of deals under detailed consideration

By Asset class (Based on price)



By source (Based on price)

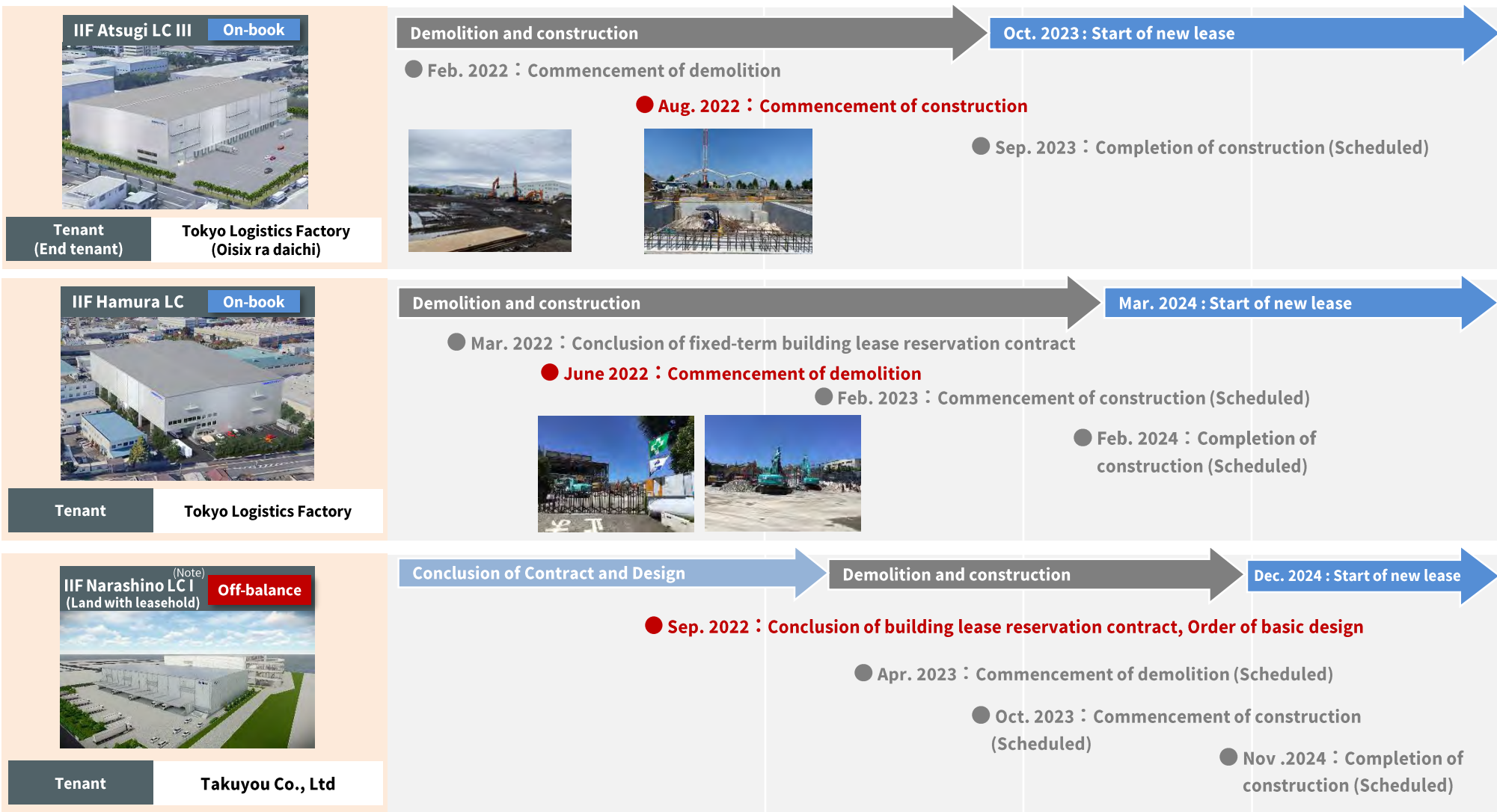


(Note) The pipeline includes redevelopment projects for existing properties



# Tenants are determined and development projects are underway as scheduled

## Schedule





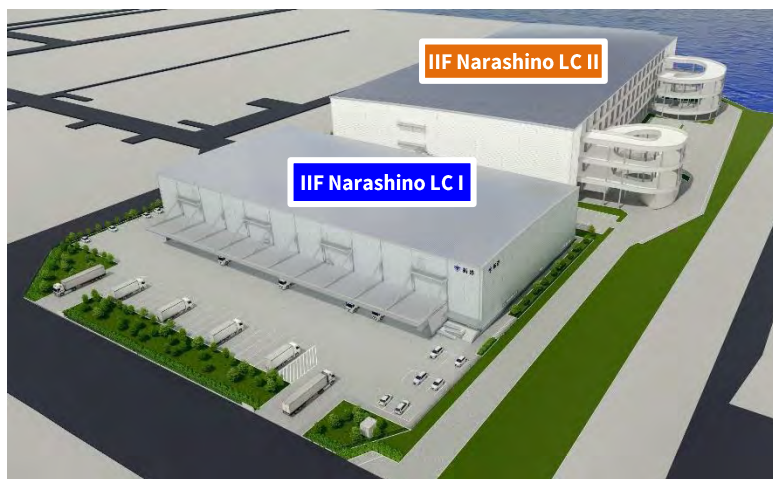
# IIF Narashino Logistics Center I & II : Commencement of Redevelopment Project

To realize the most efficient use of the property through redevelopment by utilizing unused floor space

## Current facility layout



## Layout image after redevelopment



## Total floor area after redevelopment is expected to be approx. 157,600m<sup>2</sup>

➔ Future redevelopment scale of Narashino LC II is assumed to be **about 5 times larger** than that of Narashino LC I (land with leasehold interest).

[Key indices after redevelopment] (estimate) (Note)	Narashino LC I (land with leasehold interest)	Narashino LC II	Total
Land area	19,834m <sup>2</sup>	58,070m <sup>2</sup>	77,904m <sup>2</sup>
Total floor area	27,600m <sup>2</sup>	Approx. 130,000m <sup>2</sup>	Approx. 157,600m <sup>2</sup>
Anticipated acquisition price	JPY 6,269 mn.	Plan in progress	—
Appraisal value	JPY 8,270 mn.		
NOI yield	5.3%		
Type of logistics facility	BOX type	Multi-type	—

## Planned schedule

	2022	2023	2024	2025	2026
<b>&lt;IIF Narashino LC I&gt;</b> (Land with leasehold interest) BTS-type logistics facility	◆ Conclusion of basic agreement ◆ Execution of an ordinary building lease reservation contract ■ Design & Construction → ● Completion (scheduled)				
<b>&lt;IIF Narashino LC II&gt;</b> Multi-type logistics facility	◆ Plans	→ Design & Construction (scheduled)		→ ● Completion (scheduled)	



# IIF Narashino Logistics Center I (Land with leasehold interest) : Redevelopment Overview

Construction of the latest BTS-type logistics facility through off-balance redevelopment cooperating with the existing tenant (leasing company)

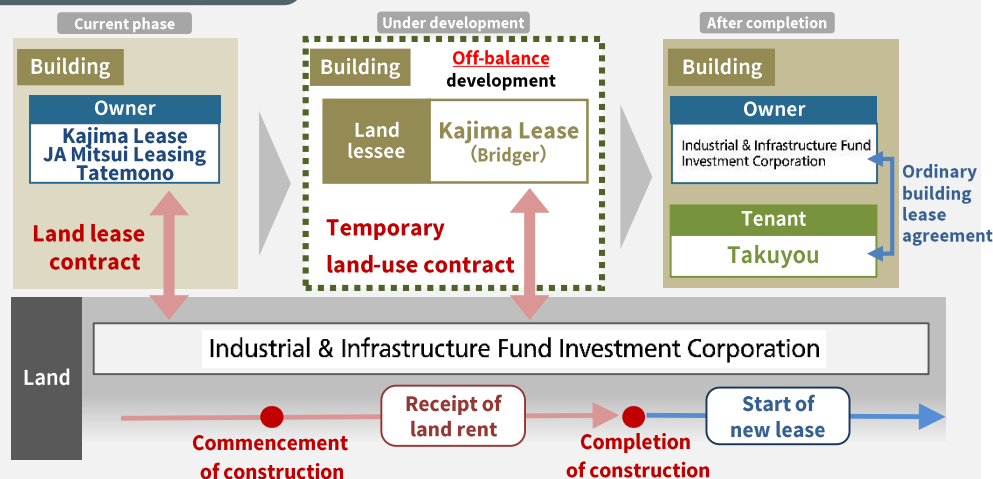
## Project overview



## Key points

- Development of a BTS-type logistics facility to meet the needs of a logistics company (Takuyou) for a new base of operations
- To receive land lease rent during the development period to avoid downtime, and to acquire the building after completion of construction.
- Concluded long-term lease reservation agreement (15 years) with Takuyou

## Scheme Image



## Key Indices

### Before Redevelopment



※IIF owns land with leasehold interest only

### After Redevelopment




	Before Redevelopment (Land with leasehold interest)	After Redevelopment (Land and Building)
Anticipated Acquisition price <sup>(Note1)</sup>	JPY 1,190 mn.	<b>JPY 6,269 mn.</b>
Appraisal Value <sup>(Note2)</sup>	JPY 3,570 mn.	<b>JPY 8,270 mn.</b> (+JPY 4,700 mn.)
Unrealized gain (Ratio) <sup>(Note3)</sup>	JPY 2,380 mn. (+200.0%)	<b>JPY 2,000 mn.</b> (+31.9%)
Total floor area <sup>(Note4)</sup>	—	<b>27,600.00m<sup>2</sup></b>
Annual NOI <sup>(Note5)</sup>	JPY 74 mn.	<b>JPY 331 mn.</b> (+JPY 256 mn.)
NOI yield/ NOI yield after depreciation <sup>(Note6)</sup> (After adjustment by optimal payable distribution)	6.3% / 6.3%	<b>5.3% / 4.0%</b> (4.4%)
Contract term	22.0 years (Remaining for 1.0 years)	<b>15.0 years</b> (Non-cancelable for 10 years)



## 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).



# Progress in measures to improve profitability of existing properties (1)

## IIF Kobe Logistics Center : Tenant is confirmed for a partial floor, aiming for early lease-up for the remaining parcels

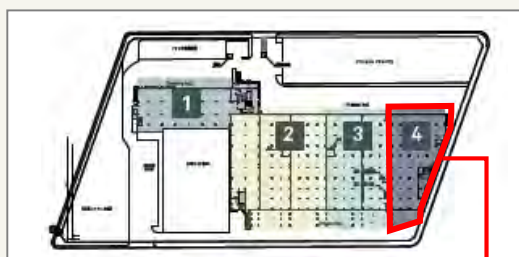


### Leasing overview

- Completed renovation into multi-type at Kobe LC in the end of April, 2022.
- Confirmed new tenant at **one of four lots (approx. 2,000 tsubo)**
- Received intention of interest from several companies for the remaining three parcels, and aiming for early lease-up.

