



Redevelopment

Acquisition

*Internal
Growth*



Investor Presentation for the January 2023 (31st) Period

Securities Code : **3249**

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Portfolio Data and Other Materials

1. Executive Summary



Return to growth path through the public offering

Highlights

- Achieved DPU growth through the public offering at the same time as resolved issues with existing properties to some extent.
- Enhancing investment capacity by trimming LTV ratio assuming continuation of unstable financial environment for the time being, while aiming for further growth centered on external growth.

(1) Addressing existing asset issues

■ Asset disposition

Maintaining and improving DPU by dividing **gain on sale of JPY 2.4 billion** derived from disposition of Kobe LC **over three fiscal periods**.

■ Handling of utility costs

Improving profitability by switching **utility cost burden (64.5%)** at Shonan HIP to **pass-through structure to tenants**

(2) Public offering

■ New acquisitions

Total acquisition amount : JPY **22.0**bn.

Average NOI yield : **5.5%**

Average NOI yield after depreciation : **3.9%** (**4.3%**)
(After considering continuous surplus cash distribution)

Average unrealized gain : **+25.2%**

■ DPU Growth rate

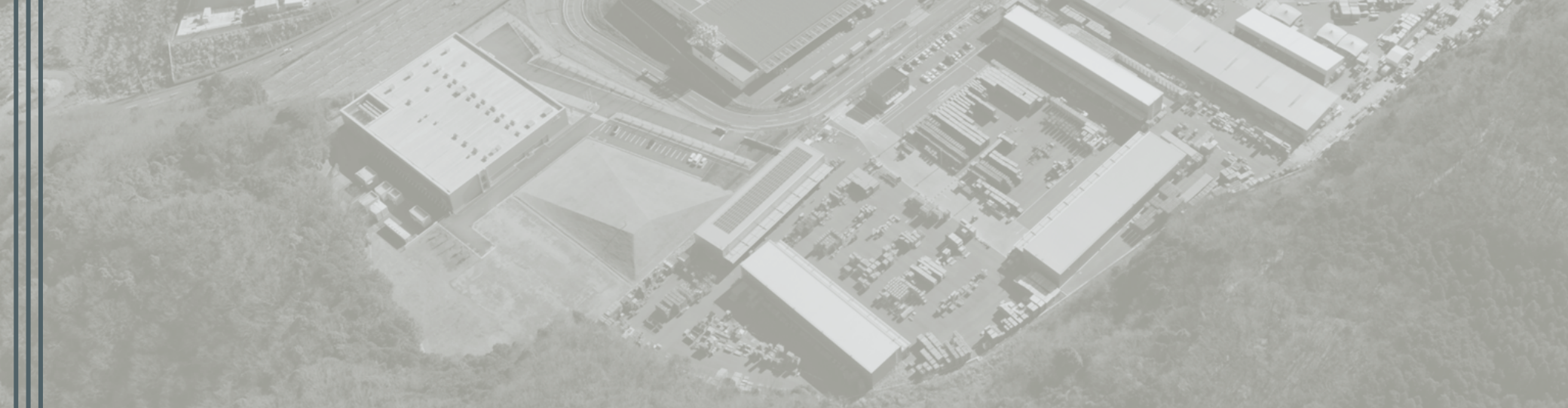
Growth rate of stabilized DPU : **+3.0%**

Before the offering : JPY 3,060
After the offering : JPY **3,153**

■ Stabilization of financial base

Trimming LTV ratio through the public offering
LTV based on book value :
49.3% → **49.0%** (**-0.3%**)

2. Overview of the 11th Public Offering

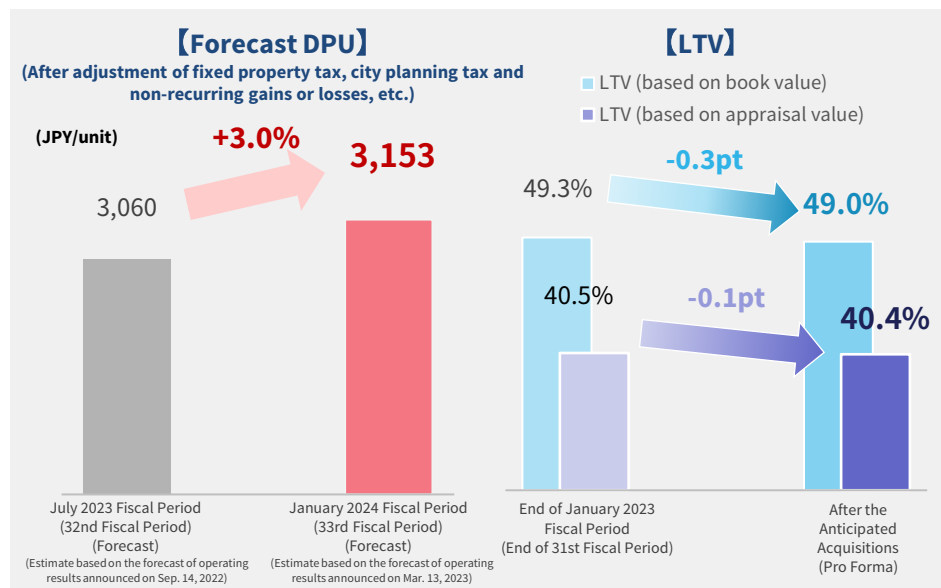


New acquisitions totaling JPY 22.0 billion through the 11th public offering

Overview of the 11th public offering conducted in March 2023

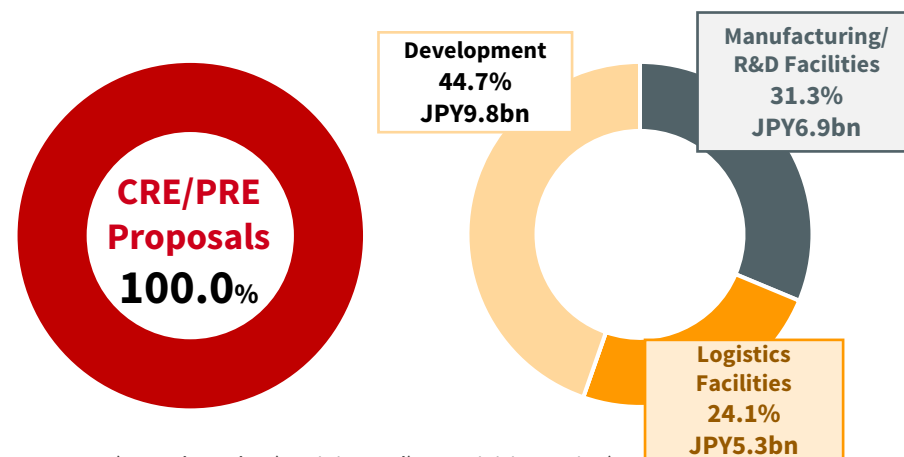
Offering Highlight

- ① Continuous Enhancement of Unitholders' Value
- ② Acquisition of Highly Profitable Properties through CRE/PRE Proposals
- ③ Implementing Redevelopment Projects Contributing to Improvement in Profitability and Asset Value








Summary of the New Acquisitions

New Acquisitions	Number of Properties	Total Amount of (Anticipated) Acquisition Price
	6 properties	JPY22.0bn
Profitability	Average Appraisal NOI Yield	Average Appraisal NOI Yield After Depreciation (considering continuous surplus cash distribution)
	5.5%	3.9% (4.3%)
Aggregate of Unrealized Gain/ Average Ratio of Unrealized Gain	Aggregate	Average Ratio of Unrealized Gain
	+JPY5.56bn	+25.2%



Acquiring assets with high profitability, long-term usability and versatility through proprietary CRE/PRE proposals

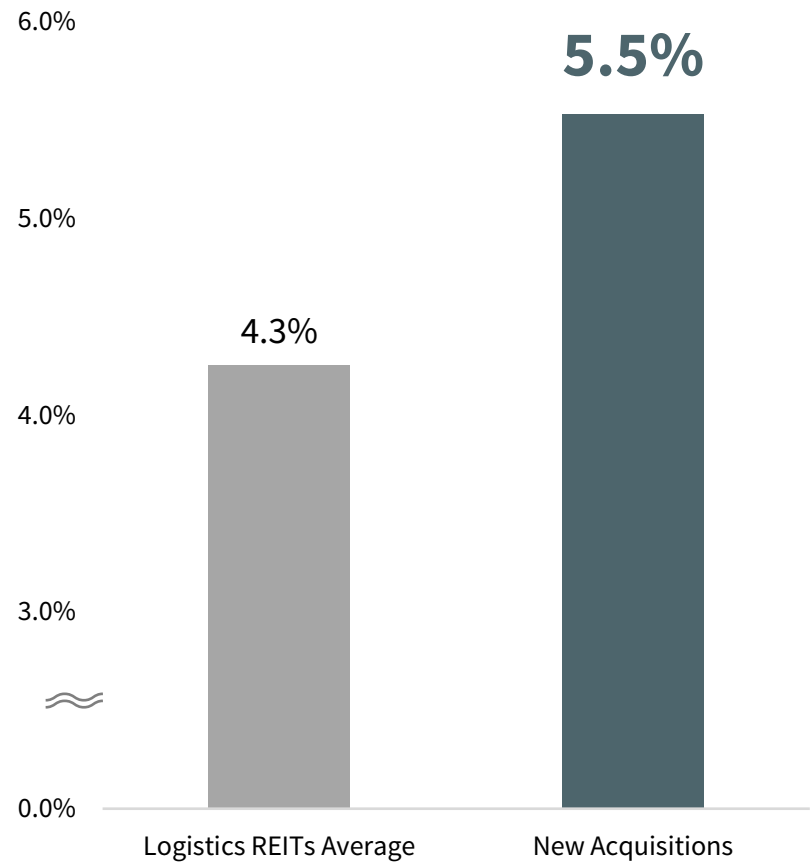
Overview of new acquisitions

Overview of new acquisitions					Unrealized Gain		Profitability		Stability				
Property Name				Seller	Tenant	(Anticipated) Acquisition Price (JPY mn)	Appraisal Value (JPY mn)	Appraisal NOI Yield	Appraisal NOI Yield after Depreciation (considering continuous surplus cash distribution)	Occupancy Rate	Lease Contract Term (Lease Type)	Remaining Lease Term (as of Jan. 1, 2024)	Cancellation Before Expiration / Rent Revision
						Unrealized Gain (JPY mn) (Ratio of Unrealized Gain)							
Anticipated Acquisition	<div>Manufacturing</div> <div>PRE</div>	IIF Ota MC		SPC	Ota-ku	4,570	4,970	4.6%	3.6%	100%	20.0 years (Fixed-term leasehold)	8.3 years	Not allowed in principle/ Negotiable
						+400 (+8.8%)							
Anticipated Acquisition	<div>Manufacturing</div> <div>CRE</div> <div>PRE</div>	IIF Hanno MC (land with leasehold interest)		Nikken Lease Kogyo (former owner) Urban Renaissance Agency	Nikken Lease Kogyo	2,335	3,010	5.3%	5.3%	100%	30.0 years (Fixed-term leasehold)	26.9 years	Not allowed in principle/ Not allowed
						+675 (+28.9%)							
Anticipated Acquisition	<div>Logistics</div> <div>CRE</div>	IIF Omihachiman LC		SPC	Kansai Maruwa Logistics	1,810	2,220	6.0%	4.8%	100%	20.0 years (Fixed-term leasehold)	13.1 years	Not allowed for 15 years/ Not allowed
						+410 (+22.7%)							
Anticipated Acquisition	<div>Logistics</div> <div>CRE</div>	IIF Shiga Ryuoh LC		Japanese Operating Company	Workman	3,500	3,920	5.1%	3.2% (3.8%)	100%	5.0 years (Fixed-term leasehold)	2.3 years	Not allowed for 3 years/ Not allowed
						+420 (+12.0%)							
Anticipated Acquisition	<div>Logistics</div> <div>CRE</div> <div>Develop- ment</div>	IIF Atsugi LC III (Redevelopment) ※Cold Storage Facility		Redevelopment	Tokyo Logistics Factory	4,477	7,510	6.8%	5.0% (5.5%)	100%	15.0 years (Fixed-term leasehold)	15.0 years	Not allowed in principle/ Not allowed
						+3,032 (+67.7%)							
Asset Acquired	<div>Logistics</div> <div>CRE</div> <div>Develop- ment</div>	IIF Yokkaichi LC (New Building)		Kajima Leasing	Kajima Tatemono Sogo Kanri	5,382	6,010	5.5%	2.8% (3.6%)	100%	10.0 years (Fixed-term leasehold)	8.7 years	Not allowed in principle/ Not allowed in principle
						+628 (+11.7%)							
					Total /Average	22,074	27,640	5.5%	3.9% (4.3%)	100%	14.8 years	11.4 years	-
						+5,565 (+25.2%)							

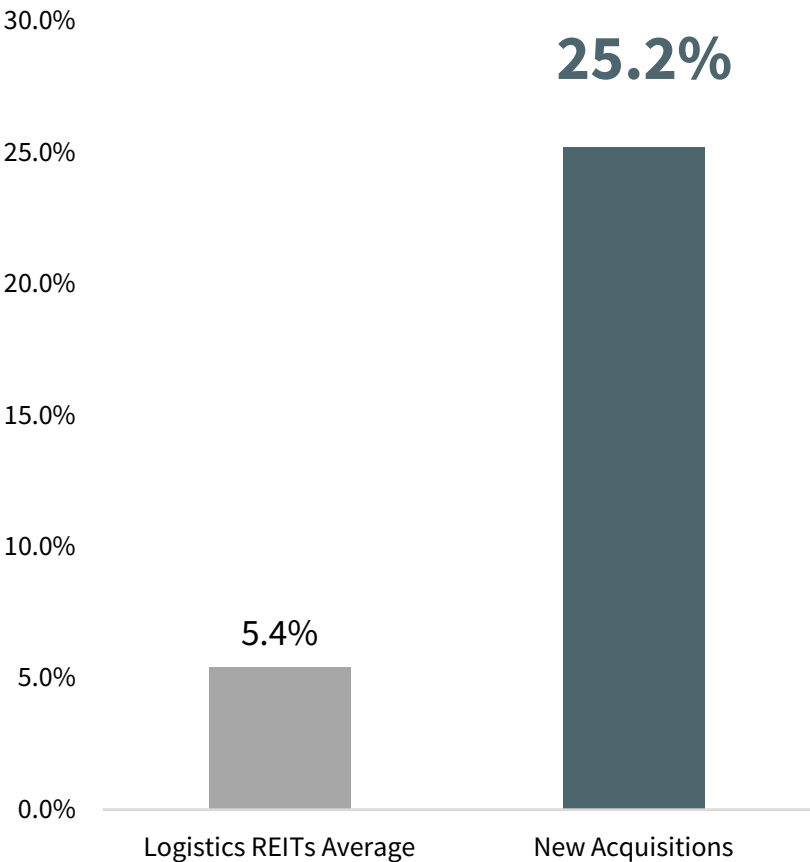
(Reference) Acquiring assets with high profitability and high unrealized gain ratio

Enhancing Portfolio Quality and Asset Value through Executing CRE/PRE Strategies to Facilitate Acquisition of Highly Profitable Properties as well as Implementing in Redevelopment Projects

■ Average NOI Yield of New Acquisitions Associated with Public Offerings by Logistics REITs (Since September 2022)



■ Average Ratio of Unrealized Gain Associated with New Acquisitions with Public Offerings by Logistics REITs (Since September 2022)



※For the details of the footnotes, please see page 34~36.

