

Industrial & Infrastructure Fund Investment Corporation

Security Code : **3249**



Asset Management Company :
KJRM KKR Japan Realty Management

Investor Presentation for the July 2024 (34th) Period

September 13, 2024

34th Investor Presentation Material

Topics

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IIF Corporate Philosophy

The Only J-REIT Specializing in Industrial Properties

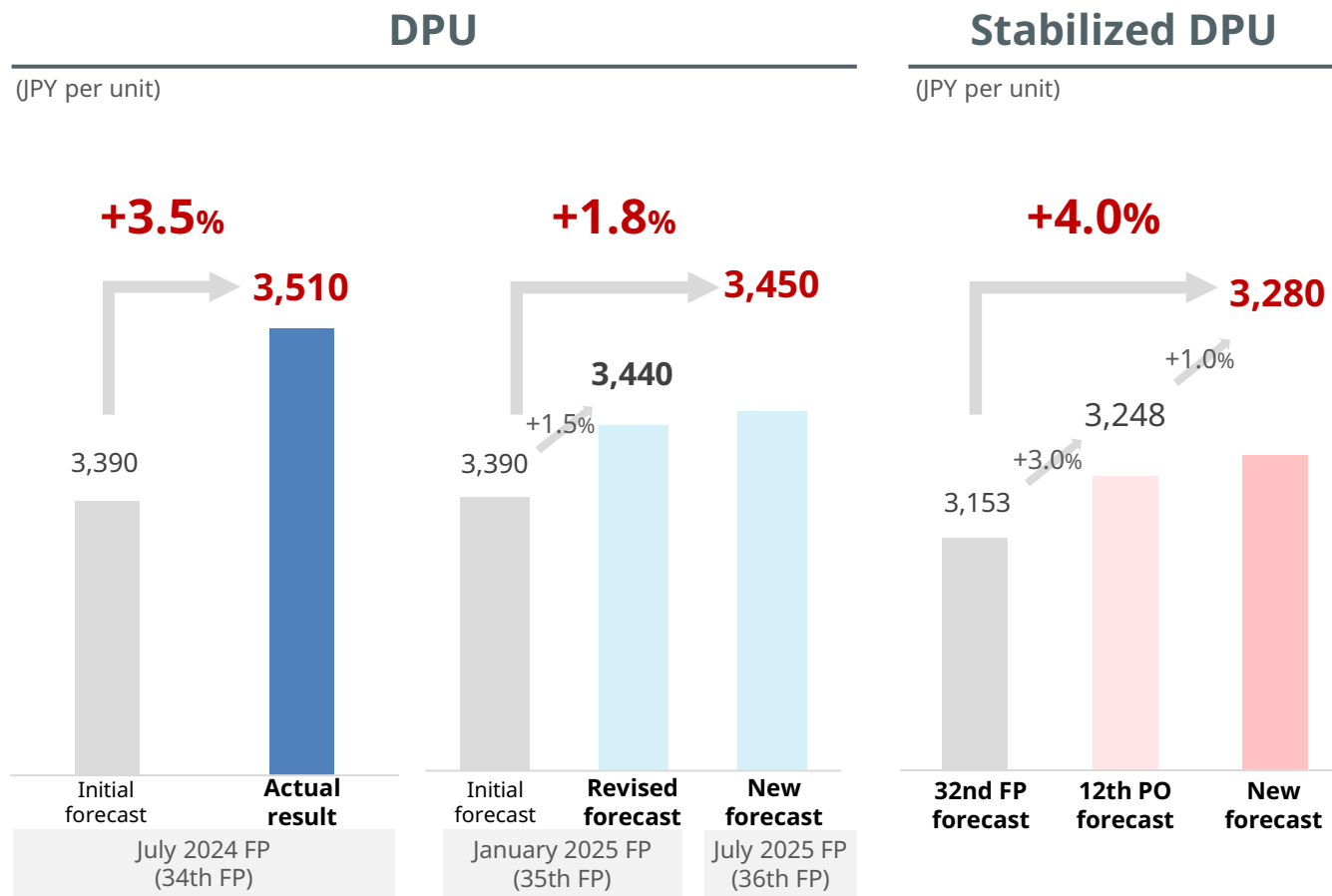
Invests in social infrastructure as a source of power for the Japanese economy and supports industrial activities in Japan from a perspective of real estate

IIF intends to build a diverse portfolio of industrial properties used for logistics and storage, manufacturing, research and development and infrastructure properties supporting all kinds of industrial activities, for which stable medium-to-long term occupancy is expected.