### Floor configuration

#### 【Ground floor】

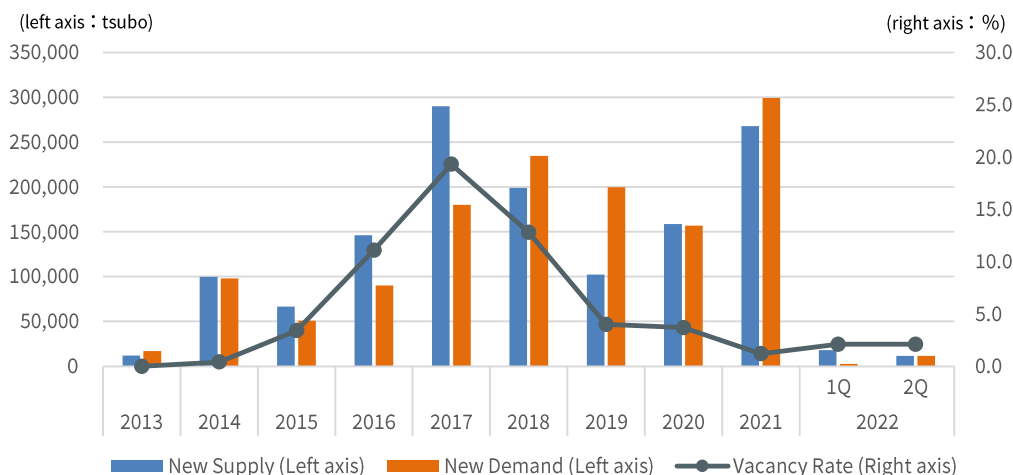


Occupancy Floor

#### 【2nd floor】



## Solid market in the Greater Osaka Area



(Source) CBRE Corporation 「CREIS JAPAN」

## Recent leasing activities

Candidate	Industry	Intended use	Needed floor	Comment
A company	Delivery Service	Distribution Bases in West Japan Area	2,000~5,000 tsubo	Under consideration as part of its location strategy
B company	Food manufacturing, etc.	Consolidation of bases	2,000~5,000 tsubo	Partially under consideration to use as cold storage
C company	Clothing retailing	Relay Distribution Bases in West Japan Area	2,000 tsubo	Considering as part of its location strategy
D company	Forwarding	Distribution Bases in Greater Osaka Area	2,000 tsubo	Under consideration after viewing
E company	Warehousing	Distribution Bases in Greater Osaka Area	2,000 tsubo	Under consideration after viewing



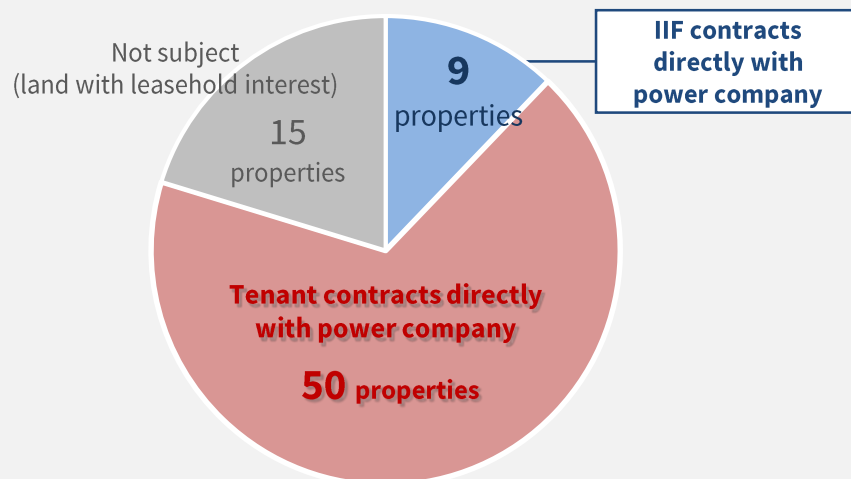
## Progress in measures to improve profitability of existing properties (2)

### ■ Limited impact of rising utility costs except for IIF Shonan HIP

#### ■ Electricity Contracts of the entire portfolio

##### Status of Electricity Contracts

« Breakdown of 74 properties in the portfolio »  
(After the disposition of IIF Osaka Nanko ITSC)



- IIF contracts directly with electric power companies for 9 properties. Except for Shonan HIP, IIF pays utility cost in place of tenants and claims tenants for actual cost.
- Common areas are limited since BTS-type logistics facilities or R&D facilities leased to a single tenant account for the majority of portfolio.

**Limited impact of rising utility cost on profit/loss except for IIF Shonan HIP**

#### ■ Utility costs at IIF Shonan HIP

##### Progress in measures to cope with rising utility costs

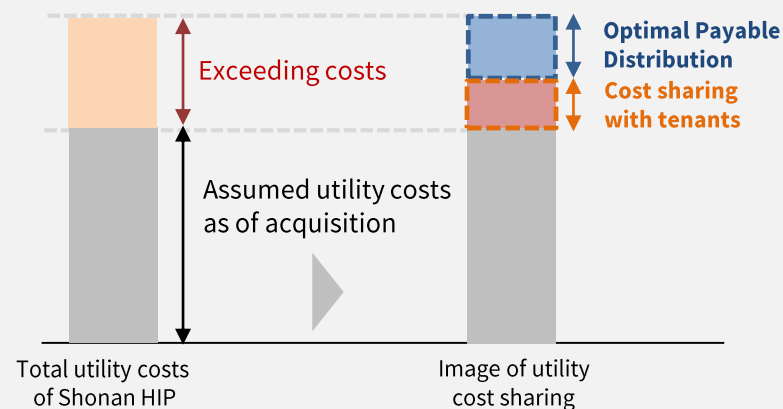
###### Issue

The lease contract stipulates that the owner shall bear utility costs. Utility costs have increased significantly from the initial assumption due to recent soaring resource price.

###### Measure

- Agreed that major tenants would share a certain percentage of the increase in utility costs
- Initiate discussions with other tenants at the time of contract renewal.
- To implement to increase in rent sequentially for end-tenants to be re-signed, other than measures for utility costs

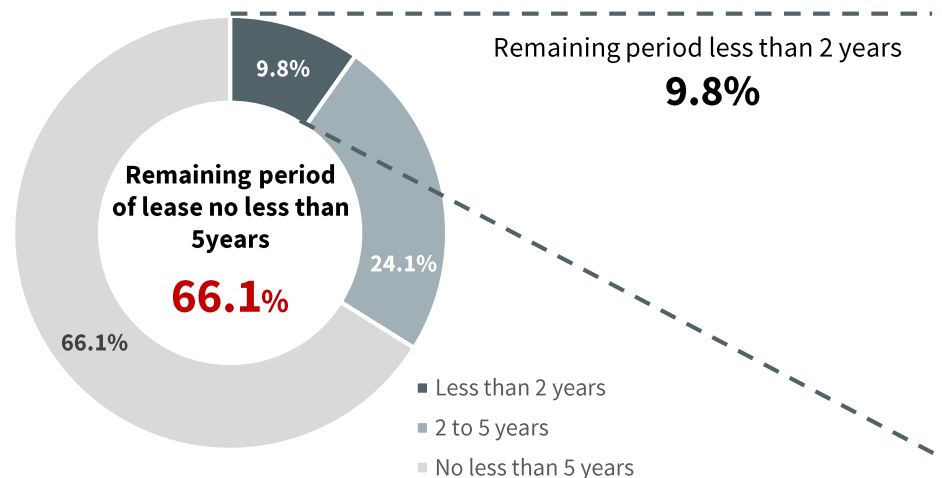
##### 【Measure for utility cost burden at Shonan HIP (image)】





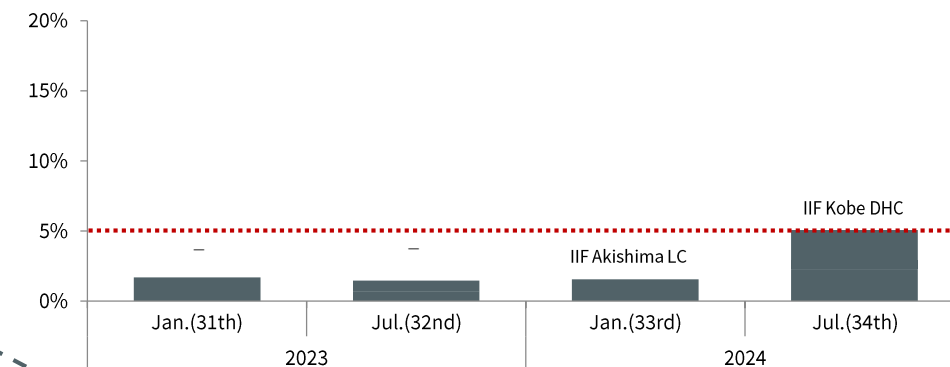
## Continuous communications to key tenants facing lease expiration

### ■ 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	Achievement / Action Plans	
Jan. 2024 (33rd FP)	Sep. 30, 2023	IIF Akishima LC	Tokyo Logistics Factory	Under negotiation after confirming tenant intention for continued use	In progress
July 2024 (34th FP)	June 6, 2024	IIF Kobe DHC	Osaka Gas	Confirmed tenant intention for continued use. Under negotiation regarding contract terms.	In progress