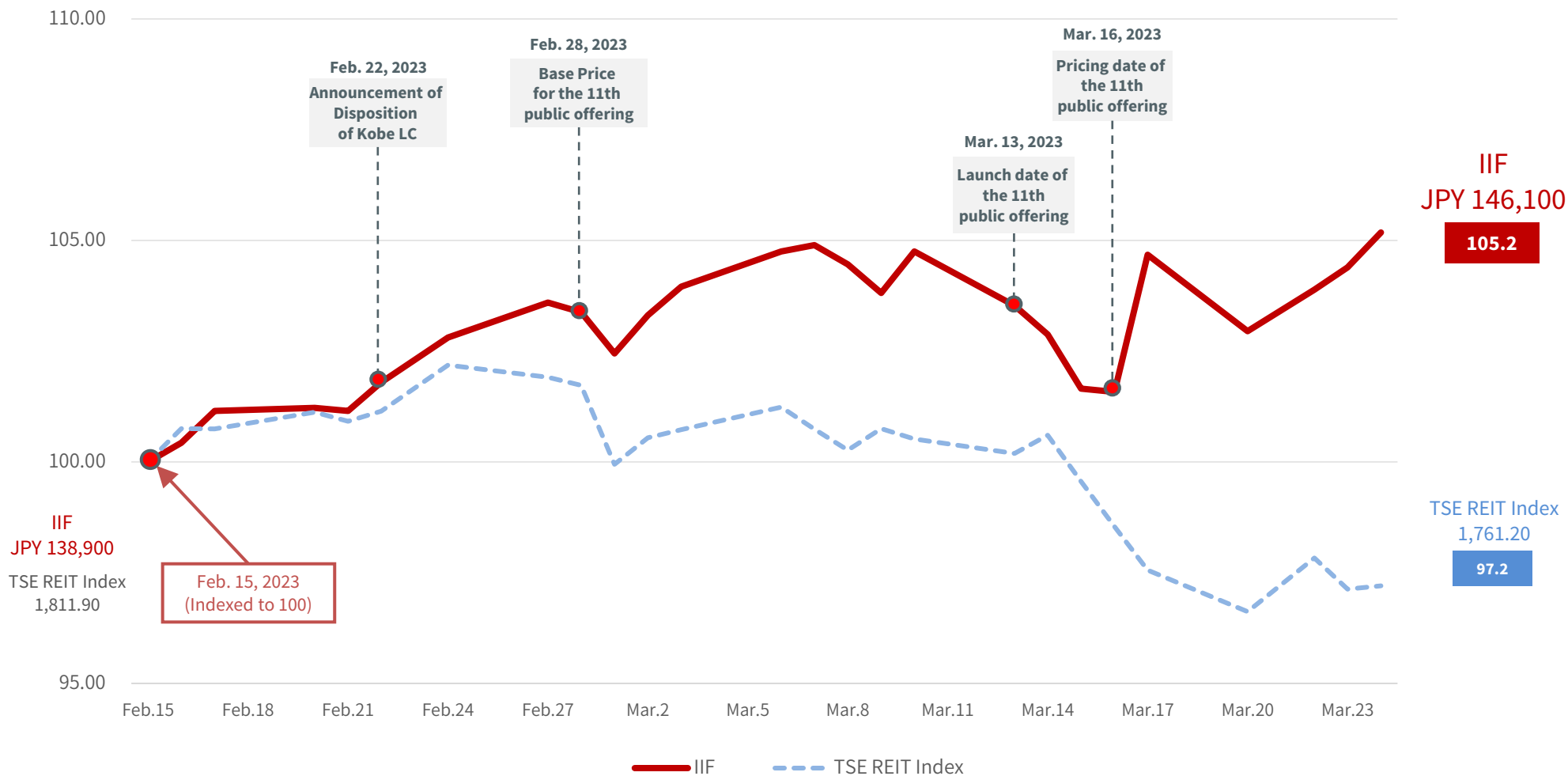
Continuous enhancement of unitholders' value and further reinforcement in stability

Accomplishing Acquisitions of Properties to Contribute to Continuous Enhancement of Unitholders' Value

		As of the End of January 2023 Fiscal Period (End of 31st Fiscal Period)			After the Anticipated Acquisitions
		Forecast DPU is based on the forecast for the July 2023 fiscal period (32nd fiscal period) (estimated calculation based on the earnings forecast announced on September 14, 2022)		Forecast DPU is based on the forecast for the January 2024 fiscal period (33rd fiscal period) (estimated calculation based on the earnings forecast announced on March 13, 2023).	
Asset	Number of Properties	74 properties	• Addition of Five Anticipated Acquisitions ※ Regarding the number of properties, the pro forma calculations exclude IIF Atsugi LC III of which IIF already owns the land with 4 additions of properties • Disposition of One Asset to be Disposed	77 properties	
	Total (Anticipated) Acquisition Price	JPY378,996mn		JPY 388,833mn	
	Total Estimated Appraisal Value	JPY469,582mn		JPY 477,052mn	
Debt	LTV (based on book value)	49.3%		49.0% (- 0.3pt)	
	LTV (based on appraisal value)	40.5%		40.4% (- 0.1pt)	
Equity	Forecast DPU (After adjustment of fixed property tax, city planning tax and non-recurring gains or losses, etc.)	JPY3,060		JPY 3,153 (+3.0%)	

Investment unit price are on recovery track due to the implementation of various measures

Trend of unit price of the Industrial & Infrastructure Fund Investment Corporation and the Tokyo Stock Exchange REIT Index (From Feb. 15, 2023 to Mar. 24, 2023)



3. Continuous Growth of the Unitholder's Value : DPU Forecast



Changes in DPU for the 31st fiscal period and the 32nd fiscal period

Changes in DPU

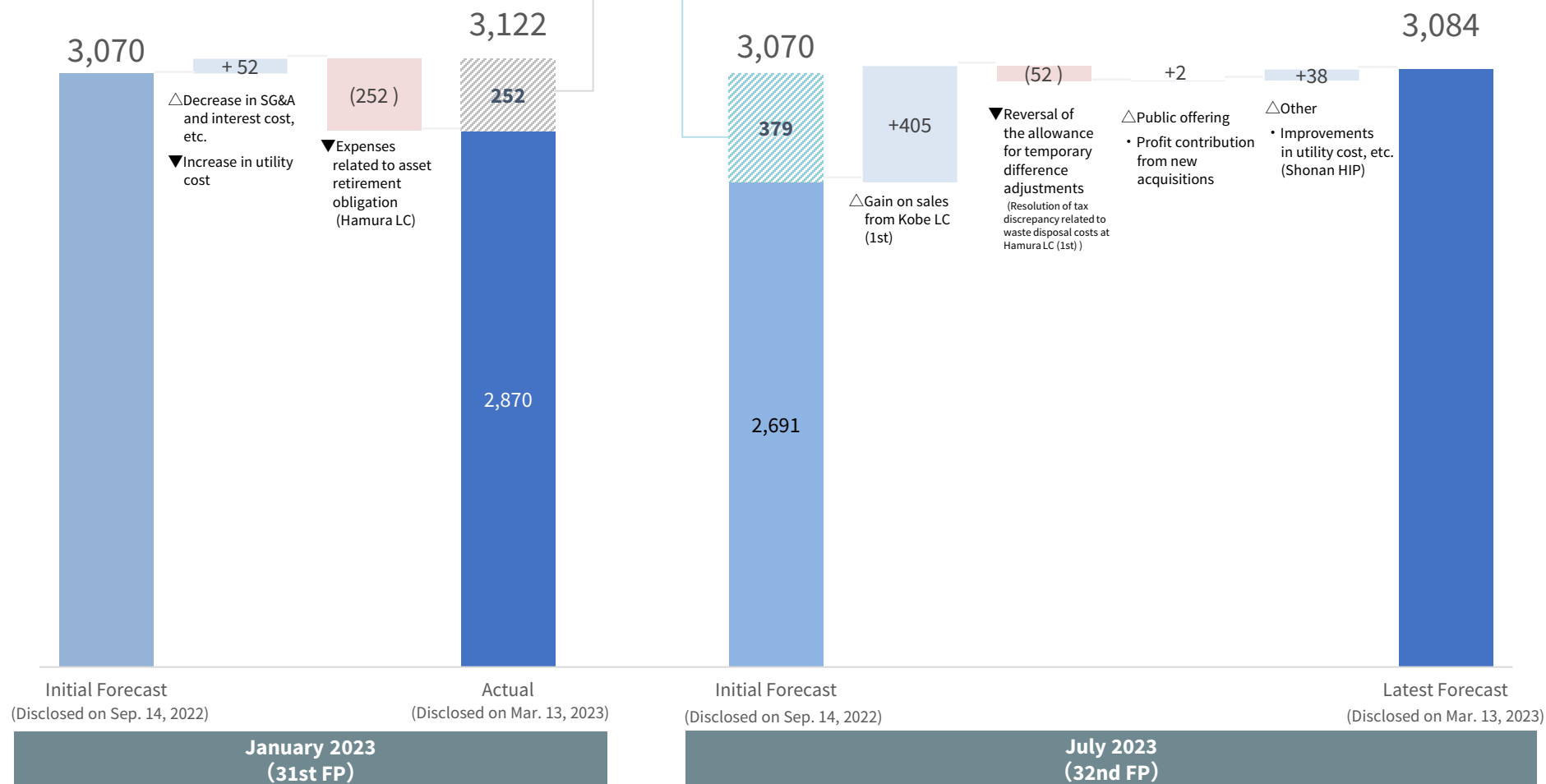
(JPY per unit)

[Allowance for Temporary Difference Adjustment (ATA)]

- Expenses related to asset retirement obligation at Hamura LC (Tax discrepancy) , etc.

[Optimal Payable Distribution]

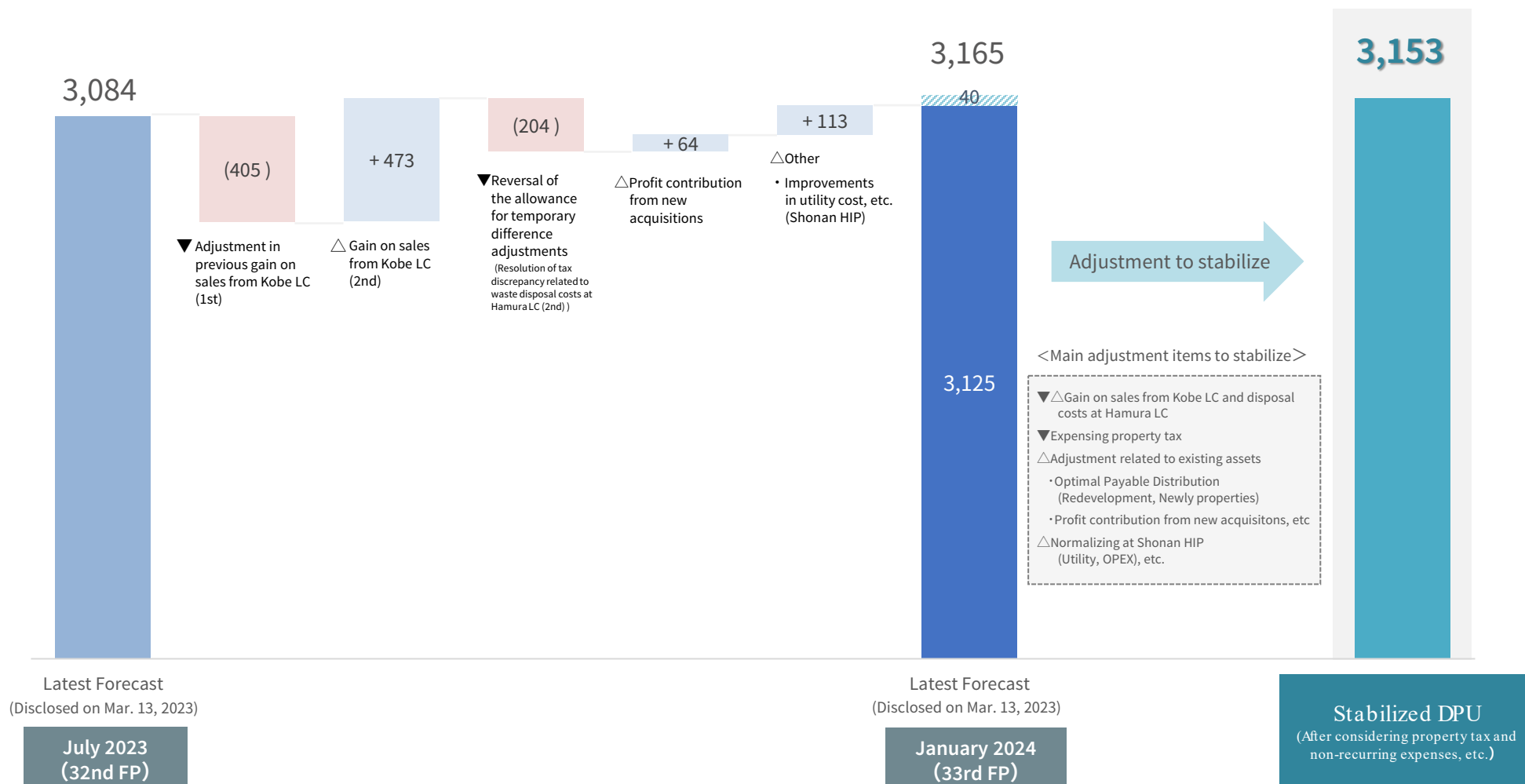
- Redevelopment of Atsugi LCIII and Hamura LC
- Temporary increase in OPEX and utility cost at Shonan HIP, etc.