IIF will manage its assets with the aim of continuously enhancing the value of unitholders by securing stable return and steady growth of the assets under management ("AUM").

Executive Summary

DPU result and forecast



Highlights

1. Increase revenue and income


- Steady revenue growth of existing assets

2. Shift to Inflation-Resistant Portfolio

- Introduction of CPI-linked rent
- Shift to pass-through from fixed-rent master lease (Shonan HIP)
- Pursue internal growth at existing assets (Hakozaki LC I, Kawaguchi LC, Izumisano LC, Okazaki MC, and Shonan HIP).

3. Asset value-up through promotion of CRE carve-out strategy and redevelopment

- Acquisition of Hyogosanda LC II, a joint development project with LOGISTEED (unrealized gain ratio: 9.3%, CPI-linked rent granted)
- Launch of full-scale redevelopment at Narashino LC II



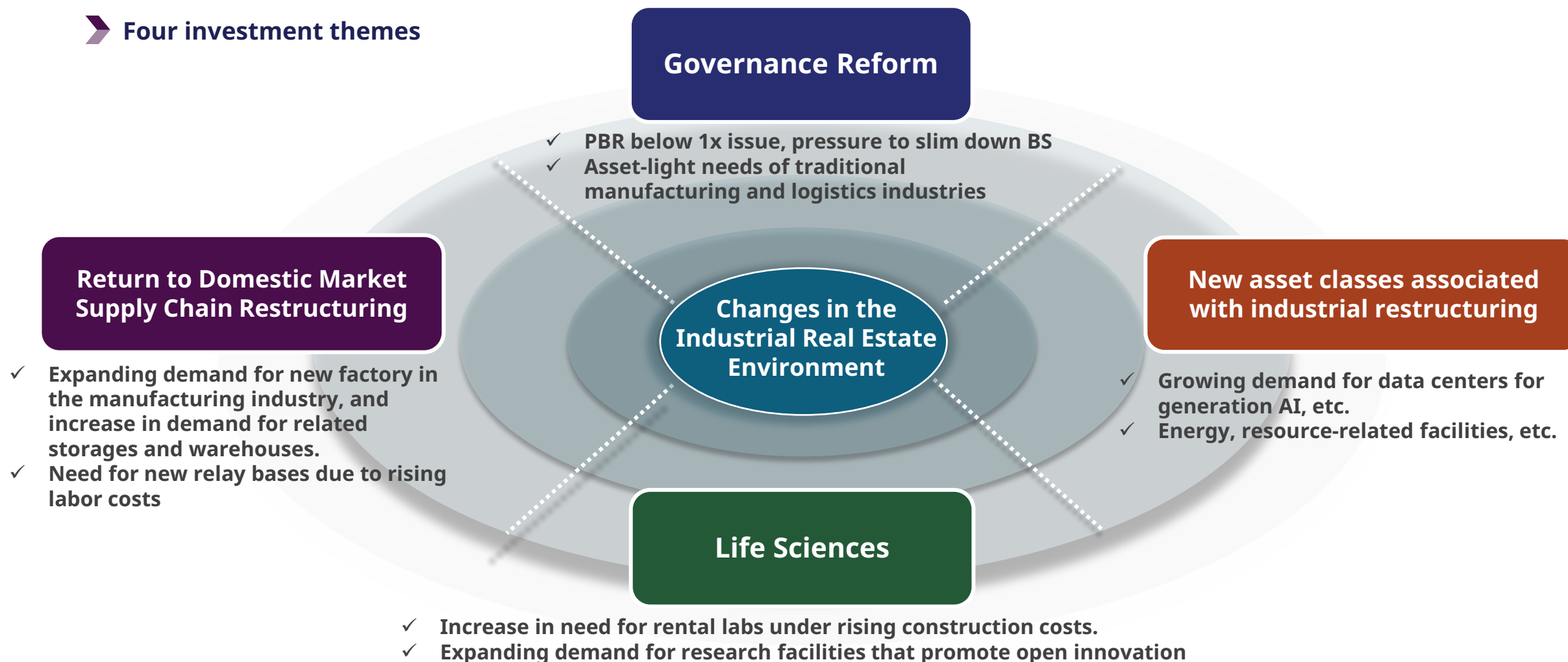
IIF's Basic Policy 1 :