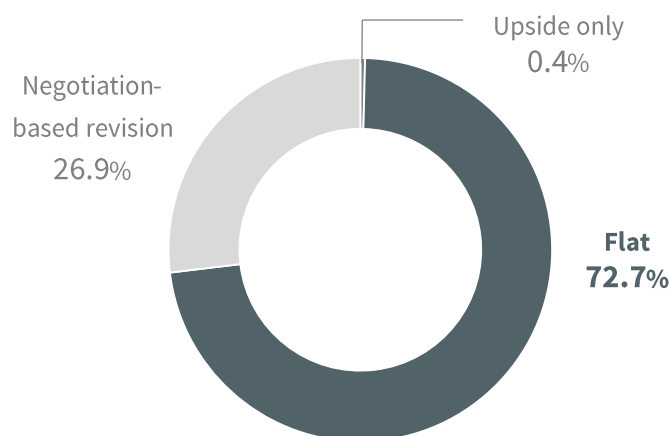


# Achieving organic growth while continuing to implement eco-friendly initiatives

## Key internal growth and stabilization measures

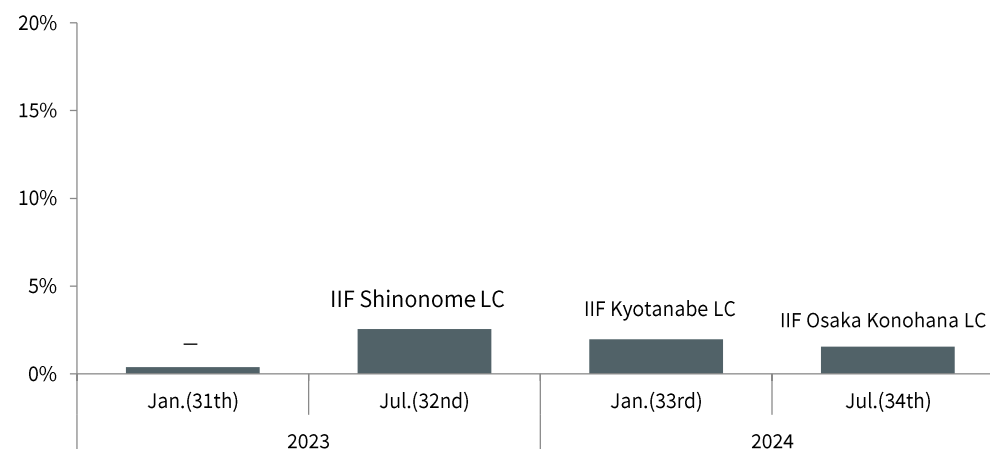
	Effective Date	Property Name	Measures	Status	Rent Increase
July 2022 (30th FP)	July 2022	IIF Tosu LC	Contracted a new fixed-term lease agreement with the end-tenant and realized rent growth by shifting to direct lease	Increased	Not disclosed
Jan. 2023 (31st FP)	Oct. 2022	IIF Morioka LC <sup>New</sup>	Contracted a new fixed-term lease agreement with the existing tenant and to be realized rent growth by capturing market rent	To be increased	Not disclosed
	Aug. 2022	IIF Saitama LC	Contracted memorandum of fixed-term lease agreement with the existing tenant and realized stability by lengthening lease period Increased revenues by signing memorandum to receive partial benefit from reduced electricity charge due to the installation of LED lighting	Increased	Not disclosed
	Dec. 2022	IIF Kashiwa LC	Contracted a new fixed-term lease agreement with the existing tenant and to be realized rent growth by capturing market rent	To be increased	Not disclosed
	Dec. 2022	IIF Sendai Taiwa LC	Contracted memorandum of fixed-term lease agreement with the existing tenant and realized stability by lengthening lease period Increased revenues by signing memorandum to receive equipment usage fees for the installation of LED lighting	To be increased	Not disclosed
July 2023 (32nd FP)	Apr. 2023	IIF Higashi Osaka LC	Contracted a new fixed-term lease agreement with the existing tenant and to be realized rent growth by capturing market rent	To be increased	Not disclosed

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



## Rent contracts to be renewed 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”

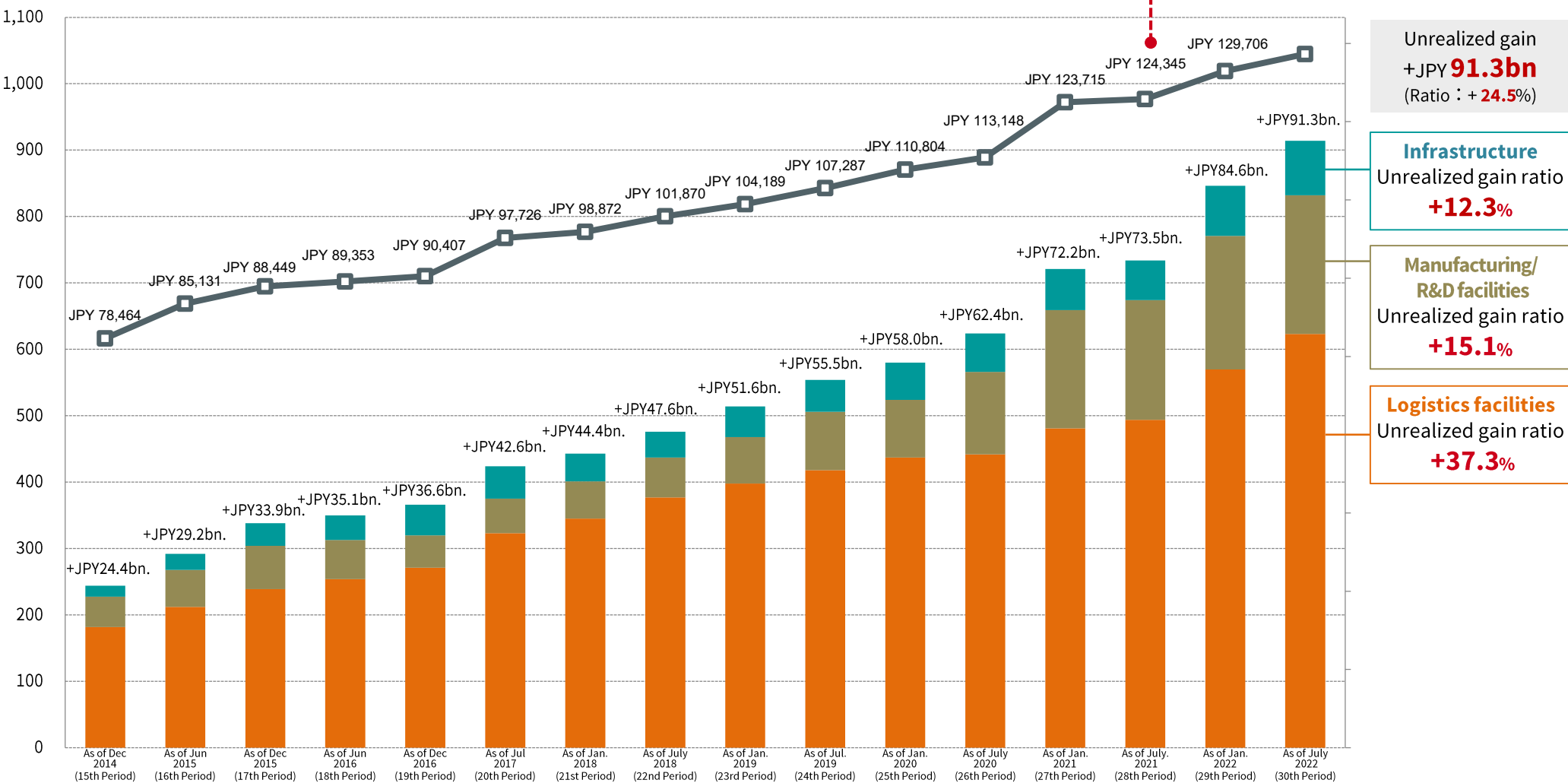
“ALM” refers to the financing strategy which intends to maintain a stable and efficient financial condition, in order to achieve stable revenues and continuous growth of our portfolio. Implementation of the ALM strategy whereby matching stable and long-term lease contract periods with long-term fixed-rate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



# Unrealized gain to reach JPY 91.3 bn. (Unrealized gain ratio +24.5%)

## ■ Unrealized gain / NAV per unit

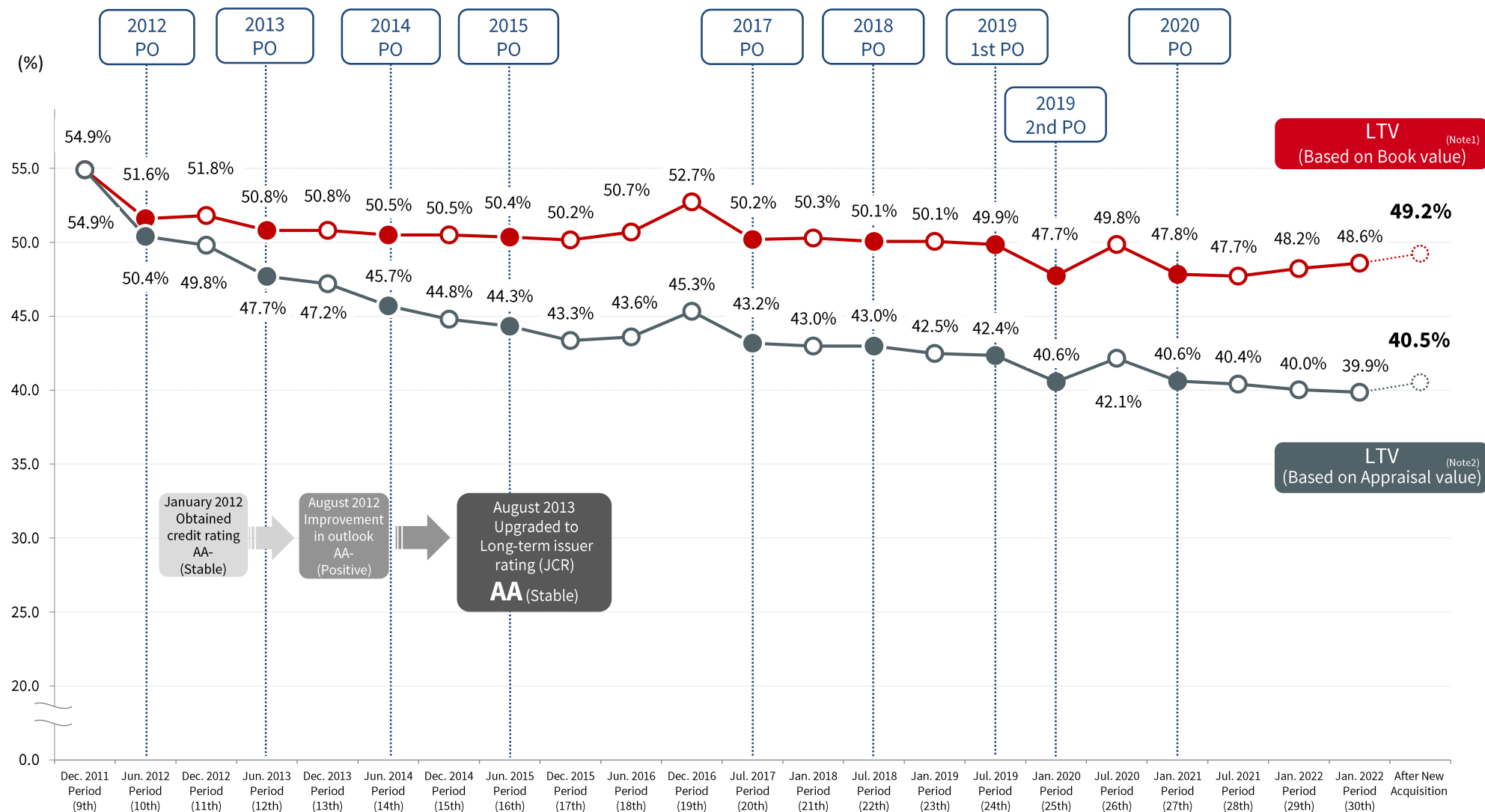
(Unrealized gain: JPY in billion)