Changes in DPU from the 32nd fiscal period to the 33rd fiscal period, and stabilized DPU

Changes in DPU

(JPY per unit)





4. 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.

Promotion of redevelopment projects to improve profitability and asset value

Building highly profitable pipeline through implementing redevelopment projects leveraging on IIF's development management capability

Off-Balance

Integrated Redevelopment of IIF Narashino LCI & LCII

- Integrated project to redevelop large-scale logistics facilities located within Narashino area where logistics facilities are concentrated



On-book

Redevelopment of IIF Hamura LC

- Increasing value of the logistics facility through redevelopment utilizing an unused floor-area ratio after an early lease cancellation from the previous tenant



Sponsor Support

Signing a MOU with KKR's Portfolio Companies regarding a Redevelopment Project

[Summary of the Redevelopment Project]

- IIF and two of KKR's existing portfolio companies (Portfolio Company (A) and Portfolio Company (B)) have signed a memorandum of understanding regarding a redevelopment project
- IIF made a CRE proposal for redevelopment to both companies, capturing Portfolio Company (A)'s needs to utilize their held real estate, and Portfolio Company (B)'s needs for expansion in investment
- A collaborative project where all parties play their respective roles regarding each step spanning demolition, development, and eventual possession etc.

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

■ Aim to build up pipeline by promoting redevelopment and expansion of existing properties 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
- Solution proposal for increasing logistics demand due to new domestic factory construction in the manufacturing industry
- Response to diversified sales consultations triggered by soaring construction costs and prolonged logistics leasing

Existing properties

<Redevelopment and expansion by utilizing strong tenant relationships>

- Development of new business base by seizing business expansion needs of existing tenant
- Expansion utilizing surplus floor area ratio and building-to-land ratio of existing property
 - <Project under proposal>
 - Expansion proposal at logistics center (A)
 - * Current floor area ratio and building-to-land ratio : 160% / 20% (Designated 200% / 60%)
- Value-up proposal through renovation
 - <Project under proposal>
 - Proposal to acquire and renovate building at manufacturing site (B) (land with leasehold interest)

■ Pipeline Status (note)

Total number of properties under consideration **35 properties**

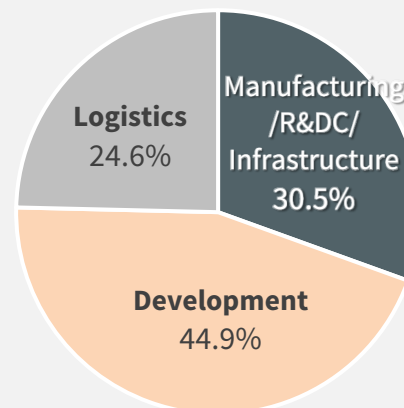
Total value of properties under consideration **JPY 212.3 bn.**

Number of properties currently under detailed consideration

13 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, and excludes new acquisitions related to 11th public offering

The background of the slide is a grayscale aerial photograph of a large industrial complex. It features several large, rectangular warehouse-like buildings with flat roofs, surrounded by extensive parking areas filled with cars and trucks. The facility is situated in an urban or suburban area with other buildings visible in the distance.

5. 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).

IIF Kobe Logistics Center : Stabilizing future DPU by utilizing gain on sales

Decided to dispose IIF Kobe Logistics Center early in light of the impact on the portfolio



Background of the Disposition

After the end-tenant, a major toy manufacturer, left before maturity due to early termination of lease, value-added work was performed for the property in order to convert it to a multi-tenant building in consideration of the next leasing.

Value-added work for the property to a multi-tenant building was completed in April 2022. Leasing activities started and lease-up of one lot (occupancy rate: 18.1%) was completed.

While continuing lease-up of the remaining lots, we will conduct disposition activity in parallel, taking into account the property's location, age and spec.

Decided to dispose of the property early based on a comprehensive analysis of the impact on our portfolio. Divided sales and distribution over three fiscal periods will contribute to stabilizing the level of distributions.

Property Characteristics

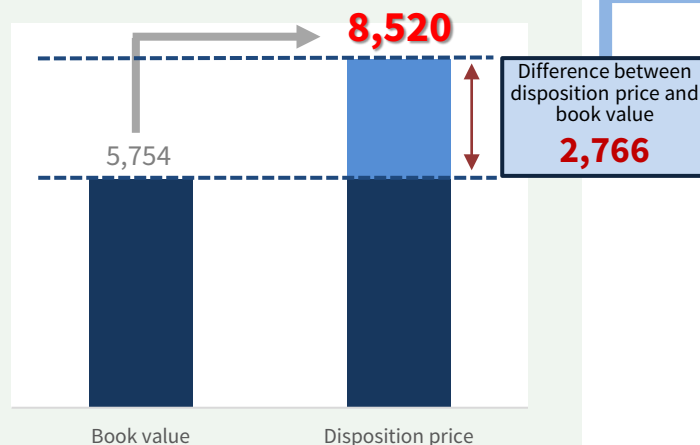
- Maya wharf is located at the center of Kobe Port, which enables to cover wide-area including the Hanshin area.
- Valuable logistics warehouse with highly versatile spec, located near the central area of Kobe City and near IC of expressway.

<Summary of the Disposition>

Acquisition price	JPY 5,193mn
Book value (As of July 31, 2022)	JPY 5,754mn
Appraisal value (As of July 31, 2022)	JPY 8,520mn
Disposition price	JPY 8,520mn
Difference between disposition price and book value	JPY 2,766mn

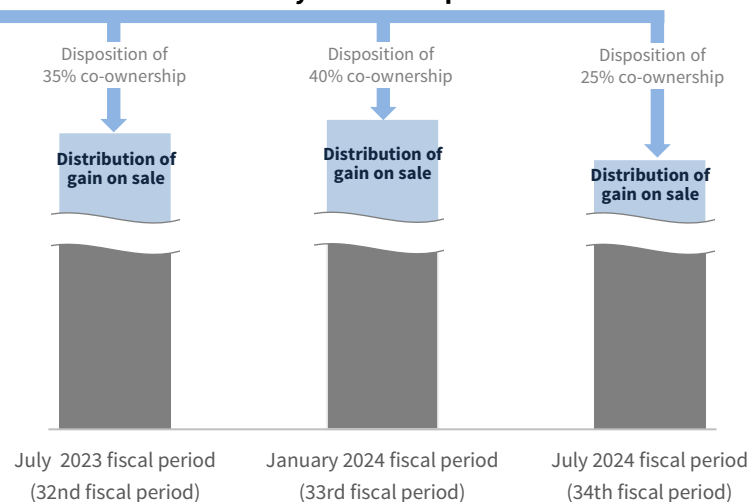
(JPY in million)

+48.1%
(Comparison with book value)



<Image of distribution of gain on sale>

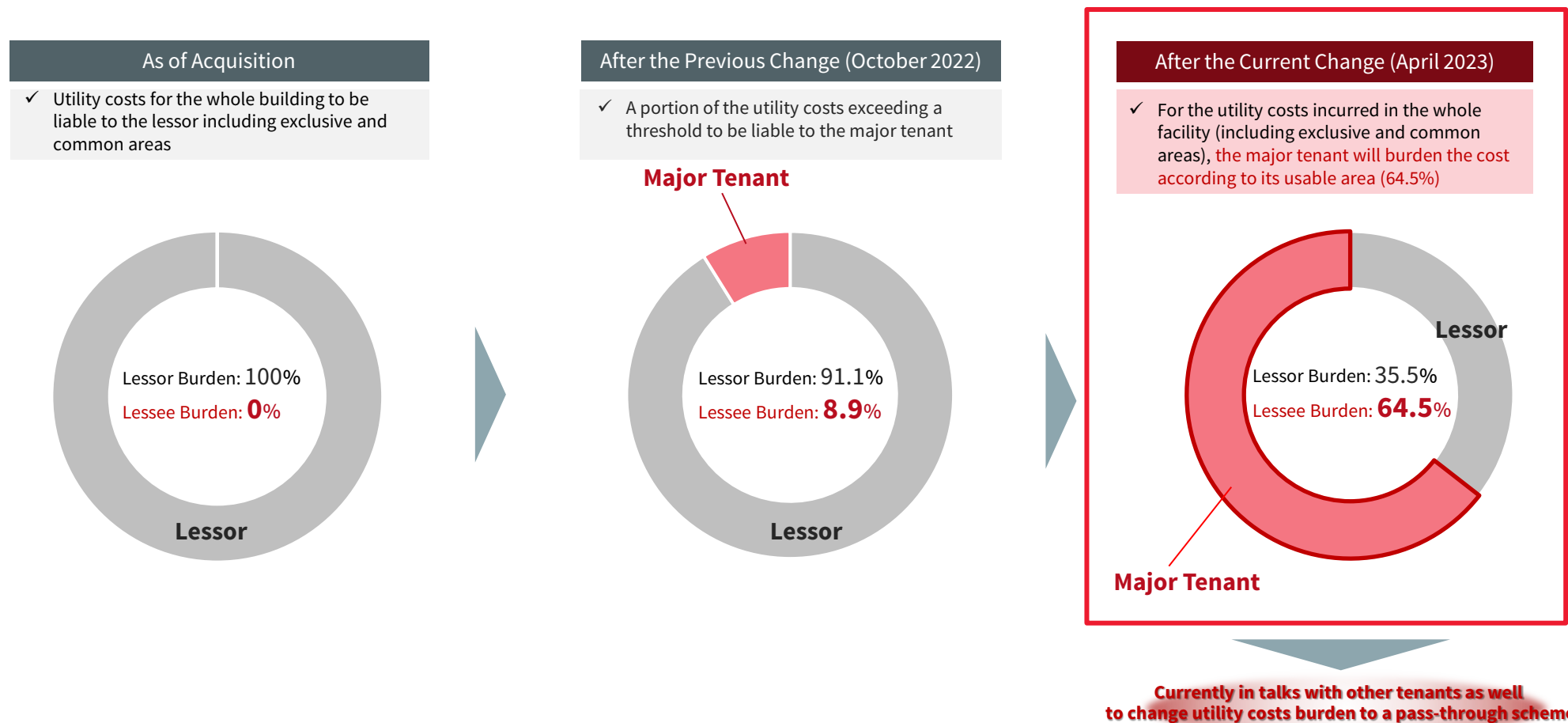
Divided sales and distribution over three fiscal periods from the July 2023 fiscal period



IIF Shonan Health Innovation Park : Handling of soaring utility cost

■ Improving profitability by switching to cost pass-through structure with major tenant, whereby major tenant bears utility cost

<Changes in the burdening of utility costs for the whole facility within IIF Shonan Health Innovation Park> (Note 1)(Note 2)

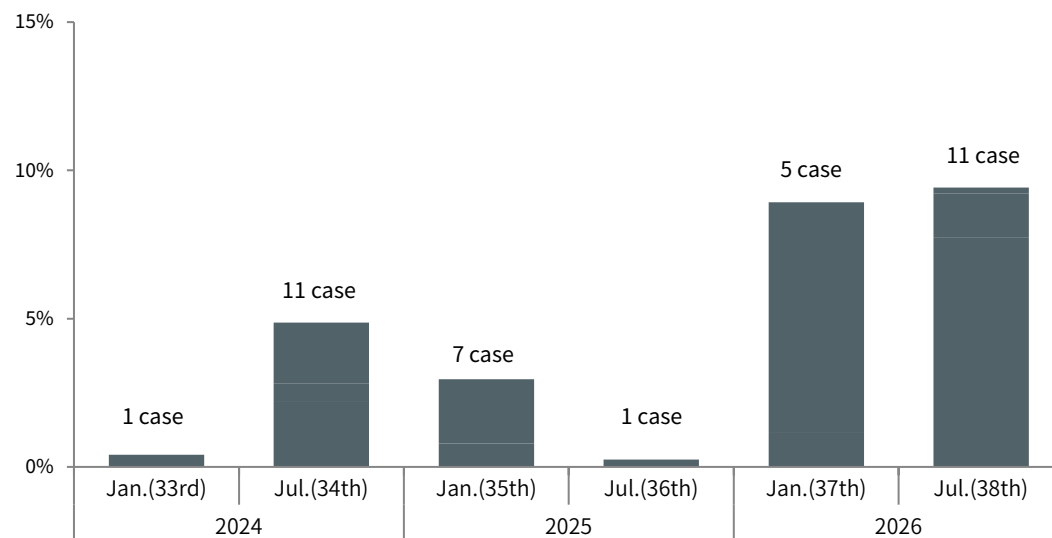


Continuous communications to key tenants facing lease expiration

Distribution of lease expiration periods (Annual rent basis)