IIF's medium-to-long term growth strategy in light of the changing environment

Medium-term investment themes for IIF

■ Changes in the industrial real estate environment provide IIF with an opportunity to leap forward

➤ Four investment themes



Medium-to-long term growth strategy

External Growth

- ✓ Continue **acquisitions through real estate solution proposals such as CRE carve-outs to improve corporate governance**
- ✓ Selective investment focusing on cash flow growth potential, unrealized gain and redevelopment potential
- ✓ **Distribution of gains on sales** through asset replacement and utilization of proceeds from sales

Internal Growth

- ✓ **Enhance inflation resistance** through the introduction of CPI-linked rents, etc.
- ✓ **Strong pursuit of internal growth** and opportunity exploration for redevelopment and expansion
- ✓ Value up and expansion project of Shonan HIP by utilizing the operational capabilities of iPi (i- Park Institute)

Financial Strategy

- ✓ Flexibility and **debt cost control** through stable financial base
- ✓ **Broaden scope of financing options**, including indirect investment through private funds (Bridge scheme and co-investment)

Improve DPU and NAV (“Total Return”) in the medium-to-long term while carefully monitoring the capital market

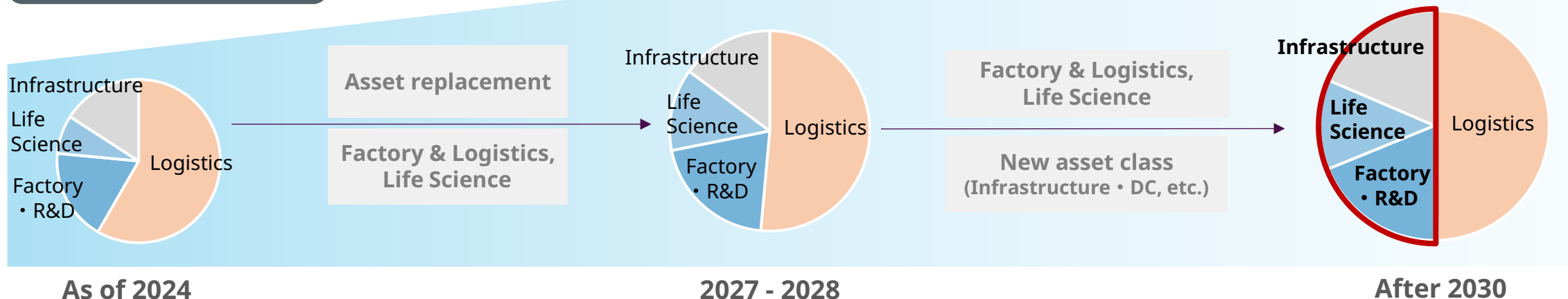
Portfolio Building Policy in Medium- to-Long Term

Expand portfolio with non-logistics facilities

- ✓ Focus on factory, R&D facilities (life science), infrastructure, etc. to improve profitability and differentiation
- ✓ Pursue continuous acquisition of logistics facilities with cash flow growth/room for redevelopment and large unrealized gain
- ✓ Distribution of gains on sales through asset replacement and utilization of proceeds from sales

【Images of IIF's portfolio】

AUM : JPY **504.8bn**
(acquisition price basis)



**Approach to
AUM expansion**

Expand AUM through both direct acquisition by IIF and co-investment using private funds as capital costs remain high