# Acquire new properties through debt financing

## Historical LTV





# Continuous refinance of existing loans with high interest rates for the foreseeable future

## Refinancing and borrowing new long-term while lowering interest costs even in a phase of rising interest rate

### <Status of Refinance>

(From Feb. 2022 to Sep. 16, 2022 (Scheduled))

Before Refinance		After Refinance	
Amount	JPY 8.2bn.	Amount	JPY 17.1bn.
Average borrowing period	8.4years	Average borrowing period	7.5years (Note)
Average interest rate	1.31%	Average interest rate	0.60% (Note) (-0.71pt.)

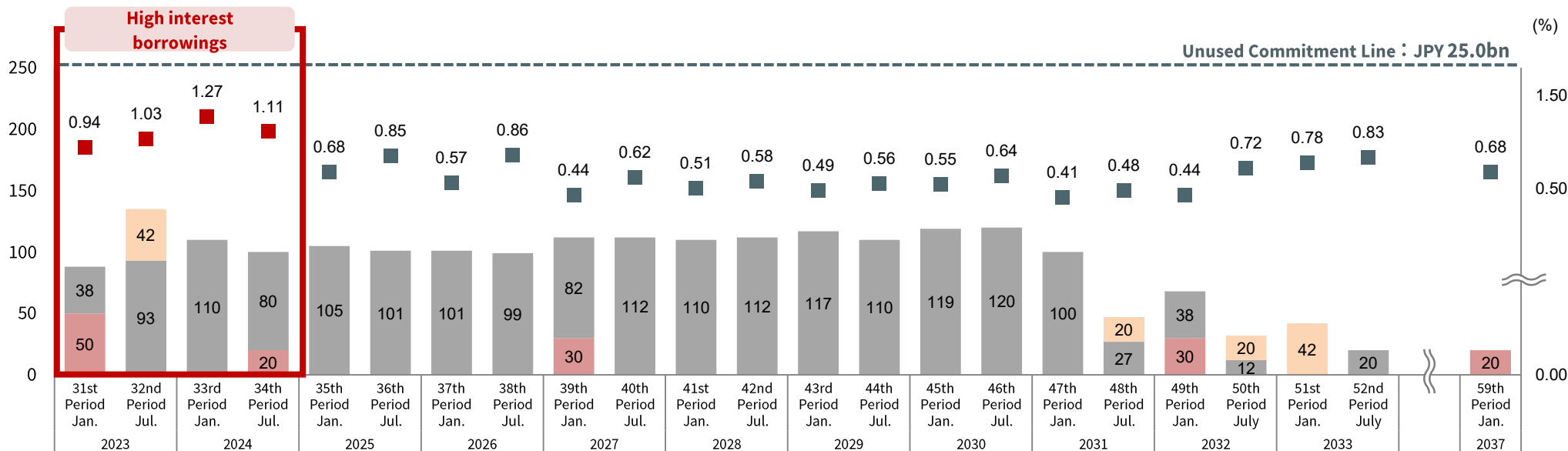
### <Key Indices>

	Jan. 2022 (29th FP)	As of Sep. 16, 2022 (estimated)
Issuer's long-term credit rating (JCR)	AA <sub>(stable)</sub>	AA <sub>(stable)</sub>
LTV (Based on Book value)	48.2%	49.2%
LTV (Based on Appraisal value)	40.0%	40.5%
Average borrowing period	9.4years	9.3years (Note)
Average interest rate	0.73%	0.70% (Note) (-0.03pt.)

## Maturity ladder and weighted average interest rate as of Sep. 16, 2022 (estimated)

(JPY in 100mn.)

■ New Borrowings after April 2022 (left axis) ■ Long-term borrowings (left axis) ■ Investment corporation bonds (left axis) ■ Weighted average interest rate (right axis)





## 5.ESG Initiatives



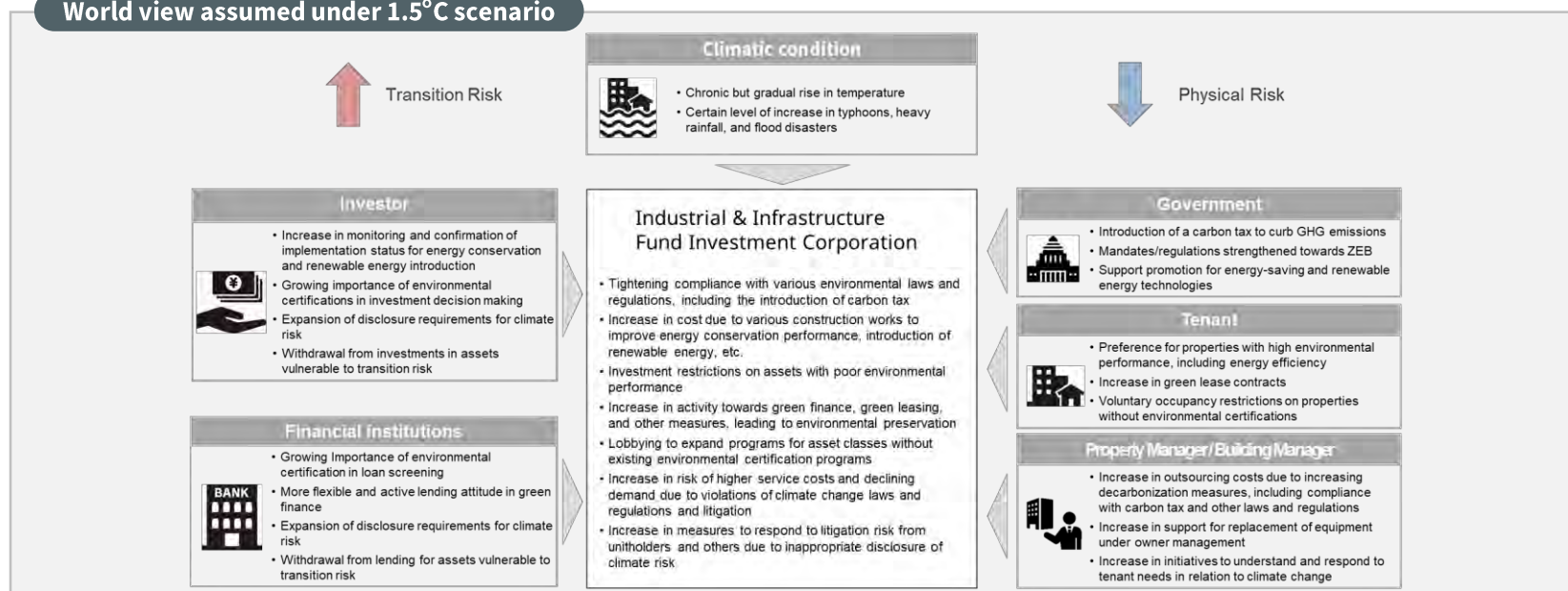


# ESG initiatives— Disclosure based on TCFD recommendations (1)

■ The Asset Manager has established the 4°C and 1.5°C scenarios as information disclosure based on the TCFD recommendations.

4°C scenario	Scenario assuming that initiatives for decarbonization are not to be further enhanced and disasters associated with climate change will become more serious		
	Risk Type	Level	Description
	Transition Risk	Low	As a result of the lack of measures beyond the current mitigation measures, no new policies and regulations are introduced or strengthened compared to the 1.5°C scenario. It is assumed that stakeholders do not have a high level of interest in environmentally friendly measures.
	Physical Risk	High	As a result of a significant rise in temperatures and more intense rainfall, higher utility costs and flood damage to properties are expected, and measures focusing on disaster response are likely to be required.
1.5°C scenario	Scenario assuming that transition to a decarbonized society is to be socially reinforced and companies are expected to be more environmentally conscious.		
	Risk Type	Level	Description
	Transition Risk	High	Various policies and regulations, including the introduction of a carbon tax, will be strengthened, and environmental consideration and reporting will be required by stakeholders as well as evaluation based on the progress of initiatives. In the real estate sector, renewal to high-efficiency technology with low emissions and adoption of renewable energy, etc. will be required.
	Physical Risk	Low	Natural disasters are expected to become more severe and frequent than at present, but to be smaller in magnitude than those of the 4°C scenario.