Diversification of lease agreements expiring in the future (Annual rent basis)

<Rent income contribution in the entire portfolio>



Response to key tenants facing lease expiration in the future

	Lease Expiry	Property name	Tenant	Achievement / Action Plans	
Jan. 2024 (33rd FP)	Sep. 30, 2023	IIF Akishima LC	Tokyo Logistics Factory	Confirmed tenant intention for continued use. Under negotiation regarding contract terms.	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
Jan. 2025 (35th FP)	Oct. 30, 2024	IIF Yokohama Tsuzuki R&DC	INES Corporation	Early cancellation of lease contract at the end of October. Under leasing activity.	In progress

Status of Rent Revision at Contract Maturity

<Number and Percentage of Rent Increase at Contract Expiration>
(17 Properties reaching contract expiration between February 2022 and January 2023)

	Number of increase cases	Ratio of increase (Based on the Number of Cases)	Average ratio of rent increase
Rent Increase	5 Cases	29%	+7.5%

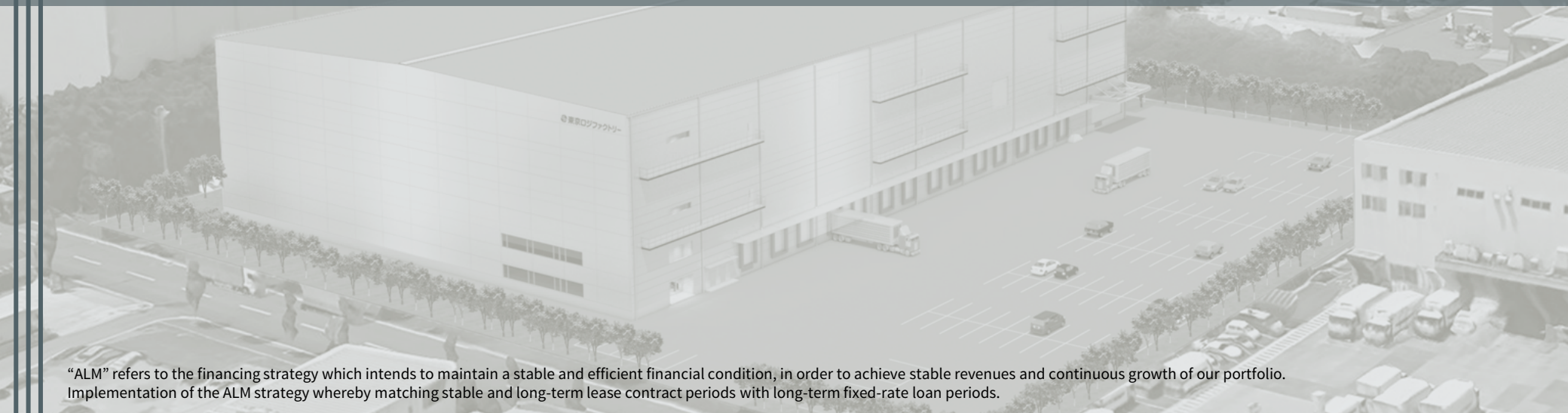
<Rent increase case>

Consistently Realizing Rent Increase at Contract Expiration

Higashi-Osaka LC (Building Age: 31.2 years)	Kashiwa LC (Building Age: 32.2 years)	Morioka LC (Building Age: 17.5 years)
Appraisal Value Increase +29.7%	Appraisal Value Increase +16.3%	Appraisal Value Increase +19.5%
NOI Increase +22.7%	NOI Increase +8.0%	NOI Increase +12.2%

5. Current Status of Operations and Initiatives Going Forward

(2) Financial Strategy: “ALM”

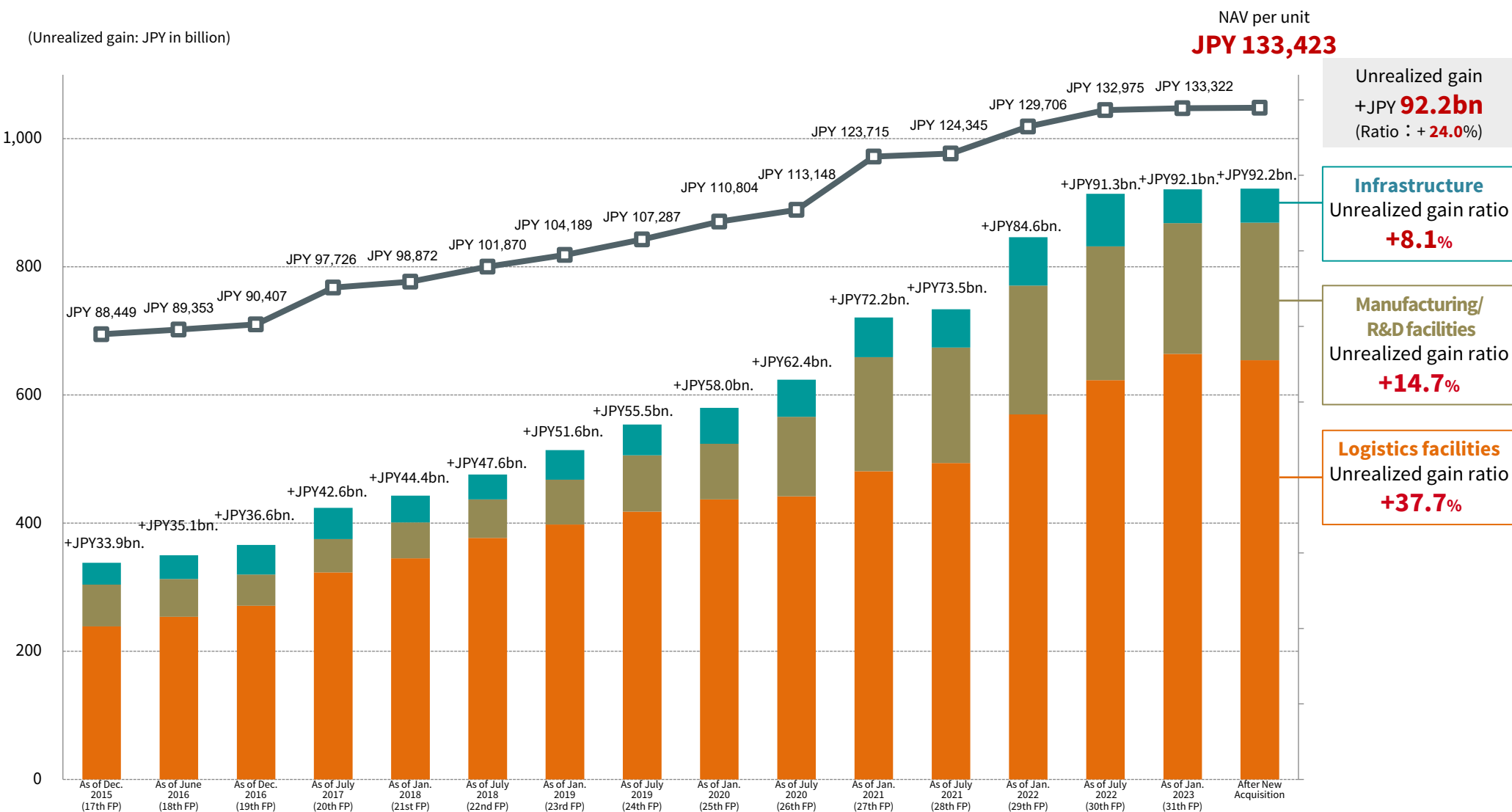
An aerial photograph of a large industrial facility, likely a factory or warehouse. The building is a long, rectangular structure with a light-colored facade and a flat roof. It has several loading docks and large windows. In front of the building is a large parking lot with several cars and trucks. To the right of the main building is another smaller building. The surrounding area includes some trees and other industrial structures in the background.

“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.

Improving NAV per unit by the public offering, while realizing unrealized gain by disposition

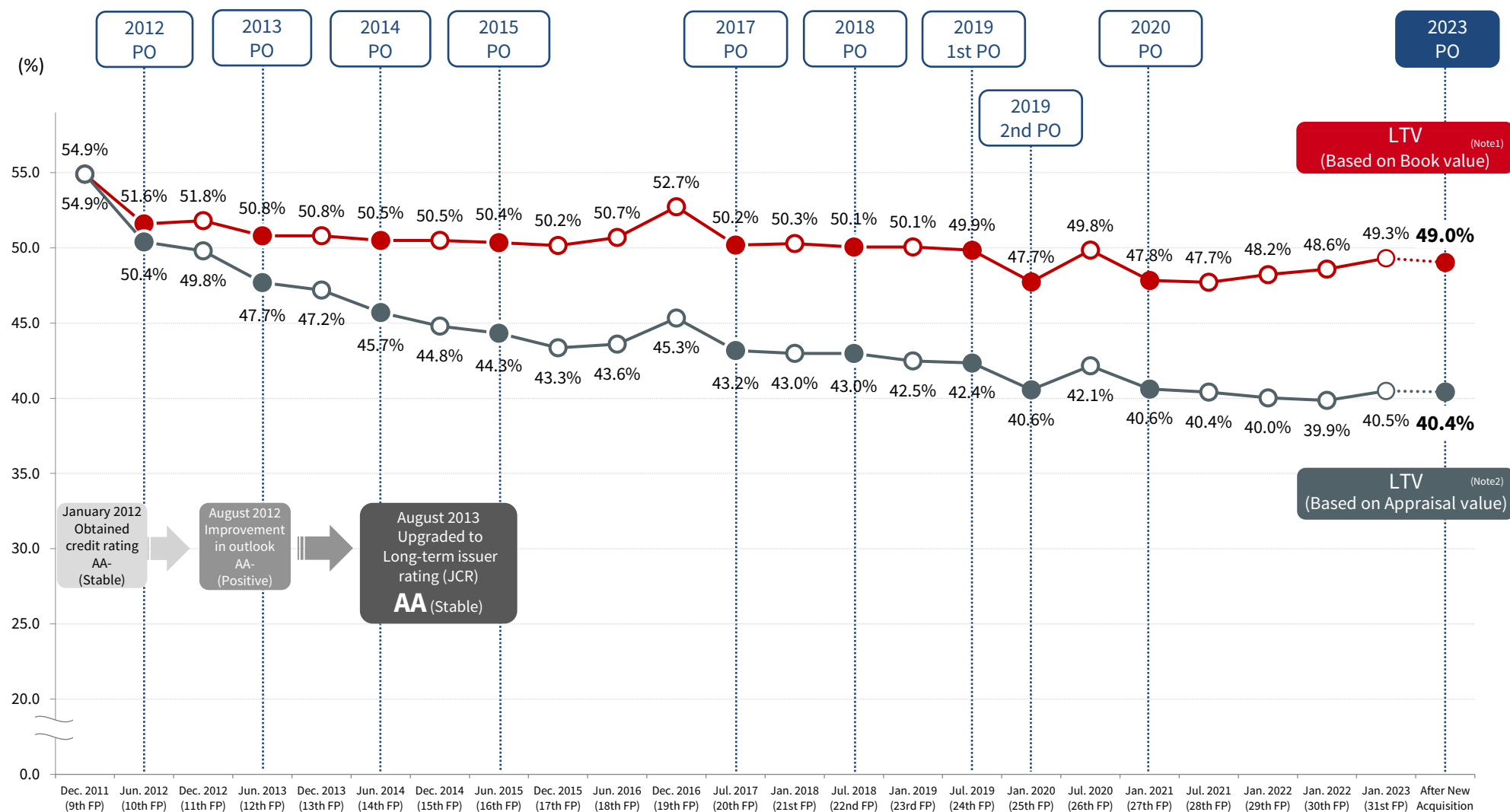
■ Unrealized gain / NAV per unit (Note)

(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

Reducing interest costs even in a phase of rising interest rate

<Status of Finance>

(From Aug. 2022 to Mar. 2022 (Scheduled))

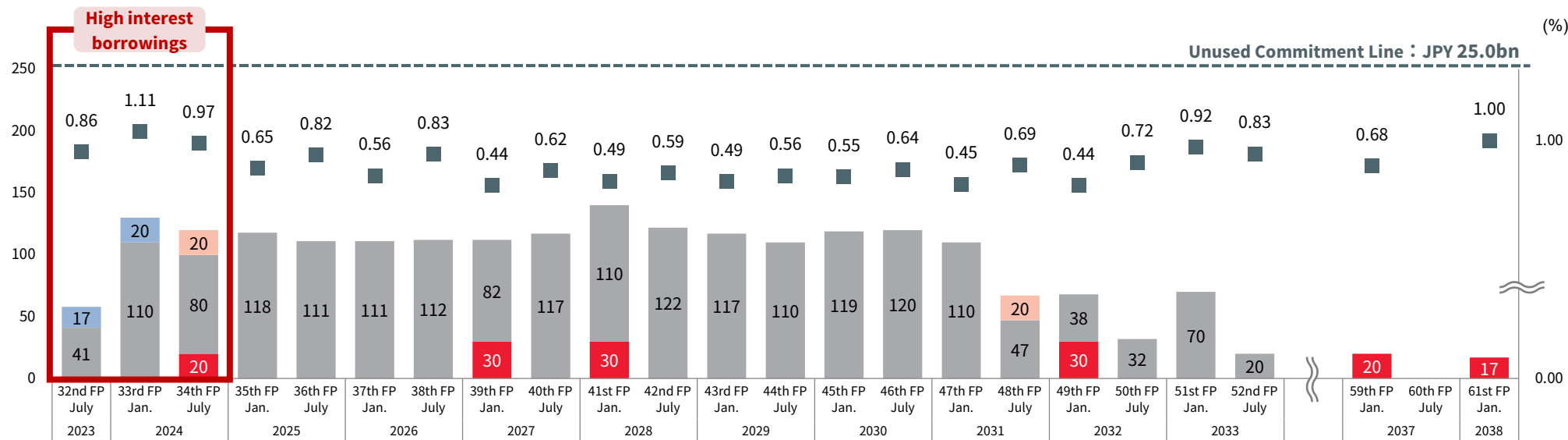
Total Repayment		Total Refinance, etc. (Note1)	
Amount	JPY 19.4bn.	Amount	JPY 24.9bn.
Average borrowing period	7.3years	Average borrowing period	7.0years
Average interest rate	0.99%	Average interest rate	0.72% (-0.27pt.)