IIF's basic policy 2 : New investment management policy in light of the inflationary environment



Investment Management Strategy based on inflationary environment

Previous investment management policy

Promoted long-term fixed contracts in a deflationary environment to avoid decline in rent as top priority



New investment management policy in inflationary environment

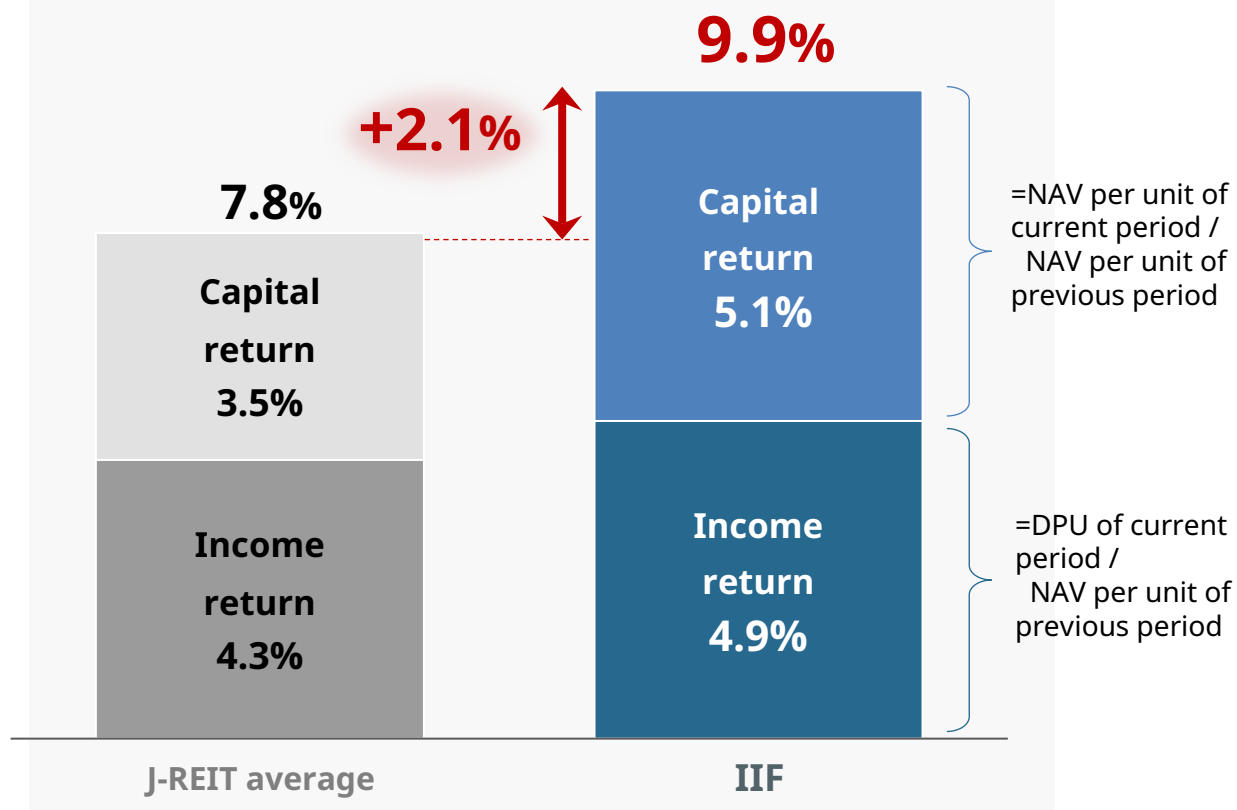
- ① Improve **Total Return** in mid-to-long term based on DPU growth plus NAV growth
- ② Shift to **Inflation-resistant** portfolio

Improve Total Return

- Improve total return adding NAV growth to DPU growth by management strategy with the addition of CRE carve-out strategy

- IIF's total return outperforms J-REITs average

(Reference) Average total return in the last five years



- IIF's unique investment strategy

- ✓ Unique acquisition strategy based on CRE/PRE proposals
- ✓ Redevelopment / Expansion Projects
- ✓ Steady internal growth