## World view assumed under 1.5°C scenario





# ESG initiatives— Disclosure based on TCFD recommendations (2)

## ■ Climate-related risks/opportunities and financial implications

Classification	Risk/Opportunity Items	Financial impact					
		Change in cash flow (qualitative expression)	Risk/ Opportunity	4°C scenario		1.5°C scenario	
				Medium term 2030	Long term 2050	Medium term 2030	Long term 2050
Transition Risks/ Opportunities	Policy and Regulations	Increase in CO <sub>2</sub> emissions costs due to introduction of CO <sub>2</sub> emissions regulations and carbon tax	Risk	Small	Small	Small	Middle
		Increase in costs of acquiring environmental certifications/energy conservation ratings	Risk	Small	Small	Small	Middle
		Improvement of properties' competitiveness through complying with laws and regulations	Opportunity	Small	Small	Middle	Large
	Technology	Increase in costs to acquire ZEB properties, to convert existing properties to ZEB, and to research new technologies for introduction, etc.	Risk	Small	Small	Middle	Middle
		Increase in retrofit costs associated with the introduction of energy-saving equipment and renewable energy and the promotion of carbon neutrality of real estate	Risk	Small	Small	Small	Middle
		Reduction of utility costs through ZEB and energy-saving construction	Opportunity	Small	Small	Middle	Large
		Soaring renovation/equipment costs	Risk	Small	Small	Middle	Large
	Market & Reputation	Changes in market participants' awareness and perception towards climate change response	Risk	Small	Small	Small	Middle
		Changes in tenants' needs for environmental performance	Risk	Small	Small	Middle	Middle
		Changes in social value for environmental performance	Risk	Small	Small	Middle	Middle
		Lower financing costs through green finance	Opportunity	Small	Small	Middle	Middle
		Increase in asset value through improvement of greening performance	Risk	Small	Small	Middle	Middle
		Increases in value for environmental performance	Risk	Small	Small	Middle	Large
		Increases in number of companies going carbon neutral	Risk	Small	Small	Small	Middle
		Decrease in brand value due to underdevelopment of green buildings	Risk	Small	Small	Small	Middle
Physical Risks/ Opportunities	Acute	Increase in costs for repair, proactive measures and insurance premiums due to flooding of owned properties	Risk	Small	Middle	Small	Small
		Loss of business opportunities due to flooding of owned properties	Risk	Small	Middle	Small	Small
		Decrease in property values with high flooding risk	Risk	Small	Middle	Small	Small
		Further improvement of market competitiveness through highly resilient portfolio	Opportunity	Small	Middle	Small	Small
	Chronic	Progressive rise in average temperatures	Risk	Small	Middle	Small	Small
		Progressive rise in sea level	Risk	Small	Middle	Small	Small



# External Recognition and Certifications, etc.

## External Recognition and Certifications

### ■ GRESB Real Estate Assessment



Designated as **“Four Stars”**

Designated as “Green star” for nine consecutive year  
Rated “A” in the GRESB Public Disclosure Level evaluation  
scheme for four consecutive years

### ■ CASBEE for Real Estate Certification

**22** properties have received this certification  
as of the end of July 2022.



IIF Kyotanabe LC



IIF Higashi Osaka LC



### ■ BELS Rating

**14** properties have received this certification  
as of the end of July 2022.



IIF Kobe LC



IIF Koshigaya LC



### ■ DBJ Green Building Certification

As of the end of July 2022, **5** 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	

## Sourcing electricity from renewable energy based on RE100

### ■ Properties directly managed by IIF (Note 1)

Following Shonan HIP and Sagamihara R&DC, **IIF Osaka Toyonaka DC partially switched to non-FIT electricity with non-fossil certificate derived from 100% renewable energy**

#### IIF Osaka Toyonaka DC

New



Already Switched to electricity  
derived from renewable energy

#### IIF Sagamihara R&DC



#### IIF Shonan HIP



### <Switch ratio to electricity derived from renewable energy>

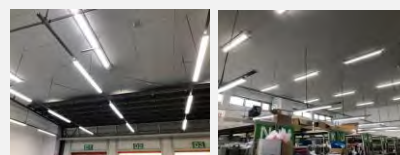
Completed switching of approx. **94%** (Note 2)  
(Estimated)



## Recent activity to reduce CO<sub>2</sub> emission

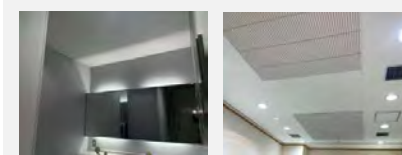
### ■ Promotion of LED installation

#### IIF Saitama LC



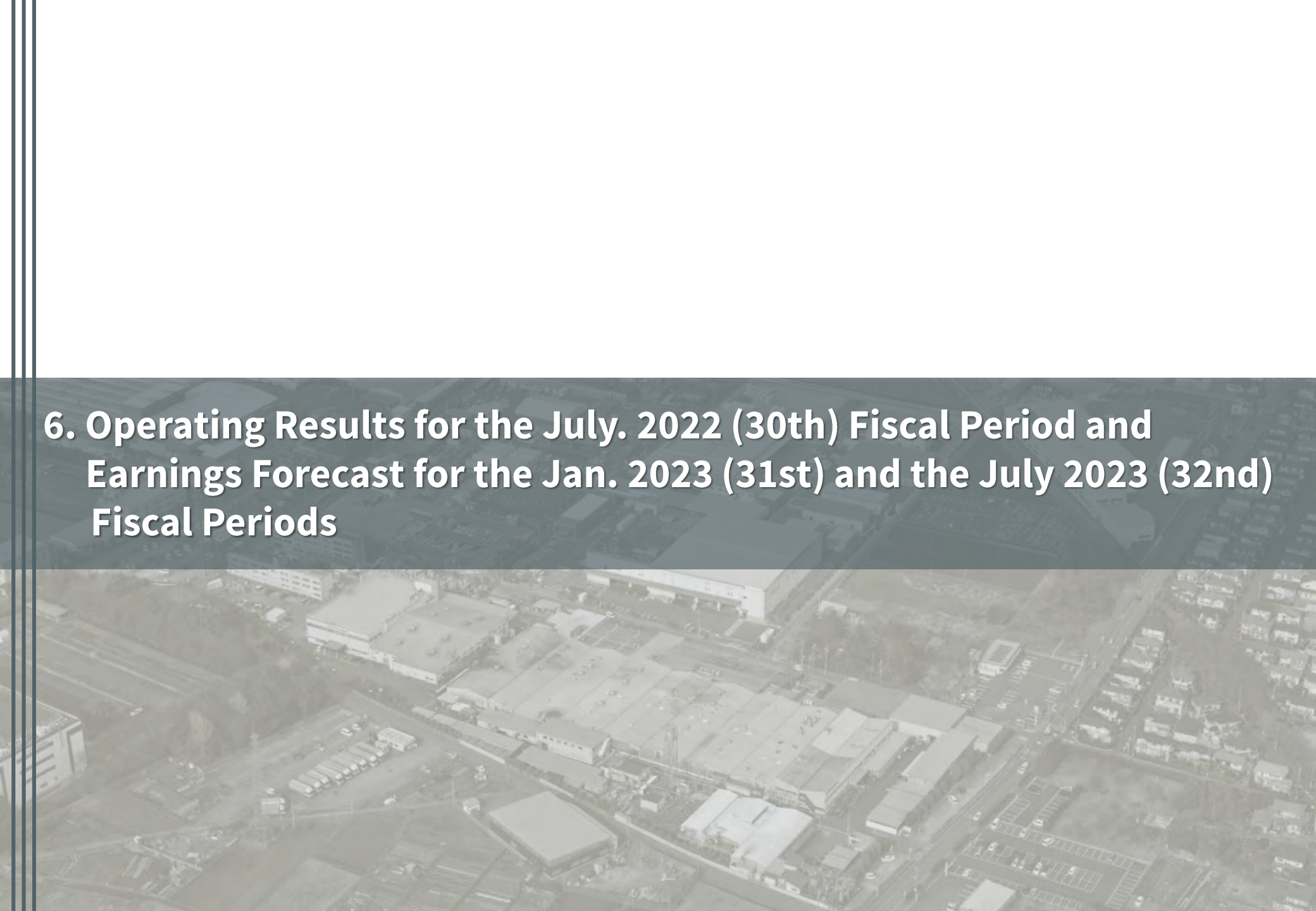
Power consumption reduction rate (estimated) : **68%**

#### IIF Yokohama Tsuzuki TC



Power consumption reduction rate (estimated) : **64%**



An aerial photograph of an industrial complex, likely a manufacturing or distribution center. The facility consists of several large, interconnected buildings with flat roofs. There are extensive parking lots filled with vehicles, including cars and trucks. The surrounding area includes some greenery and other industrial structures in the distance.

## 6. Operating Results for the July. 2022 (30th) Fiscal Period and Earnings Forecast for the Jan. 2023 (31st) and the July 2023 (32nd) Fiscal Periods

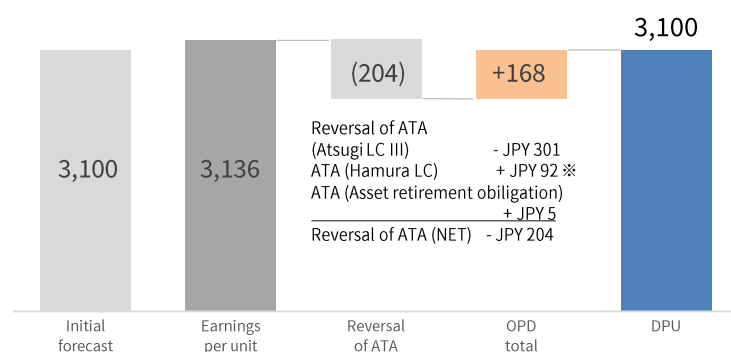


# Stabilize temporary decrease in DPU due to redevelopment through temporary distribution in excess profits and optimal payable distribution

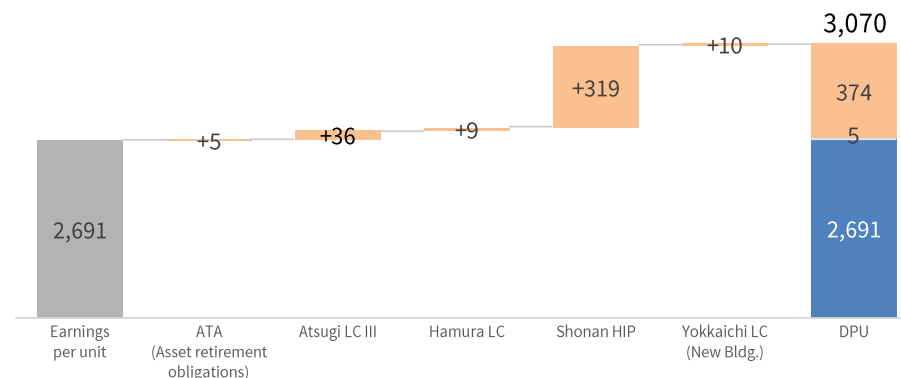
## Stabilize DPU through temporary distribution in excess profits and optimal payable distribution