<Key Indices>

	Jan. 2023 (31st FP)	After New Borrowings (estimated) (Note2)
Issuer's long-term credit rating (JCR)	AA(stable)	AA(stable)
LTV (Based on Book value)	49.3%	49.0%
LTV (Based on Appraisal value)	40.5%	40.5%
Average borrowing period	9.3years	9.0years
Average interest rate	0.69%	0.67% (-0.02pt.)

Maturity ladder and weighted average interest rate (estimate after new borrowings related to public offering)

(JPY in 100mn.) ■ New Borrowings (Scheduled) (left axis) ■ Long-term borrowings (left axis) ■ Long-term borrowings (left axis) ■ Investment corporation bonds (left axis) ■ Weighted average interest rate (right axis)



6.ESG Initiatives



Acquired Validation from SBTi and participated in CDP Climate Change Program

New GHG (Greenhouse Gas) Reduction Targets and Obtainment of SBTi Validation

Previous Reduction Targets

- Reduce CO2 emissions per unit by 50% by 2030 compared with 2015
- Aim to reach carbon neutrality by 2050



Shift target from per unit basis to absolute basis as to achieve net zero emissions across the entire value chain and deepen our commitment into carbon neutrality

New Reduction Targets

- Reduce absolute Scope1+2 emissions by 42% by 2030 compared with 2021
- Aim for net zero emissions of GHG across the entire value chain by 2050

Acquired Validation from SBTi (Science Based Targets initiative)



Acquired **Validation** from **SBTi**
based on new reduction targets

First Participation in CDP (Carbon Disclosure Project) Climate Change Program by IIF



Participated in the CDP Climate Change Program for the first time in 2022

Received “A-” score, the **highest “Leadership” level**

EcoAction 21 Certification and Registration



Completed certification and registration procedures of EcoAction 21, the environment management system formulated by the Ministry of Environment in January 2023

GRESB Real Estate Assessment



Designated as
“**Four Stars**”
Rated as “A” in the GRESB
Public Disclosure Level
evaluation for 5 consecutive
years

Certification for CASBEE® for Real Estate

21 properties have received the certification as of January 31, 2023



BELS Certification

18 properties have received the certification as of January 31, 2023



DBJ Green Building Certification

5 properties have received the certification as of January 31, 2023



DBJ Green Building Certified Properties	
IIF Hiroshima LC	IIF Kobe LC
IIF Tosu LC	IIF Koshigaya LC
IIF Noda LC	

Initiatives Engaged by KJRM Group

■ Principles for Responsible Investment (PRI)

Principle to incorporate ESG perspectives into the investment decision-making process aiming to improve long-term achievements received for beneficiaries

Signed in August 2013 (1st among J-REIT asset managers)

Signatory of:



■ Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)

Principles for action for financial institutions who are willing to assume responsibility and roles to shape a sustainable society suggested by the Ministry of Environment

Signed in June 2013



■ Montreal Carbon Pledge

Initiatives to reduce CO₂ emissions set up at the Responsible Investing Conference “PRI in Person” hosted by UN PRI held at Montreal



Signed in September 2015 (1st among J-REIT asset managers)

■ The Task Force on Climate-related Financial Disclosures (TCFD)

Suggestion on disclosure of business risks and opportunities caused by medium to long-term climate change, their impact on financial status and specific measures and strategies to address them



Declared support in August 2019 (1st among J-REIT asset managers)

■ United Nations Global Compact (UNGC)(※)

Voluntary initiatives to participate in the global framework to realize sustainable growth centered around the 10 principles in the 4 sections: “Human Rights”, “Labor”, “Environment” and “Anti-Corruption”

Signed in October 2016 (1st among J-REIT asset managers)



※ The Asset Manager has agreed upon the Corporate Sustainability Initiative set by the United Nations Global Compact as well as the principles regarding “Human Rights”, “Labor”, “Environment” and “Anti-Corruption” since 2016.

■ Japan Climate Initiative (JCI)

Initiatives joined by companies, municipalities, associations and NGOs in support of JCI’s declaration “Joining the front line of the global push for decarbonization from Japan”



Participated in May 2020

Publication of ESG report summarizing ESG activities at the asset management company

Further promotion of ESG activities by publishing ESG report

KJRM has compiled ESG activities across the entire Group and published an ESG report, with the hope of sharing the Group's basic ESG approach and activities with all of our stakeholders



Top Commitment

Top Commitment

Top Commitment

Naoki Suzuki
President & Executive Director
KJR Management

Masahiko Nishida
President & Executive Director
Japan Metropolitan Fund Investment Corporation

Kumi Honda
President & Executive Director
Industrial & Infrastructure Fund Investment Corporation

KJR Management Message from President

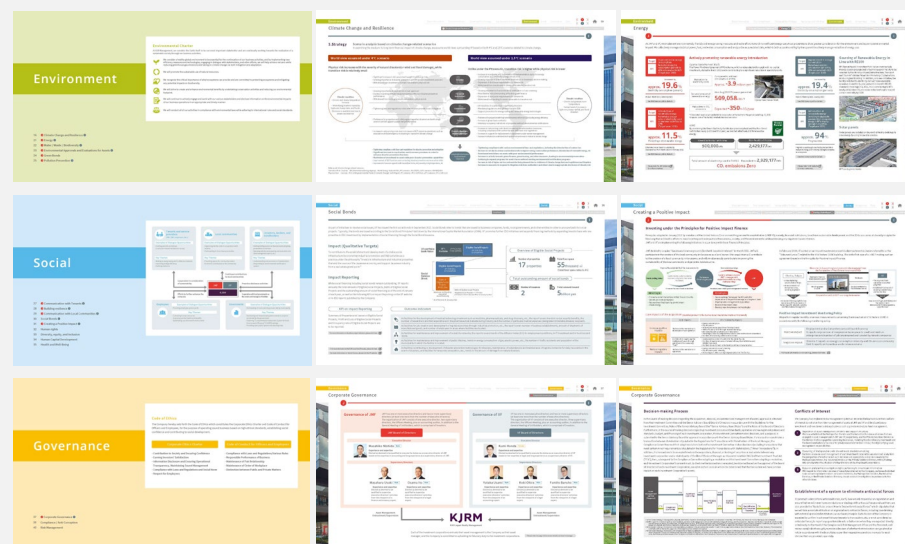
Japan Metropolitan Fund Investment Corporation (JMF) and Industrial & Infrastructure Fund Investment Corporation (IIF), and their asset management company KJR Management (Company), are highly aware of the importance of, and are actively working on, environmental, social, and governance (ESG) initiatives.

We believe that conducting business activities aiming for the realization of a sustainable society based on the Company's sustainability vision of "aiming to increase unitholder value through investment management and contributing to solving global issues," while addressing ESG issues of JMF and IIF, will lead to higher unitholder value of both JMF and IIF.

On the environmental front, under major disasters, including record-breaking extreme heat and droughts, have occurred on a global scale, there have been extreme weather events such as localized torrential rain in many areas in Japan. Recognizing that climate change is an important issue that significantly affects their business activities, in 2022, JMF and IIF discussed the results of the scenario analysis based on the recommendations of Task Force on Climate-related Financial Disclosures (TCFD). Additionally, in the disclosure of GHG emissions, which is also required in the TCFD recommendations, we will promote measures to achieve the targets toward carbon neutrality announced in 2021.

Considering the growing social demand for responses from the corporate sector in relation to respect for human rights, the Company has established the KJR Management Human Rights Policy. Based on our recognition of the importance of respecting the human rights of the stakeholders involved with our business, we will set out our intention to promote this policy as the basis of all our business activities, and will continuously monitor compliance with the policy. In addition, for the promotion of DEI (diversity, equality, and inclusion), we have formulated an action plan and are working to create a work environment in which each and every employee can fully demonstrate his or her abilities and work energetically. To ensure sound management based on high ethical standards and maintain the firm trust of society, as well as contributing to the development of society, we established the Code of Ethics in April 2020, consisting of the Corporate Ethics Charter and the Code of Conduct for Officers and Employees, and have been working diligently in compliance with them in our daily business.

We will continue to contribute to creating a sustainable society by responding to climate change, enhancing the health, well-being and convenience of tenants, and providing safe and secure spaces, while aiming to achieve the medium- to long-term growth and increase the unitholder value of both JMF and IIF.



※Please refer to URL below for the detail of ESG Report
URL: https://iif-reit_sustainability.disclosure.site/data/themes_76/esg_report_2023_en.pdf

7. Operating Results for the Jan. 2023 (31st) Fiscal Period and Earnings Forecast for the July 2023 (32nd) and the Jan. 2024 (33rd) Fiscal Periods

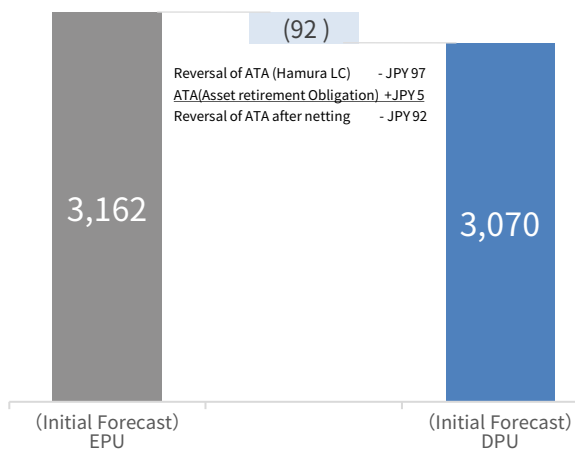


Stabilizing temporary decrease in DPU due to redevelopment by distribution in excess of profit

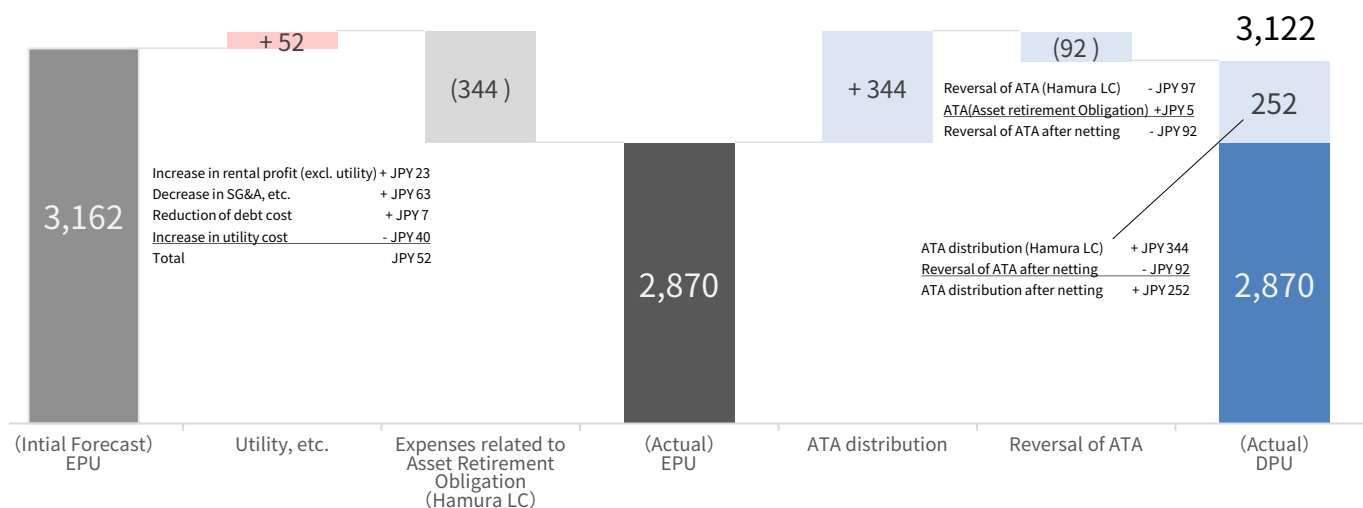
Smoothing out temporary factors to decrease in distributions by making optimal payable distributions

	Distribution type	Subject	Description	Amount of each description (JPY per unit)				Distribution amount (JPY per unit)	
				Recent		Initial plan			
31st FP	Optimal Payable Distribution (return of invested capital)	Atsugi LC III	Decrease in revenue during development (JPY 36)	36	541	36	507	Temporary distribution in excess of profit are not to be made in light of the level of distribution due to the gain from the sale of Osaka Nanko ITSC.	
		Hamura LC	Demolition cost (JPY 43), Reversal of ATA (JPY 97), Decrease in revenue during development (JPY 19)	159		157			
		Shonan HIP	Excess utility cost (JPY 330) (※equivalent to excess from initial budget JPY 953mn.) Excess OPEX (JPY 8) (※equivalent to excess from JPY 750mn. per FP)	338		306			
	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)	8		8			
	Temporary distribution in excess of profit (ATA) (For discrepancies between tax and accounting)	Asset retirement obligations	Increase in amortization expense due to recognition of asset retirement obligations in the 31st fiscal period (344 yen) Increase in amortization expense due to recognition of asset retirement obligations for properties with asbestos (JPY 5) Decrease in ATA distribution due to ATA reversal (JPY -97)	252	252	-	-	To make ATA distribution of JPY 252 equivalent to the amount deducting ATA reversal of JPY 97 from ATA distribution JPY 349 (JPY 344 + JPY 5)	252