	Distribution type	Subject	Description	Amount of each description (JPY per unit)				Distribution amount (JPY per unit)	
				Recent		Initial plan			
30th FP	Optimal Payable Distribution (return of invested capital)	Atsugi LC III	Demolition cost (JPY 118), Reversal of ATA (JPY 301), Decrease in revenue during development (JPY 36)	455	657	457	584	Distributions in excess of earnings were made in order to maintain the initially announced forecasted distribution of JPY 3,100 per unit.	168
		Hamura LC	Decrease in revenue during development (JPY 2)	2		2			
		Shonan HIP	Excess utility cost (JPY 200) (※equivalent to excess from initial budget JPY 873 mn.) Excess OPEX (JPY 0) (※equivalent to excess from JPY 750mn. per FP)	200		125			
31st FP	Optimal Payable Distribution (return of invested capital)	Atsugi LC III	Decrease in revenue during development (JPY 36)	36	507	37	332	Temporary distribution in excess of earnings and continuous distribution in excess of earnings are not expected to be made in light of the level of distribution due to the gain from the sale of Osaka Nanko ITSC.	0
		Hamura LC	Demolition cost (JPY 43), Reversal of ATA (JPY 97), Decrease in revenue during development (JPY 17)	157		157			
		Shonan HIP	Excess utility cost (JPY 291) (※equivalent to excess from initial budget JPY 953mn.) Excess OPEX (JPY 15) (※equivalent to excess from JPY 750mn. per FP)	306		138			
	Surplus Cash Distribution (return of invested capital)	Yokkaichi LC (New building)	Equivalent to 30% of the depreciation expense of 60 million yen arising from the new building (JPY 8) (subject to resolution by the general meeting of unitholders on October 28, 2022)	8		—			
32nd FP	Temporary distribution in excess profits (ATA) (For discrepancies between tax and accounting)	Asset retirement obligations	Increase in amortization expense due to recognition of asset retirement obligations for properties with asbestos (JPY 5)	5	5	—	—	For qualifying events Distributions in excess of earnings	5
	Optimal Payable Distribution (return of invested capital)	Atsugi LC III	Decrease in revenue during development (JPY 36)	36	374	—	—	For qualifying events Distributions in excess of earnings	374
		Hamura LC	Decrease in revenue during development (JPY 9)	9		—			
		Shonan HIP	Excess utility cost (JPY 310) (※equivalent to excess from initial budget JPY 873 mn.) Excess OPEX (JPY 9) (※equivalent to excess from JPY 750mn. per FP)	319		—			
	Surplus Cash Distribution (return of invested capital)	Yokkaichi LC (New building)	Equivalent to 30% of the depreciation expense of 72 million yen arising from the new building (JPY 10) (subject to resolution by the general meeting of unitholders on October 28, 2022)	10		—			

Breakdown of distribution (30th FP)



Breakdown of distribution (32nd FP)



※ For Hamura LC, JPY 92 of provision for temporary difference adjustment is incurred in order to handle with the tax discrepancy associated with accelerated depreciation in the 30th FP. However, ATA distribution is not occur in the 30th FP because due to offset by ATA reversal regarding Atsugi LCIII.



# Operating Results for the July 2022 (30th) Fiscal Period

(JPY mm.)

		(JPY mn)				(JPY mn)			
		Jan. 2022	Jul. 2022 (30th Period Actual)			Jul. 2022	Jul. 2022 (30th Period Actual)		
		(29th Period Actual)	Period over period			(30th Period Original Budget)	Period over period		
Key P/L Figures	Operating revenue	16,493	17,194	+700	+4.2%	16,292	17,194	+901	+5.5%
	Operating expense	9,704	9,731	+27	+0.3%	9,709	9,731	+22	+0.2%
	Operating Income	6,789	7,462	+673	+9.9%	6,583	7,462	+878	+13.3%
	None-operating income	0	1	+0	+45.6%	-	1	+1	-
	Non-operating expense	1,002	969	(32)	(3.3)%	973	969	(3)	(0.4)%
	Ordinary income	5,787	6,494	+706	+12.2%	5,610	6,494	+883	+15.8%
	Net income	5,786	6,492	+705	+12.2%	5,608	6,492	+884	+15.8%
	Distributions per unit (yen)	3,060	3,100	+40	+1.3%	3,100	3,100	0	0.0%
Other Figures	Capital expenditure	1,264	1,632	(Note1)+367	+29.1%	1,738	1,632	(106)	(6.1)%
	Repair expense	839	993	(Note2)+153	+18.3%	1,049	993	(56)	(5.3)%
	Total	2,104	2,625	+521	+24.8%	2,788	2,625	(163)	(5.8)%
	Depreciation	2,456	2,161	(295)	(12.0)%	2,171	2,161	(10)	(0.5)%
	FFO *	7,957	7,795	(161)	(2.0)%	7,780	7,795	+14	+0.2%
	AFFO **	6,692	6,163	(529)	(7.9)%	6,041	6,163	+121	+2.0%
	Number of properties	74	75	-	-	76	75	-	-
	Occupancy rate	100.0%	98.6%	-	-	100.0%	98.6%	-	-
	Total book value	369,627	372,815	+3,188	+0.9%				
	Total appraisal value	454,257	464,212	+9,955	+2.2%				
	Unrealized gain	84,629	91,396	+6,766	+8.0%				
	Total debt	199,383	202,783	+3,400	+1.7%				
	LTV	48.2%	48.6%	+0.4pt	+0.7%				
Total net assets	189,173	189,358	+185	+0.1%					
Net assets per unit	91,387	91,476	+89	+0.1%					

\*FFO = Net income + depreciation + gain and loss on sale \*\*AFFO = FFO – capital expenditure The same applies hereafter.

(Note 1) Major capital expenditures implemented in the 30th FP

IIF Kobe LC	: JPY 605mn. for construction work of large scale renovations
IIF Shonan HIP	: JPY 120mn. for installation of LED lighting
IIF Noda LC	: JPY 119mn. for construction work of fire preventing compartment
IIF Yokohama Tsuzuki TC	: JPY 86mn. for renewal of air conditioning equipment and cold heat source equipment
IIF Shonan HIP	: JPY 86mn. for renewal of local HUB for central monitoring equipment

(Note 2) Major repair cost implemented in the 30th FP

IIF Atsugi LC III	: JPY 244mn. for demolition work of existing building
IIF Shonan HIP	: JPY 52mn. for inspection and maintenance of air conditioning equipment
IIF Shonan HIP	: JPY 51mn. for inspection and maintenance of turbo chillers and chemical storage
IIF Shonan HIP	: JPY 43mn. for inspection and maintenance of water supply drain facilities
IIF Shonan HIP	: JPY 43mn. for repair of external wall

## ■ Major Factors of Change for 30th Period (Compared to 29th Actual)

### Operating Revenue

Full contribution from the new acquisitions in 29th period	+ 700
Partial contribution from the new acquisitions in 30th period	+ 80
Gain on sale from the disposition of the property	+ 74
(Deference of gain on sale between 29th period and 30th period)	
Decrease in rental revenue due to down-time (IIF Atsugi LC III and IIF Hamura LC)	+ 572
Increase in rental revenue due to organic growth (IIF Shinagawa DC, IIF Atsugi MC etc.)	(99)
Increase in rental revenue (Usage fee for national land <sup>to offset expense</sup> ) (IIF Haneda Airport MC)	+ 33
Increase in rental revenues (Utilities receivable) (IIF Sagamihara R&DC, etc.)	+ 9
Increase in other revenue (Electricity sales income)	+ 19
	+ 11

### Operating Expense

Decrease in lease expenses (Building management fees, etc.) (IIF Shonan HIP, etc.)	+ 27
Increase in lease expenses (Utilities expense) (IIF Shonan HIP, etc.)	(133)
Increase in lease expenses (Repair and maintenance cost) (demolition cost of IIF Atsugi LC III, etc.)	+ 242
Increase in expensed property-related taxes due to the properties acquired in 2021 (Partial contribution), etc.	+ 153
Increase in lease expenses (Usage fee for national land <sup>to offset revenue</sup> ) (IIF Haneda Airport MC)	+ 88
Decrease in depreciation (Redevelopment of IIF Atsugi LC III, etc.)	+ 9
Decrease in asset management fee (Including the difference in business days)	(295)
Decrease in other operating expenses (SG&A)	(11)
	(26)

### Non-Operating Expense

Decrease in interest expense for new debt and refinancing in 30th period	(32)
Decrease in interest expense due to the difference in business days	(19)
Decrease in amortization for issuance cost of new units issued for PO in May. 2019	(11)
	(5)

## ■ Major Factors of Change for 30th Period (Compared to 30th Original Budget)

### Operating Revenue

Partial contribution from the new acquisitions in 30th period	+ 901
Increase in rental revenues (Utilities receivable) (IIF Sagamihara R&DC, etc.)	+ 5
Increase in rental revenue (Usage fee for national land <sup>to offset expense</sup> ) (IIF Haneda Airport MC)	+ 11
Gain on sale from the disposition of the property (IIF Inzai LC)	+ 9
Increase in other revenue (Electricity sales income)	+858
	+8

### Operating Expense

Increase in lease expenses (Utilities expense) (IIF Shonan HIP, etc.)	+ 22
Decrease in lease expenses (Repair and maintenance cost) (IIF Shonan HIP, etc.)	+ 164
Increase in lease expenses (Usage fee for national land <sup>to offset revenue</sup> ) (IIF Haneda Airport MC)	(56)
Decrease in depreciation (IIF Hamura LC, etc.)	+ 9
Decrease in other operating expenses (SG&A)	(10)
	(87)

### Non-Operating Expense

Decrease in interest expense for new debt and refinancing in 30th period	(3)
Decrease in other non-operating expense (stamp duty for new debt and refinancing, etc.)	(1)
	(2)



# Earnings Forecast for the Jan. 2023 (31st) Fiscal Period

(JPY mm.)

		(JPY mn)				(JPY mn)			
		Jul. 2022	Jan. 2023 (31st Period Revised Budget)			Jan. 2023	Jan. 2023 (31st Period Revised Budget)		
		(30th Period Actual)	Period over period			(31st Period Original Budget)	Period over period		
Key P/L Figures	Operating revenue	17,194	17,922	+728	+4.2%	16,443	17,922	+1,478	+9.0%
	Operating expense	9,731	10,360	+628	+6.5%	9,662	10,360	+697	+7.2%
	Operating Income	7,462	7,562	+99	+1.3%	6,780	7,562	+781	+11.5%
	Non-operating income	1	-	(1)	-	-	-	-	-
	Non-operating expense	969	1,013	+43	+4.5%	999	1,013	+13	+1.4%
	Ordinary income	6,494	6,549	+54	+0.8%	5,781	6,549	+767	+13.3%
	Net income	6,492	6,547	+54	+0.8%	5,779	6,547	+767	+13.3%
	Distributions per unit (yen)	3,100	3,070	(30)	(1.0)%	3,020	3,070	+50	+1.7%
Other Figures	Capital expenditure	1,632	1,528	(Note1) (103)	(6.3)%				
	Repair expense	993	978	(Note2) (14)	(1.5)%				
	Total	2,625	2,507	(118)	(4.5)%				
	Depreciation	2,161	2,057	(103)	(4.8)%				
	FFO	7,795	7,151	(643)	(8.3)%				
	AFFO	6,163	5,622	(540)	(8.8)%				
	Number of properties	75	74	-	-				
	Occupancy rate	98.6%	98.8%	-	-				

(Note 1) Major capital expenditures planned in the 31st FP

IIF Shonan HIP	: JPY 207mn. for conversion of biochemistry laboratory
IIF Noda LC	: JPY 114mn. for construction work of fire preventing compartment
IIF Osaka Konohana LC	: JPY 73mn. for renewal of elevators
IIF Shonan HIP	: JPY 65mn. for renewal of power monitoring equipment
IIF Shonan HIP	: JPY 57mn. for expansion of office and meeting room

(Note 2) Major repair cost planned in the 31st FP

IIF Shonan HIP	: JPY 104mn. for inspection and maintenance of air conditioning equipment
IIF Shonan HIP	: JPY 96mn. for coating sound insulation wall
IIF Shonan HIP	: JPY 94mn. for inspection and maintenance of air conditioning equipment and cold heat source equipment
IIF Hamura LC	: JPY 89mn. for demolition work
IIF Shonan HIP	: JPY 70mn. for inspection and maintenance of emergency generators

## ■ Major Factors of Change for 31st Period (Compared to 30th Actual)

<b>Operating Revenue</b>	<b>+ 728</b>
Full contribution from the new acquisitions in 30th period	+ 39
Partial contribution from the new acquisition in 31st period	+ 127
Gain on sale from the dispositions of the properties (Deference of gain on sale between 30th period and 31st period)	+ 594
Decrease in rental revenue due to dispositions of the properties (IIF Osaka Nanko ITSC, IIF Inzai LC)	(146)
Decrease in rental revenue due to down-time by redevelopment (IIF Hamura LC)	(18)
Increase in rental revenues (Utilities receivable) (IIF Shonan HIP, etc.)	+ 132
Decrease in other revenue (Electricity sales income)	(7)
<b>Operating Expense</b>	<b>+ 628</b>
Increase in lease expenses (Building management fees, etc.) (IIF Shonan HIP, etc.)	+ 85
Increase in lease expenses (Utilities expense) (IIF Shonan HIP, etc.)	+ 417
Decrease in lease expenses (Repair and maintenance cost) (IIF Atsugi LC III, etc.)	(14)
Decrease in lease expenses due to dispositions of the properties (IIF Osaka Nanko ITSC, IIF Inzai LC)	(14)
Increase in expensed property-related taxes due to the properties acquired in 2021 (Full contribution), etc.	+ 70
Decrease in depreciation (Redevelopment of IIF Hamura LC, etc.)	(103)
Increase in asset management fee	+ 40
Increase in other operating expenses (SG&A)	+ 136
<b>Non-Operating Expense</b>	<b>+ 43</b>
Increase in interest expense for new debt and refinancing in 31st period	+ 34
Increase in interest expense due to the difference in business days	+ 11
Decrease in amortization for issuance cost of new units issued for PO in Dec. 2019	(13)
Increase in other non-operating expense (stamp duty for new debt and refinancing, etc.)	+ 4

## ■ Major Factors of Change for 31st Period (Compared to 31st Original Budget)

<b>Operating Revenue</b>	<b>+ 1,478</b>
Full contribution from the new acquisitions in 30th period	+ 11
Decrease in rental revenue due to disposition of the property (IIF Osaka Nanko ITSC, IIF Inzai LC)	(147)
Increase in rental revenue due to organic growth (IIF Kobe LC, etc.)	+ 16
Increase in rental revenue (Usage fee for national land <sup>*to offset expense</sup> ) (IIF Haneda Airport MC)	+ 14
Gain on sale from the disposition of the property (IIF Osaka Nanko ITSC)	+ 1,453
Increase in rental revenues (Utilities receivable) (IIF Shonan HIP, etc.)	+ 133
<b>Operating Expense</b>	<b>+ 697</b>
Increase in lease expenses (Building management fees, etc.) (IIF Shonan HIP, etc.)	+ 46
Increase in lease expenses (Utilities expense) (IIF Shonan HIP, etc.)	+ 514
Decrease in lease expenses due to disposition of the properties (IIF Osaka Nanko ITSC, IIF Inzai LC)	(27)
Increase in lease expenses (Usage fee for national land <sup>*to offset revenue</sup> ) (IIF Haneda Airport MC)	+ 14
Increase in depreciation (IIF Shonan HIP, etc.)	+ 20
Increase in other operating expenses (SG&A)	+ 116
<b>Non-Operating Expense</b>	<b>+ 13</b>
Increase in interest expense for refinancing in 31st period	+ 6
Increase in other non-operating expense (stamp duty for new debt and refinancing, etc.)	+ 5



# Earnings Forecast for the July 2023 (32nd) Fiscal Period

(JPY mn)

	Jan. 2023 (31st Period Revised Budget)	Jul. 2023 (32nd Period Budget)	Period over period	
<b>Operating revenue</b>	<b>17,922</b>	<b>16,583</b>	<b>(1,338)</b>	<b>(7.5)%</b>
<b>Operating expense</b>	<b>10,360</b>	<b>10,016</b>	<b>(343)</b>	<b>(3.3)%</b>
<b>Operating Income</b>	<b>7,562</b>	<b>6,567</b>	<b>(995)</b>	<b>(13.2)%</b>
<b>None-operating income</b>	-	-	-	-
<b>Non-operating expense</b>	<b>1,013</b>	<b>994</b>	<b>(18)</b>	<b>(1.9)%</b>
<b>Ordinary income</b>	<b>6,549</b>	<b>5,573</b>	<b>(976)</b>	<b>(14.9)%</b>
<b>Net income</b>	<b>6,547</b>	<b>5,571</b>	<b>(976)</b>	<b>(14.9)%</b>
<b>Distributions per unit (yen)</b>	<b>3,070</b>	<b>3,070</b>	<b>0</b>	<b>0.0%</b>
<b>Capital expenditure</b>	<b>1,528</b>	<b>1,382</b> <sup>(Note1)</sup>	<b>(145)</b>	<b>(9.5)%</b>
<b>Repair expense</b>	<b>978</b>	<b>873</b> <sup>(Note2)</sup>	<b>(105)</b>	<b>(10.8)%</b>
<b>Total</b>	<b>2,507</b>	<b>2,256</b>	<b>(251)</b>	<b>(10.0)%</b>
<b>Depreciation</b>	<b>2,057</b>	<b>2,056</b>	<b>(0)</b>	<b>(0.0)%</b>
<b>FFO</b>	<b>7,151</b>	<b>7,627</b>	<b>+476</b>	<b>+6.7%</b>
<b>AFFO</b>	<b>5,622</b>	<b>6,244</b>	<b>+622</b>	<b>+11.1%</b>
<b>Number of properties</b>	<b>74</b>	<b>74</b>	-	-
<b>Occupancy rate</b>	<b>98.8%</b>	<b>98.8%</b>	-	-

Key P/L Figures

Other Figures

(Note 1) Major capital expenditures planned in the 32nd FP

IIF Shonan HIP	: JPY 195mn. for renewal of central monitoring device and terminal server
IIF Shonan HIP	: JPY 95mn. for conversion of laboratory
IIF Noda LC	: JPY 73mn. for renewal of central equipment of automatic air conditioning control in Bldg. B
IIF Kashiwa LC	: JPY 70mn. for renewal of roof
IIF Shinagawa DC	: JPY 54mn. for renewal of VCB of generator

(Note 2) Major repair cost planned in the 32nd FP

IIF Shonan HIP	: JPY 74mn. for inspection and maintenance of air conditioning equipment
IIF Shonan HIP	: JPY 72mn. for inspection and maintenance of air conditioning equipment
IIF Shonan HIP	: JPY 70mn. for inspection and maintenance of air conditioning equipment and cold heat source equipment
IIF Shonan HIP	: JPY 62mn. for replacement of RI filter
IIF Shonan HIP	: JPY 53mn. for inspection and maintenance of air conditioning equipment

(JPY mm.)