Initial DPU forecast for the 31st fiscal period



Distribution in excess of profit for the 31st fiscal period

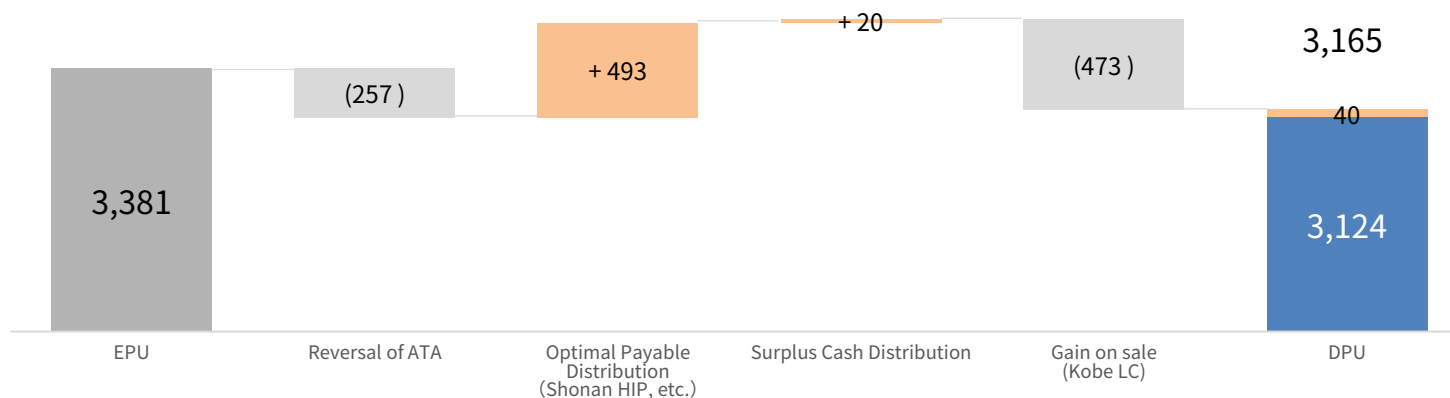


Stabilizing future DPU level by utilization of gain on sales and distribution in excess of profit

Smoothing out temp. factors to decrease in distribution by utilization of gain on sales and distribution in excess of profit

	Distribution type	Subject	Description	Amount of each description (JPY per unit)		Distribution amount (JPY per unit)	
				Recent	Initial plan		
32nd FP	Optimal Payable Distribution (return of invested capital)	Atsugi LC III	Decrease in revenue during development (JPY 34)	34	404	36	374
		Hamura LC	Decrease in revenue during development (JPY 9)	9		9	
		Shonan HIP	Excess utility cost (JPY 294) (※equivalent to excess from initial budget JPY 873 mn.) Excess OPEX (JPY 0) (※No excess from JPY 750mn. per FP)	294		319	
		Reversal of ATA	Reversal due to tax discrepancy related to asset retirement obligation, etc. (JPY 52)	52		-	
	Surplus Cash Distribution (return of invested capital)	Yokkaichi LC (New building)	Equivalent to 30% of the depreciation expense of 73 million yen arising from the new building (JPY 10)	10		10	
		Shiga Ryuoh LC	Equivalent to 30% of the depreciation expense of 26 million yen arising from the new acquisition (JPY 3)	3		-	
33rd FP	Optimal Payable Distribution (return of invested capital)	Atsugi LC III	Decrease in revenue during development (JPY 10)	10	513	-	-
		Hamura LC	Decrease in revenue during development (JPY 33)	33		-	
		Shonan HIP	Excess utility cost (JPY 193) (※equivalent to excess from initial budget JPY 953 mn.) Excess OPEX (JPY 0) (※No excess from JPY 750mn. per FP)	193		-	
		Reversal of ATA	Reversal due to tax discrepancy related to asset retirement obligation, etc. (JPY 257)	257		-	
	Surplus Cash Distribution (return of invested capital)	Yokkaichi LC (New building)	Equivalent to 30% of the depreciation expense of 73 million yen arising from the new building (JPY 10)	10		-	
		Shiga Ryuoh LC	Equivalent to 30% of the depreciation expense of 26 million yen arising from the new acquisition (JPY 4)	4		-	
		Atsugi LC III (Redevelopment)	Equivalent to 30% of the depreciation expense of 26 million yen arising from the new acquisition (JPY 6)	6		-	

Distribution in excess of profit for the 33rd fiscal period



Operating Results for the Jan. 2023 (31st) Fiscal Period

		(JPY mn)						
		Jul. 2022	Jan. 2023 (31st FP Actual)			Jan. 2023	Jan. 2023	
		(30th FP Actual)		Period over period		(31st FP Initial Budget)	Period over period	
Key P/L Figures	Operating revenue	17,194	17,944	+750	+4.4%	17,922	+22	+0.1%
	Operating expense	9,731	11,004	+1,273	+13.1%	10,360	+644	+6.2%
	Operating Income	7,462	6,939	(522)	(7.0)%	7,562	(622)	(8.2)%
	None-operating income	1	16	+15	+1,160.7%	-	+16	-
	Non-operating expense	969	1,013	+44	+4.5%	1,013	+0	+0.0%
	Ordinary income	6,494	5,942	(551)	(8.5)%	6,549	(606)	(9.3)%
	Net income	6,492	5,940	(551)	(8.5)%	6,547	(606)	(9.3)%
	Earnings per unit (yen)	3,136	2,870	(266)	(8.5)%	3,162	(292)	(9.2)%
	Distributions per unit (excluding ATA and OPD) (yen)	2,932	2,870	(62)	(2.1)%	3,070	(200)	(6.5)%
	ATA (Allowance for Temporary difference Adjustment per unit) (yen)	0	252	+252	-	0	+252	-
OPD (Other excess Profit Distributions per unit)(yen)	168	0	(168)	(100.0)%	0	-	-	
Distributions per unit (yen)	3,100	3,122	+22	+0.7%	3,070	+52	+1.7%	
Other Figures	Capital expenditure	1,632	1,428 ^(Note 1)	(203)	(12.4)%	1,528	(99)	(6.5)%
	Maintenance	948	1,032	+84	+8.9 %	1,113	(80)	(7.2)%
	Enhancement	683	396	(287)	(42.0)%	415	(19)	(4.7)%
	Repair expense	993	960 ^(Note 2)	(32)	(3.3)%	978	(18)	(1.8)%
	Total	4,257	3,818	(439)	(10.3)%	4,036	(217)	(5.4)%
	Depreciation	2,161	2,758	597	27.6 %	2,057	+700	+34.0 %
	FFO *	7,795	7,248	(546)	(7.0)%	7,151	+97	+1.4%
	AFFO **	6,163	5,820	(343)	(5.6)%	5,622	+197	+3.5%
	Number of properties	75	74	-	-	74	-	-
	Occupancy rate	98.6%	98.8%	-	-	98.7%	-	-
	Total book value	372,815	377,468	+4,652	+1.2%			
	Total appraisal value	464,212	469,582	+5,370	+1.2%			
	Unrealized gain	91,396	92,113	+717	+0.8%			
	Total debt	202,783	208,283	+5,500	+2.7%			
	LTV	48.6%	49.3%	+0.7pt	+1.5%			
Total net assets	189,358	188,905	(453)	(0.2)%				
Net assets per unit	91,476	91,257	(219)	(0.2)%				

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

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

IIF Shonan HIP	: JPY 207mn. for conversion of Bldg. A to the same spec of Bldg. B (Area A33E)
IIF Noda LC	: JPY 114mn. for construction work of fire preventing compartment
IIF Osaka Konohana LC	: JPY 73mn. for renewal of freight elevators (No 4,5,6)
IIF Shonan HIP	: JPY 57mn. for expansion of office and meeting room
IIF Shonan HIP	: JPY 54mn. for expansion of office and meeting room for occupants of Bldg. A

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

IIF Shonan HIP	: JPY 104mn. for inspection and maintenance of air conditioning equipment at Bldg. B, Bldg. C and Bldg. CS
IIF Shonan HIP	: JPY 94mn. for inspection and maintenance of air conditioning equipment and cold heat source equipment at Bldg. A and Bldg. EC
IIF Hamura LC	: JPY 91mn. for demolition work of existing bldg.
IIF Shonan HIP	: JPY 87mn. for coating sound insulation wall
IIF Shonan HIP	: JPY 51mn. for inspection and maintenance of utility equipment at Bldg. B and Bldg. C

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

Operating Revenue	+ 750
Full contribution from the new acquisitions in 30th period	+ 39
Partial contribution from the new acquisitions in 31st period	+ 128
Gain on sale from the disposition of the property	+ 591
(Deference of gain on sale between 30th period and 31st period)	
Decrease in rental revenue due to down-time (IIF Hamura LC)	(18)
Increase in rental revenue due to organic growth	+ 20
Increase in rental revenue (Usage fee for national land ^{to offset expense}) (IIF Haneda Airport MC)	+ 4
Decrease in rental revenue due to disposition of property (IIF Inzai LC and IIF Osaka Nanko ITSC)	(146)
Increase in rental revenues (Utilities received) (IIF Shonan HIP, etc.)	+ 144
Decrease in other revenue (Electricity sales income)	(10)
Operating Expense	+ 1,273
Increase in lease expenses (Utilities expense) (IIF Shonan HIP, etc.)	+ 513
Increase in lease expenses (Repair and maintenance cost) (IIF Shonan HIP, etc.)	+ 56
Decrease in lease expenses due to disposition of property (IIF Inzai LC and IIF Osaka Nanko ITSC)	(28)
Increase in expensed property-related taxes due to the properties acquired in 2021	+ 70
(Full contribution), etc.	
Increase in lease expenses (Usage fee for national land ^{to offset revenue}) (IIF Haneda Airport MC)	+ 4
Increase in depreciation (Incl. expenses related to asset retirement obligation at IIF Hamura LC)	+ 610
Increase in asset management fee (Including the difference in business days)	+ 34
Increase in other operating expenses (SG&A)	+ 11
Non-Operating Expense	+ 44
Increase in interest expense for new debt and refinancing in 31st period	+ 22
Increase in interest expense due to the difference in business days	+ 13
Decrease in amortization for issuance cost of new units issued for PO	(13)
Increase in other non-operating expenses	+ 18

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

Operating Revenue	+ 22
Increase in rental revenues (Utilities received) (IIF Sagamihara R&DC, etc.)	+ 25
Operating Expense	+ 644
Increase in lease expenses (Utilities expense)(IIF Shonan HIP, etc.)	+ 95
Decrease in lease expenses (Repair and maintenance cost, etc.)	(18)
(IIF Shonan HIP, etc.)	
Increase in depreciation (IIF Hamura LC)	+ 700
Decrease in other operating expenses (SG&A)	(130)
Non-Operating Expense	+ 0
Decrease in interest expense for new debt etc.	(7)
Decrease in interest expense on investment corporation bonds	(5)
Increase in other non-operating expense	+13

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

	(JPY mn)							
	Jan. 2023	Jul. 2023 (32nd FP Revised Budget)			Jul. 2023	Jul. 2023		
	(31st FP Actual)	Period over period			(32nd FP Initial Budget)	Period over period		
Key P/L Figures	Operating revenue	17,944	18,402	+458	+2.6%	16,583	+1,819	+11.0%
	Operating expense	11,004	10,814	(190)	(1.7)%	10,016	+797	+8.0%
	Operating Income	6,939	7,588	+649	+9.4%	6,567	+1,021	+15.6%
	None-operating income	16	-	(16)	-	-	-	-
	Non-operating expense	1,013	956	(56)	(5.6)%	994	(37)	(3.8)%
	Ordinary income	5,942	6,631	+689	+11.6%	5,573	+1,058	+19.0%
	Net income	5,940	6,630	+689	+11.6%	5,571	+1,058	+19.0%
	Earnings per unit (yen)	2,870	3,136	+266	+9.3%	2,691	+445	+16.5%
	Distributions per unit (excluding ATA and OPD) (yen)	2,870	3,084	+214	+7.5%	2,691	+393	+14.6%
	ATA (Allowance for Temporary difference Adjustment per unit) (yen)	252	0	(252)	(100.0)%	5	(5)	(100.0)%
Other Figures	OPD (Other excess Profit Distributions per unit)(yen)	0	0	-	-	374	(374)	(100.0)%
	Distributions per unit (yen)	3,122	3,084	(38)	(1.2)%	3,070	+14	+0.5%
	Capital expenditure	1,428	1,170 (Note1)	(258)	(18.1)%			
	Maintenance	1,032	998	(34)	(3.3)%			
	Enhancement	396	170	(225)	(56.9)%			
	Repair expense	960	876 (Note2)	(84)	(8.7)%			
	Total	2,389	2,047	(342)	(14.3)%			
	Depreciation	2,758	2,082	(675)	(24.5)%			
	FFO	7,248	7,854	+605	8.4 %			
	AFFO	5,820	6,683	+863	14.8 %			
	Number of properties	74	77	-	-			
	Occupancy rate	98.8%	100.0%	-	-			

*The number of properties and occupancy rate exclude IIF Kobe Logistics Center to be disposed. The same applies hereinafter.

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

IIF Shonan HIP	: JPY 176mn. for renewal of central monitoring device and terminal server
IIF Kashiwa LC	: JPY 70mn. for renewal of roof
IIF Shinagawa DC	: JPY 51mn. for renewal of VCB of generator
IIF Shonan HIP	: JPY 45mn. for renewal of surveillance camera equipment component
IIF Saitama LC	: JPY 39mn. for waterproofing work on the roof

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

IIF Shonan HIP	: JPY 79mn. for inspection and maintenance of air conditioning equipment at Bldg. A
IIF Shonan HIP	: JPY 64mn. for replacement of RI filter
IIF Shonan HIP	: JPY 63mn. for inspection and maintenance of air conditioning equipment at Bldg. B
IIF Shonan HIP	: JPY 53mn. for inspection and maintenance of air conditioning equipment in biochemistry & reserve room at Bldg. A
IIF Shonan HIP	: JPY 37mn. for inspection and maintenance of air conditioning equipment and cold heat source equipment at Bldg. A and Bldg. EC

(JPY mm.)

■ Major Factors of Change for 32nd Period (Compared to 31st Actual)

Operating Revenue	+ 458
Increase in revenue from new acquisitions related to PO in Mar. 2023 (Partial contribution)	+ 233
Decrease in gain on sale from the dispositions (Deference between 31st period and 32nd period)	(592)
Increase in rental revenue (Incl. IIF Yokkaichi LC (New Building))	+ 66
Increase in rental revenue (Utilities received) (IIF Shonan HIP and IIF Sagamiyara R&DC, etc.)	+ 738
Increase in other revenue (Electricity sales income)	+ 8
Operating Expense	(190)
Increase in lease expenses due to new acquisitions related to PO in Mar. 2023	+ 67
Increase in lease expenses (Utilities expense) (IIF Shonan HIP, etc.)	+ 599
Decrease in lease expenses (Repair and maintenance cost) (IIF Shonan HIP, etc.)	(181)
Decrease in lease expenses due to dispositions of the properties (IIF Osaka Nanko ITSC, IIF Inzai LC)	(38)
Increase in expensed property-related taxes due to the properties acquired in 2022 (Partial contribution), etc.	+ 16
Decrease in depreciation (Incl. expenses related to asset retirement obligation at IIF Hamura LC)	(718)
Increase in other operating expenses (SG&A), etc.	+ 57
Non-Operating Expense	(56)
Increase in interest expense for new debt and refinancing in 31st period	+ 2
Decrease in interest expense for refinancing of the 2nd series investment corporation bonds	(19)
Decrease in interest expense due to the difference in business days	(12)
Decrease in amortization for issuance cost of new units issued (incl. the end of amortization for PO in Dec. 2019)	(8)
Increase in other non-operating expense	(18)

■ Major Factors of Change for 32nd Period (Compared to 32nd Original Budget)

Operating Revenue	+ 1,819
Partial contribution from the new acquisitions in the 32nd period	+ 233
Gain on sale from the disposition of the property (IIF Kobe LC)	+ 857
Increase in rental revenue (Utilities received) (IIF Shonan HIP and IIF Sagamiyara R&DC, etc.)	+ 697
Operating Expense	+ 797
Increase in lease expenses due to the new properties acquired in 32nd period	+ 68
Increase in lease expenses (Utilities expense) (IIF Shonan HIP, etc.)	+ 690
Decrease in depreciation (IIF Shonan HIP, etc.)	(16)
Increase in other operating expenses (SG&A)	+ 51
Non-Operating Expense	(37)
Increase in interest expense for new debt for PO in 32nd period	+ 7
Decrease in interest expense for refinancing in 31st and 32nd period etc.	(18)
Decrease in interest expense on investment corporation bonds	(29)
Increase in amortization for issuance cost of new units issued for PO	+ 7

Earnings Forecast for the Jan. 2024 (33rd) Fiscal Period

		(JPY mn)			
		Jul. 2023 (32nd FP Revised Budget)	Jan. 2024 (33rd FP Budget)	Period over period	
Key P/L Figures	Operating revenue	18,402	19,046	+643	+3.5%
	Operating expense	10,814	10,929	+114	+1.1%
	Operating income	7,588	8,117	+528	+7.0%
	None-operating income	-	-	-	-
	Non-operating expense	956	969	+12	+1.3%
	Ordinary income	6,631	7,147	+516	+7.8%
	Net income	6,630	7,146	+516	+7.8%
	Earnings per unit (yen)	3,136	3,381	+245	+7.8%
	Distributions per unit (excluding ATA and OPD) (yen)	3,084	3,125	+41	+1.3%
	ATA (Allowance for Temporary difference Adjustment per unit) (yen)	0	0	-	-
Other Figures	OPD (Other excess Profit Distributions per unit)(yen)	0	40	+40	-
	Distributions per unit (yen)	3,084	3,165	+81	+2.6%
	Capital expenditure	1,170	1,394 (Note1)	+224	+19.1 %
	Maintenance	998	1,145	+146	+14.7 %
	Enhancement	170	249	+78	+46.3 %
	Repair expense	876	752 (Note2)	(123)	(14.1)%
	Total	2,047	2,147	+100	+4.9 %
	Depreciation	2,082	2,119	(37)	+1.8 %
	FFO	7,854	8,265	+410	+5.2%
	AFFO	6,683	6,870	+186	+2.8%
	Number of properties	77	77	-	-
	Occupancy rate	100.0%	100.0%	-	-

(Note 1) Major capital expenditures planned in the 33rd FP

IIF Shonan HIP	: JPY 167mn. for renewal of industrial controller for monitoring Bldg. A
IIF Kashiwa LC	: JPY 69mn. for exterior wall painting
IIF Shinagawa DC	: JPY 65mn. for replacement of high-voltage cables (1/3 term)
IIF Osaka Toyonaka DC	: JPY 61mn. for renewal of regular-use elevators (No. 3 and 4)
IIF Shonan HIP	: JPY 60mn. for expansion of office and meeting room

(Note 2) Major repair cost planned in the 33rd FP

IIF Narashino LC II	: JPY 60mn. for demolition work of Bldg. D
IIF Shonan HIP	: JPY 49mn. for inspection and maintenance of air-conditioning/heat source equipment at Bldg. A and Bldg. EC
IIF Shonan HIP	: JPY 35mn. for inspection and maintenance of service equipment at Bldg. B and Bldg. C
IIF Shonan HIP	: JPY 31mn. for inspection and maintenance of emergency generators
IIF Shonan HIP	: JPY 29mn. for inspection and maintenance of emergency generators

(JPY mm.)

Major Factors of Change for 33rd Period (Compared to 32nd Revised Budget)

Operating Revenue	+ 643
Full contribution from the new acquisition in the 32nd period	+ 209
Increase in gain on sale from the dispositions (Deference between 32nd period and 33rd period)	+ 142
Increase in rental revenue (Utilities received) (IIF Shonan HIP, etc.)	+ 319
Operating Expense	+ 114
Increase in lease expenses due to the new properties acquired in 32nd period (Full contribution)	+ 55
Increase in expensed property-related taxes due to the properties acquired in 2022 (Full contribution)	+ 16
Increase in lease expenses (Utilities expense paid) (IIF Shonan HIP, etc.)	+ 177
Decrease in lease expenses (Repair and maintenance cost etc.)	(107)
Decrease in lease expenses due to disposition of the properties (IIF Kobe LC)	(21)
Decrease in other operating expenses (SG&A)	(3)
Non-Operating Expense	+ 12
Increase in interest expense for new debt for PO in 32nd period	+ 11
Increase in interest expense due to the refinancing in 32nd and 33rd period and difference in business days	+ 11
Decrease in amortization for new units issued for PO in Aug. 2020	(12)

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.5 (Note 1) “CRE Strategy” is defined as the strategy, based on a management strategic viewpoint, to optimally and efficiently operate real estate owned by corporations as to maximize said corporations’ enterprise value. CRE Strategy or the real estate held by the corporate itself may be referred to as “CRE”. “PRE Strategy” is defined as the strategy, based on a public viewpoint, to appropriately and efficiently operate public real estate with regards to economic revitalization and financial prudence. PRE Strategy or the public real estate itself may be referred to as “PRE”. The same shall apply hereinafter.
- (Note 2) “CRE Proposals” are defined as proposals based on the “CRE Strategy”. “PRE Proposals” are defined as proposals based on the “PRE Strategy”. “CRE/PRE Proposals” or “Combined CRE/PRE Proposal” are defined as proposals including both or either “CRE Proposals” and “PRE Proposals”.
- (Note 3) “Forecast DPU (After adjustment of fixed property tax, city planning tax and non-recurring gains or losses, etc.) as of July 2023 fiscal period (32nd fiscal period)” refers to the estimated distribution per unit calculated for the July 2023 fiscal period, announced on September 14, 2022 described in “Summary of Financial Results for the Six Months Ended July 31, 2022”, with the previous assumptions revised as stated below. “Forecast DPU (After adjustment of fixed property tax, city planning tax and non-recurring gains or losses, etc.) as of January 2024 fiscal period (33rd fiscal period)” refers to the estimated distribution per unit calculated for the January 2024 fiscal period announced as of March 13, 2023 described in “Notice Concerning Revision of Forecast of Operating Results and Distributions for the July 2023 (32nd) Fiscal Period and Forecast of Operating Results and Distributions for the January 2024 (33rd) Fiscal Period”, with the previous assumptions revised as stated below. These figures are based on earnings forecasts figured out based on certain assumptions, and do not guarantee any value of actual distributions. The same shall apply hereinafter. For further details of the assumptions for these figures, please refer to the attached “Earnings Forecast Assumptions for the 31st Fiscal Period (August 1, 2022 to January 31, 2023) and the 32nd Fiscal Period (February 1, 2023 to July 31, 2023) Released on September 14, 2022” and “Earnings Forecast Assumptions for the 32nd Fiscal Period (February 1, 2023 to July 31, 2023) and the 33rd Fiscal Period (August 1, 2023 to January 31, 2024) Released on March 13, 2023”.
- (Note 4) LTV as of the end of the January 2023 fiscal period are calculated based on the following formula. The same shall apply hereinafter.
- LTV (based on book value) = Total amount of interest-bearing debts ÷ Total assets**
 - LTV (based on appraisal value) = Total amount of interest-bearing debts* ÷ (Total assets** + Difference between Appraisal Value and Acquisition Price in the IIF Portfolio Assets as of the end of the fiscal period ending January 2023)
 - * Total amount of interest-bearing debts = Total amount of interest-bearing debts as of the end of the January 2023 fiscal period
 - ** Total assets = Total liabilities as of the end of the January 2023 fiscal period + Total net asset as of the end of the January 2023 fiscal period
- (Note 5) LTV after the Anticipated Acquisitions are calculated based on the following formula. Indices after the Anticipated Acquisitions are estimates as of the release date of this material calculated based on certain assumptions by reflecting the New Borrowings to the indices as of the end of the January 2023 fiscal period, and do not necessarily coincide with the actual numbers after the Anticipated Acquisitions. In addition, regarding the New Borrowings, although IIF has received a Notification on the Interest for Borrowings, IIF has not signed any loan agreements. Consequently, this does not guarantee that the actual borrowing will take place, and it is possible that the actual amount of borrowing may be lower than the indicated estimate as of the release date of this material. The same shall apply hereinafter.
- LTV (based on book value) after the Anticipated Acquisitions = (Total amount of interest-bearing debts as of the end of the January 2023 fiscal period + Amount of the New Borrowings) ÷ (Total assets after the Anticipated Acquisitions*)
 - LTV (based on appraisal value) after the Anticipated Acquisitions = (Total amount of interest-bearing debts as of the end of the January 2023 fiscal period + Amount of the New Borrowings) ÷ (Book Value after the Anticipated Acquisitions* + Difference between Appraisal Value and Acquisition Price after the Anticipated Acquisitions**)
 - * Total assets after the Anticipated Acquisitions = Total assets as of the end of the fiscal period ending January 2023 + Amount of the New Borrowings + Guarantees and security deposits regarding the Anticipated Acquisitions — Guarantees and security deposits regarding the Asset to be Disposed + Total amount to be issued in connection with the Offering
 - ** Unrealized gain after the Anticipated Acquisitions = Sum of the total of fair value at the end of the fiscal period or the appraisal value of the owned properties and the Anticipated Acquisitions as of the end of the fiscal period ending January 2023 (For further details, please find Note 1 for P.22) - Book value of existing assets at the end of the January 2023 fiscal period - Total acquisition Price of Anticipated Acquisitions - Fair value of the Asset to be Disposed as of the end of the January 2023 fiscal period + Book value of the Asset to be Disposed as of the end of the January 2023 fiscal period
- (Note 6) The “Average Appraisal NOI Yield”, “Average Appraisal NOI Yield after Depreciation”, and “Average Appraisal NOI Yield after Depreciation (considering continuous surplus cash distribution)”, are calculated based on the following formula. The same shall apply hereinafter.
- Average Appraisal NOI Yield = Total Appraisal NOI ÷ Sum of (Anticipated) Acquisition Price
- Average Appraisal NOI Yield after Depreciation = (Total Appraisal NOI - Depreciation*) ÷ Sum of (Anticipated) Acquisition Price
- Average Appraisal NOI Yield after Depreciation (considering continuous surplus cash distribution**) = (Total Appraisal NOI - Depreciation + Sum of the depreciation expense (limited to that of “IIF Shiga Ryuoh Logistics Center”, “IIF Atsugi Logistics Center III (Redevelopment)”, and “IIF Yokkaichi Logistics Center (New Building)”) × 30%) ÷ Sum of (Anticipated) Acquisition Price
- * Unless otherwise noted, for the calculation of Appraisal NOI, the net operating income in the direct capitalization method as described in the appraisal reports by Japan Real Estate Institute, Tanizawa Sogo Appraisal Co., Ltd., and CBRE K.K. dated January 31, 2023 (the appraisal report of the uncompleted building including the acquired land portion for IIF Atsugi Logistics Center III (Redevelopment) dated January 31, 2023) (the “Appraisal Reports for the New Acquisitions” hereinafter). If the direct capitalization method is not used in the Appraisal Report, the net operating income for the first year in the DCF method described in the appraisal report is used.
- ** Depreciation regarding the New Acquisitions is calculated based on the pro forma amount calculated at the depreciation ratio under the straight-line method according to the useful lives thereof as with other properties owned by IIF. The same shall apply hereinafter.
- *** For considerations on continuous surplus cash distribution, IIF plans to pay a distribution for every period, in principle, of an amount up to 30% of depreciation expense during the relevant operational period specified by IIF as continuous surplus cash distribution, regarding a redeveloped property or a newly-constructed property, etc. in which a large portion of the acquisition price is building price and the portion of depreciation expense is high. As such, regarding the New Acquisitions, the Appraisal NOI Yield after Depreciation in which 30% of the depreciation expense is subtracted from the Depreciation is shown as a reference. However, all or part of such surplus cash distribution may not be paid in consideration of the amount of capital expenditure required for maintenance and enhancement of competitiveness of the IIF Portfolio Assets, profit levels including the level of net income and temporary gains from sale of real estate, etc. or cancellation penalty charges for the relevant operating period, levels of cash distributions including surplus cash distribution for the relevant operating period, the financial status of IIF, as well as macroeconomic, real estate market and real estate leasing market trends. Consequently, the Appraisal NOI Yield after Depreciation (considering continuous surplus cash distribution) is only a reference, and does not imply or guarantee the actual distribution amount or level to unitholders. Out of the New Acquisitions, the following three properties: IIF Shiga Ryuoh Logistics Center, IIF Atsugi Logistics Center III (Redevelopment), and IIF Yokkaichi Logistics Center (New Building) fit the description of having “a large portion of the acquisition price is building price and the portion of depreciation expense is high”.
- The Average Appraisal NOI Yield after Depreciation of the New Acquisitions is based upon the Appraisal Reports for the New Acquisitions, and may differ from the actual values after IIF acquires said properties.
- (Note 7) “Unrealized Gain” of the New Acquisitions represents the difference between appraisal value stated in the Appraisal Reports for the Anticipated Acquisitions and the (Anticipated) Acquisition Price. Please note that there is no assurance that such unrealized will be realized. The Average Ratio of Unrealized Gain for the New Acquisitions are calculated as follows. The same shall apply hereinafter.
- Average Ratio of Unrealized Gain = Total of Unrealized Gain ÷ Total of the (Anticipated) Acquisition Price
- P.5 (Note 1) Regarding “IIF Hanno Manufacturing Center (land with leasehold interest)”, IIF plans to acquire the leasehold interest of the land indicated by the dashed line. The same shall apply hereinafter.
- (Note 2) Regarding the “Seller”, for properties to be acquired through a bridge structure, the indicated sellers are the actual sellers and not the bridging entities (IIF has acquired “IIF Hanno Manufacturing Center (land with leasehold interest)” through a bridge scheme, and has indicated Nikken Lease Kogyo Co., Ltd. as the seller. However, considering that Nikken Lease Kogyo Co., Ltd. only possessed the property temporarily, IIF has disclosed the previous seller to Nikken Lease Kogyo Co., Ltd., Urban Renaissance Agency as the “former owner”). If IIF has not obtained the necessary permission from the seller or the bridge seller to disclose its name, the sellers are disclosed as “Japanese Operating Company” or “SPC” according to their entities. In addition, regarding redevelopment property, if IIF becomes the orderer for the development construction, the seller is disclosed as “Redevelopment”. The same shall apply hereinafter.
- (Note 3) Regarding the “Tenant”, only the major tenant has been stated. The same shall apply hereinafter.
- (Note 4) The “Appraisal Value” for the New Acquisitions are based upon the Appraisal Reports for the New Acquisitions.