## ■ Major Factors of Change for 32nd Period (Compared to 31st Revised Budget)

### Operating Revenue

Full contribution from the new acquisition in the 31st period (IIF Yokkaichi LC (New Building))	(1,338)
Increase in rental revenue due to organic growth (IIF Kobe LC, IIF Higashi Osaka LC, etc.)	+ 43
Decrease in rental revenue due to disposition of the property (IIF Osaka Nanko ITSC)	+ 34
Diminished gain on sale from the disposition of the property (IIF Osaka Nanko ITSC)	(10)
Increase in rental revenues (Utilities receivable) (IIF Shonan HIP etc.)	(1,453)
	+ 45

### Operating Expense

Decrease in lease expenses (Building management fees, etc.) (IIF Shonan HIP etc.)	(343)
Increase in expensed property-related taxes due to the properties acquired in 2022 (Partial contribution), etc. (Including those of IIF Osaka Nanko ITSC)	(97)
Decrease in lease expenses (Repair and maintenance cost) (IIF Hamura LC etc.)	(10)
Decrease in asset management fee (Including the difference in business days)	(105)
Decrease in other operating expenses (SG&A)	(14)
	(109)

### Non-Operating Expense

Increase in interest expense for new debt in 31st period	(18)
Decrease in interest expense due to the difference in business days	+ 8
Decrease in amortization for issuance cost of new units issued for PO in Dec. 2019	(11)
	(16)



# 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.9 (Note1) The “Anticipated Acquisition price” after the acquisition of the new building is the sum of the acquisition price of the existing building and the anticipated acquisition price of the new building. The same applies hereafter.  
 (Note2) The “Appraisal Value” after the acquisition of the new building represents the appraisal value as stated in the appraisal report as of December 1, 2021 for the existing building and the new building as a whole based on the development project. The same applies hereafter.  
 (Note3) The “Unrealized gains” for the existing building represents the difference between the appraisal value of the existing building and the acquisition price. The “unrealized gains” for the new building represents the difference between the appraisal value of the new building and the anticipated acquisition price. The “unrealized gains” after acquisition of the new building represents the difference between the appraisal value after acquisition of the new building and the total (anticipated) acquisition price of the existing building and the new building. The “unrealized gains” after acquisition of the new building and the new building is estimate as of the date of this document, and there is no guarantee that they will match the actual unrealized gains of each, and both the anticipated acquisition price of the new building and the actual appraisal value of the new building may change in the future due to changes in the development project and other factors. The same applies hereafter.  
 (Note4) Total floor area” after acquisition of the new building is the sum of the total floor area of the existing building and the total floor area of the new building.  
 (Note5)  $\text{NOI yield} = \text{NOI}^* / \text{Anticipated acquisition price}^{**}$   
 $\text{NOI yield after depreciation} = (\text{NOI} - \text{Depreciation}^{***}) / \text{Anticipated acquisition price}$   
 $^*$ For the calculation of NOI, the NOI for the existing building is the sum of the direct capitalization method net operating income as stated in the appraisal report as of July 31, 2022 for the portion of the existing building and the DCF method net operating income for the first year as stated in the appraisal report as of July 31, 2022 for the portion of the land which the new building is constructed. The NOI of the new building is the direct capitalization method net operating income as stated in the appraisal report as of July 31, 2022 for the new building based on the development project, 2022, and the NOI after acquisition of the new building is the direct capitalization method net operating income as stated in the appraisal report as of December 1, 2021 for the existing building and the new building as a whole based on the development project. The same applies hereafter.  
 $^{**}$ The acquisition price of the new building and the anticipated acquisition price after the acquisition of the new building are anticipated prices since the acquisition of the new building has not been completed as of the date of this document. The same applies hereafter.  
 $^{***}$ Each depreciation is estimate as of today calculated by using the depreciation rates under the straight-line method in proportion to the useful life, which is the same method as IIF’s owned assets. The same applies hereinafter.  
 (Note6)  $\text{NOI yield after depreciation (after adjustment by optimal payable distribution)} = (\text{Annual NOI after depreciation} + \text{depreciation (annual) of new building} \times 30\%) / \text{Anticipated acquisition price}$   
 $^*$ Approval of changes in the Articles of Incorporation of IIF at the General Meeting of Unitholders of IIF is mandatory to implement optimal payable distribution. As of today, IIF has not decided on implementation of the optimal payable distribution. NOI yield after depreciation (after adjustment by optimal payable distribution) described in this document is a reference value based on estimate as of today, and there is no guarantee that it will be realized. The General Meeting of Unitholders of IIF is to be held on Oct. 28, 2022. The same applies hereafter.
- P.10 (Note1) The “Book value” and “Appraisal value” of IIF Inzai Logistics Center and IIF Osaka Nanko IT Solution Center are as of the end of January 2022 and July 2022, respectively.  
 (Note2) The “Proceed from disposition” is the book value of each disposed asset, and does not take into account the impact of security deposit refunds incurred as a result of the transfer.  
 (Note3) The “Surplus cash on hands equivalent to reduction of optimal payable distribution” is the estimated figure based on the sum of the difference between initial optimal payable distribution per unit and revised optimal payable distribution per unit for the fiscal period ending July 31, 2022 (30th period) and the fiscal period ending January 31, 2023 (31st period) as stated on the page 5 (JPY 416 for the 30th period and JPY 332 for the 31st period), and based on the number of outstanding units as of the date of this document (2,070,016 units).
- P.11 (Note1) The disposition price of each property cannot be disclosed as a consent from the buyer with respect to disclosure has not been obtained.  
 (Note2) Book values for IIF Zama ITSC and IIF Shinagawa ITSC are as of the end of January 2021, and book value for IIF Osaka Nanko ITSC is as of the end of July 2022 .  
 (Note3) The building age is elapsed years from the completion date to the disposition date (IIF Zama ITSC: disposed on April 30, 2021, IIF Shinagawa ITSC: disposed on August 2, 2021, IIF Osaka Nanko ITSC: disposed on August 17, 2022). The weighted-average age of the three properties based on the book value is shown in the “Total” column.
- P.12 (Note1) The “Anticipated Acquisition price (Land & Building)” is a reference value as the sum of the anticipated acquisition price of the building (the sum of construction cost, design fee, and construction management fee) and the land price already acquired for each redevelopment project. The actual acquisition price of each redevelopment project may change in the future due to changes in project and other factors. The same applies hereafter.  
 (Note2) The “Appraisal Value” for IIF Atsugi LC III is the appraisal value based on the survey report as of June 1, 2021 for the redevelopment project, that for IIF Hamura LC is the appraisal value based on the survey report as of Aug. 1, 2022 for the redevelopment project, and that for IIF Narashino LC I (Land with leasehold interest) is the appraisal value based on the survey report as of Aug. 1, 2022 for the redevelopment project. The same applies hereafter.  
 (Note3) The “Unrealized gain ratio” is a figure calculated to divide the difference between the appraisal value and the anticipated acquisition price by the anticipated acquisition price.  
 (Note4) The “Assumed NOI yield” is a figure calculated to divide the net operating income (NOI) under the direct capitalization method as stated in each survey report for the redevelopment project by the anticipated acquisition price. The same applies hereafter.
- P.14 (Note) Regarding IIF Narashino LC I (land with leasehold interest), IIF owns only the land with leasehold as of the date of this document, and the building is owned by the leasing company. In addition, IIF has not made a decision to acquire the building after the redevelopment as of the date of this document.
- P.15 (Note) The “key indices after redevelopment (estimate)” are the planned values and reference values based on the current plan, and the key indices may change due to future changes in the content of the project.



# Note (2)

- P.16 (Note1) The figure for "Anticipated acquisition price" after redevelopment is a reference value by totaling anticipated acquisition price of the building after redevelopment (the total of construction costs, design fee, and construction management fees) and the price of land already acquired (the acquisition price of the land described in the trust beneficiary right purchase and sale agreement at the time of the acquisition in 2010). As the construction contract regarding to the building after redevelopment has not been concluded as of the date of this document, construction costs, design fee, and construction management fees are estimates, and thus, the actual acquisition price of the building after redevelopment may change in the future due to changes in the redevelopment project.
- (Note2) The "Appraisal value" before redevelopment is the survey value based on the survey report as of July 31, 2022, and the "Appraisal value" after redevelopment is the survey value based on the survey report as of Aug. 1, 2022 for the redevelopment project.
- (Note3) The "Unrealized gains" before redevelopment is the difference between the survey value based on the survey report as of July 31, 2022 and the acquisition, and the "Unrealized gains/losses" after redevelopment is the difference between the survey value based on the survey report for the redevelopment project as of July 31, 2022 and the (anticipated) acquisition price.
- (Note4) The "Total floor area" after redevelopment is a reference value based on the redevelopment project as of the date of this document. The actual "total floor area" of the redeveloped property may change in the future due to changes in the redevelopment project, etc..
- (Note5) The annual NOI before redevelopment is based on the direct capitalization method net operating income stated in the survey report as of July 31, 2022, and the annual NOI after redevelopment is based on the direct capitalization method net operating income stated in the survey report as of August 1, 2022 for the development project. The figure for "Annual NOI" after redevelopment is the estimated value after the completion of the redevelopment based on the redevelopment project, and there is no guarantee that it will be realized and the actual annual NOI after redevelopment may change in the future due to changes of the redevelopment project.
- (Note6) NOI yield = Annual NOI / (Anticipated) acquisition price  
 NOI yield after depreciation = Annual NOI after depreciation\* / (Anticipated) acquisition price  
 NOI yield after depreciation (after adjustment by optimal payable distribution) = (Annual NOI after depreciation + depreciation (annual) of the building after redevelopment × 30%) / (Anticipated) acquisition price  
 \*Annual NOI after depreciation= Annual NOI-depreciation (annual)  
 Depreciation before redevelopment is not incurred due to owning land only. Depreciation after redevelopment is an estimate calculated by using the depreciation rates under the straight-line method in proportion to the useful life for the building after redevelopment.
- P.21 (Note) "Upside - only" means the rent will be automatically raised 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 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.24 (Note1) LTV (based on book value) = Total interest-bearing debt / Total assets  
 (Note2) LTV (based on appraisal value) = Total interest-bearing debt / (Total assets + Total unrealized gains on IIF's portfolio)
- P.25 (Note) Each of the figures for average loan term and average applicable interest rate are estimated values reflecting the details of borrowings executed or to be executed by September 16, 2022, and may not coincide with the actual indices.
- P.29 (Note1) Nine properties in total for properties directly managed by IIF : IIF Shonan HIP, IIF Fukuoka Hakozaki LCI, IIF Fukuoka Hakozaki LCII, IIF Noda LC, IIF Sagamiara R&DC, IIF ToyonakaDC, IIF Kobe LC, IIF Higashi Osaka LC, IIF Tosu LC  
 (Note2) Only properties directly managed by IIF are considered in the switch ratio; properties managed by tenants are excluded.





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# Industrial & Infrastructure Fund Investment Corporation

- This material may contain information such as data on future performance, plans, management targets, and strategies. Such descriptions with regard to the future are based on current hypotheses and assumptions about future events and trends in the business environment, but these hypotheses and assumptions are not necessarily correct. As such, actual results may vary significantly due to various factors
- 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 : KJR Management

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

Number 403, Member of The Investment Trusts Association, Japan)