Note (2)

- P.6 (Note 5) "Ratio of Unrealized Gain", "Appraisal NOI Yield", "Appraisal NOI Yield after Depreciation", and "Appraisal NOI Yield after Depreciation (considering continuous surplus cash distribution)", of each asset regarding the New Acquisitions are calculated based on the following formula. The same shall apply hereinafter.
- $$\begin{aligned} \text{Ratio of Unrealized Gain} &= \text{Unrealized Gain of the Anticipated Acquisitions} \div (\text{Anticipated}) \text{ Acquisition Price} \\ \text{Appraisal NOI Yield} &= \text{NOI} \div (\text{Anticipated}) \text{ Acquisition Price} \\ \text{Appraisal NOI Yield after Depreciation} &= (\text{NOI} - \text{Depreciation}) \div (\text{Anticipated}) \text{ Acquisition Price} \\ \text{Appraisal NOI Yield after Depreciation (considering continuous surplus cash distribution)} &= (\text{NOI} - \text{Depreciation} + \text{Sum of the depreciation expense (limited to that of "IIF Shiga Ryuoh Logistics Center", "IIF Atsugi Logistics Center III (Redevelopment)", and "IIF Yokkaichi Logistics Center (New Building)}) \times 30\%}) \div \text{Anticipated Acquisition Price} \end{aligned}$$
- The NOI Yield after Depreciation for the New Acquisitions are based upon the Appraisal Reports for the New Acquisitions and different from IIF's actual yield after the acquisition.
- (Note 6) "Occupancy Rate" is defined as the 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 or lease reserve contracts for each property and total 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 7) "Lease Contract Term" for the New Acquisitions is defined as the period from the commencement date of the lease to the expiration date of the lease as provided in the relevant lease contracts or lease reserve contracts for the New 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 8) "Fixed-term leasehold" as a form of lease contract refers to fixed-term land lease contract and fixed-term building lease contract. The lease contract regarding each New Acquisitions to be effected after acquisition of the Anticipated Acquisitions or lease reserve 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 key tenants. The same shall apply hereinafter.
- (Note 9) "Remaining Lease Term (as of January 1, 2024)" for the New Acquisitions means the period from January 1, 2024 to the date of the expiration indicated in the relevant lease contract or lease reserve contract regarding each New Acquisitions to be effected after acquisition of the Anticipated Acquisitions. The average Remaining Lease Term is calculated as a weighted average according to annual rent. The same shall apply hereinafter.
- (Note 10) Regarding cancellation before expiration, a lease contract that does not allow early cancellation without payment of rent for a certain period of time or penalty 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 in principle". 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.
- P.7 (Note 1) "Logistics REITs" are defined as J-REITs, excluding IIF, in which their investment policy is limited to logistics facilities (including land with leaseholds interest), or over half of their portfolio composition by usage is set for logistics facilities as of January 31 2023, and has made a public offering with the offering price between September 1, 2022 and March 3, 2023. To clarify, this encompasses GLP J-REIT, Nippon Prologis REIT, Inc., Mitsubishi Estate Logistics REIT Investment Corporation, Advance Logistics Investment Corporation, and SOSILA Logistics REIT, Inc. The same shall apply hereinafter.
- (Note 2) "Average NOI Yield of New Acquisitions Associated with Public Offerings by Logistics REITs" are calculated as a weighted average based on the anticipated acquisition prices for offerings by Logistics REITs in which the issuance price is determined between September 1, 2022 and March 3, 2023. In addition, the average NOI yield after depreciation uses for each J-REIT is a weighted average of the net operating income in the direct capitalization method as described in the appraisal reports disclosed by the respective Logistics REITs for each New Acquisition divided by the (Anticipated) Acquisition Price for each property. The same shall apply hereinafter.
- (Note 3) "Average Ratio of Unrealized Gain Associated with New Acquisitions with Public Offering by Logistics REITs" are calculated as a weighted average based on the anticipated acquisition prices for offerings by Logistics REITs in which the issuance price is determined between September 1, 2022 and March 3, 2023. In addition, the ratios of Unrealized Gain of New Acquisitions is calculated by dividing the difference between Appraisal Value and (Anticipated) Acquisition Price as of the appraisal report disclosed by the respective Logistics REITs of New Acquisitions with the sum of (Anticipated) Acquisition Price. The same shall apply hereinafter.
- P.14 (Note 1) The indicative images displayed after redevelopment are renderings assuming the completion, and may differ from the actual asset. In addition, as of the release date of this material, IIF has not made any decisions to purchase "IIF Narashino Logistic Center I" (refers to the building to be constructed above "IIF Narashino Logistics Center I (land with leasehold interest)"). The same shall apply hereinafter) or "IIF Narashino Logistics Center II" after redevelopment.
- (Note 2) "On-book" is defined as a project in which the development costs etc. of the redevelopment is appropriated on IIF's balance sheet, whereas "Off-balance" is defined as a project in which the development is implemented without allocating the capital expenditure, costs, etc. for the redevelopment within IIF's balance sheet through employing a bridge entity etc. The same shall apply hereinafter.
- (Note 3) The Total floor area after each redevelopment plan is a reference based on current plans for each redevelopment project. As a result, the actual total floor for each asset may differ according to any change in each plans. In particular, the redevelopment plan regarding "IIF Narashino Logistics Center II" is in a more preliminary stage compared to "IIF Narashino Logistics Center I", and as such, may be different to the actual floor space. The same shall apply hereinafter.
- (Note 4) Both KKR's Portfolio Company (A) and Portfolio Company (B) are investments made by KKR's (Includes individual companies or the whole of KKR & Co. Inc. and subsidiaries KKR Group Co. Inc., KKR Group Holdings Corp., KKR Group Partnership L.P., KKR Holdco LLC, KKR & Co. GP LLC, Kohlberg Kravis Roberts & Co. L.P., KKR Asia LLC, and 76KK) private equity fund.
- P.18 (Note 1) This is an illustrative estimate for the facility's utility costs based on actual figures for the January 2023 (31st) fiscal period, and divided accordingly to the new utility cost burdening structure between the major tenant and other tenants. Accordingly, this does not represent the actual burdening ratio for the actual 31st, 32nd, and 33rd fiscal periods. The lessee's burdening portion is calculated by dividing the utility revenue calculated as above with the entire facility's incurred utility costs (actual costs for 31st fiscal period).
- (Note 2) IIF and the major tenant have, with a memorandum dated September 12, 2022, decided a rule in which the lessee will be liable to part of the cost exceeding a predetermined price decided by the lessor and lessee, after October 2022. In addition, while both IIF and the major tenant have decided, with a memorandum dated February 15, 2023, a rule to pass-through the utility costs burden (the pass-through scheme) to the lessee proportionate to the lessee's usable area excluding the subleased area (36,310.06m²) for the subtenant as of November 1, 2022 divided by the facility's total rentable area (130,342.61m²), equivalent to 64.5%, after April 2023. It is possible that such proportion may change in the future. Furthermore, for other tenants, while there are multiple tenants who agreed to partly burden the utility costs, such agreements are not incorporated in the above calculations since these are not the pass-through scheme.
- P.19 (Note 1) "Ratio of Increase (Based on the Number of cases)" represents the ratio in the number of cases of which the rents were increased amongst rent revisions made following expiration between February 1, 2022 and January 31, 2023.
- (Note 2) "Average of Rent Increase Percentage" is calculated as the sum of the difference in rent before and after renewing the lease contract revising the rent upwards, divided by the sum of the rent before the increase.
- (Note 3) "Building Age" for each property is calculated as of January 31, 2023.
- (Note 4) "Appraisal Value Increase" is calculated for each property as the difference between the appraisal value on the appraisal report as of January 31 2023 and the appraisal value as of July 31, 2021, divided by the latter.
- (Note 5) "NOI Increase" is calculated for each property as the difference between the net operating income in the direct capitalization method as described in the Appraisal Report dated January 31, 2023 and the net operating income in the direct capitalization method as described in the Appraisal Report dated July 31, 2021, divided by the latter.

Note (3)

- P.21 (Note) "Unrealized gains" is the difference between the appraisal value and book value of the existing properties as of the end of each fiscal period, and "Unrealized gains ratio" is calculated by dividing unrealized gain by book value. Unrealized gain on the entire portfolio after new acquisition are calculated by subtracting unrealized gain on Kobe LC to be disposed from unrealized gain on the assets held as of the end of the 31st fiscal period and adding the difference between the appraisal value of new acquisitions and the (planned) acquisition price. Please note that there is no guarantee that this unrealized profit will be realized.
"NAV per unit" is calculated by the following formula.
$$\text{NAV per unit} = \text{NAV} \div \text{number of investment units issued and outstanding as of the end of each fiscal period}$$

"NAV" is the difference between the value of IIF's assets and liabilities when the value of the real estate-related assets held by IIF is evaluated based on the appraisal value (or survey price), as calculated by the following formula.
$$\text{NAV} = \text{unitholders' capital} + \text{appraisal value (or survey price) of real estate-related assets at the end of each fiscal period} - \text{book value of real estate-related assets at the end of each fiscal period}^*$$

* Unitholders' capital and book value of real estate-related assets at the end of each fiscal period are the amounts on the balance sheet as of the end of the relevant fiscal period.
NAV per unit after new acquisition is estimated by deducting unrealized gain of IIF Kobe Logistics Center from the NAV at the end of the 31st fiscal period, adding unrealized gain of new acquisitions and the total issue value in the public offering, and dividing by the total number of outstanding investment units after the public offering.
- P.22 (Note 1) $\text{LTV (based on book value)} = \text{Total interest-bearing debt} / \text{Total assets}$
(Note 2) $\text{LTV (based on appraisal value)} = \text{Total interest-bearing debt} / (\text{Total assets} + \text{Total unrealized gain on IIF's portfolio})$
- P.23 (Note 1) The figures for "Average borrowing period" and "Average interest rate" are estimated figures that reflect the borrowings that have been executed as of February 28, 2022 as well as those that are scheduled to be executed after March 2023, and may not necessarily match the actual indices. In addition, no loan agreements for the new borrowings associated with the public offering have been executed as of the date of this document, and thus the new borrowings may not actually be executed. The same applies hereinafter.
(Note 2) "Weighted Average Interest Rate" is a weighted average of the interest rates as of February 28, 2023, for the outstanding interest-bearing debt as of February 28, 2023. Regarding the New Borrowings, the interest rate is calculated, based upon the terms stated in the Notification on the Interest for Borrowings, by adjusting for the spread set forth in the Notification on the Interest for Borrowings to the 1 month Japanese Yen TIBOR rate of February 28, 2023 announced by the JBA TIBOR Administration and the fixed interest rate announced as the interest rate as of 11:00 on February 28, 2023 (Tokyo time) (Refinitiv Screen TKFX9154 Page). As the actual interest rate applied will be determined pursuant to the future loan agreement, the average interest rate (pro forma) above may differ from the actual interest rate applied. In particular, in the event of a significant change in interest rate conditions due to a rapid change in the economic environment, etc., the actual interest rate applied may deviate significantly from the figure above. The same shall apply hereinafter.



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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, Member of Japan Investment Advisers Association,

Member of Type II Financial Instruments Firms Association)