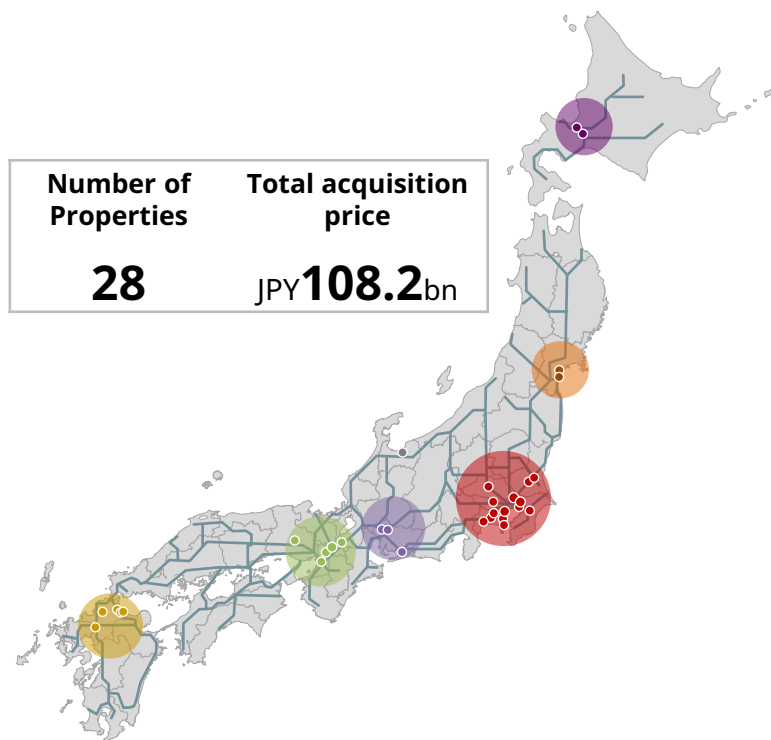


- ✓ **Promotion of CRE carve-outs**

CRE carve-out deals are important for improving total return (LOGISTEED case study)

Acquisition of portfolio in traditional logistics-suitable locations

- ✓ Acquired competitive logistics facilities in bulk



Profitability, stability and opportunities for future earnings growth

- ✓ Future growth potential through the introduction of CPI-linked rent as well as high profitability and unrealized gains
- ✓ Secure stability through long-term contracts

Profitability	Average NOI yield	Average NOI yield after depreciation
	4.3%	3.8%

Total of unrealized gain • Average ratio	Unrealized gain	Average ratio
	+11.3 bn	+10.5%

Ratio of CPI-linked rents introduced with tenants※

100.0%

※Excluding lease agreements where tenant is the master lessee of leased land.

Average lease contract term

18.9years

KJRM's execution capability

- ✓ Execution capability of AM company to achieve the first liquidation and acquisition of numerous properties
- ✓ Simultaneous implementation of a silent partnership scheme (co-investment scheme) in the SPC

<Development projects in collaboration with tenant>

- IIF Hyogosanda LC II
- Redevelopment studies for several assets are under consideration



<Joint investment schemes with major domestic real estate company>

Investment in silent partnership	Underlying Assets	Investment amount
	4 properties / JPY 104.4 bn	JPY 16.6 bn

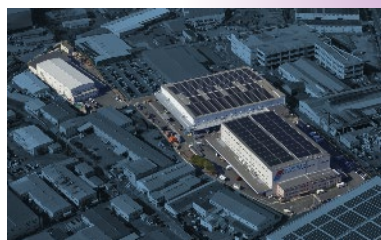
≡ (Reference) Key points of CRE carve-out deals

- Implement win-win initiatives for IIF and LOGISTEED while making maximum use of KKR's know-how

IIF

- ✓ Acquired portfolio of the largest 3PL company in Japan, located in prime locations
- ✓ Equipped with inflation resistance by introduction of CPI-linked rent
- ✓ Acquired assets with high profitability and unrealized gain

Increase unitholder value



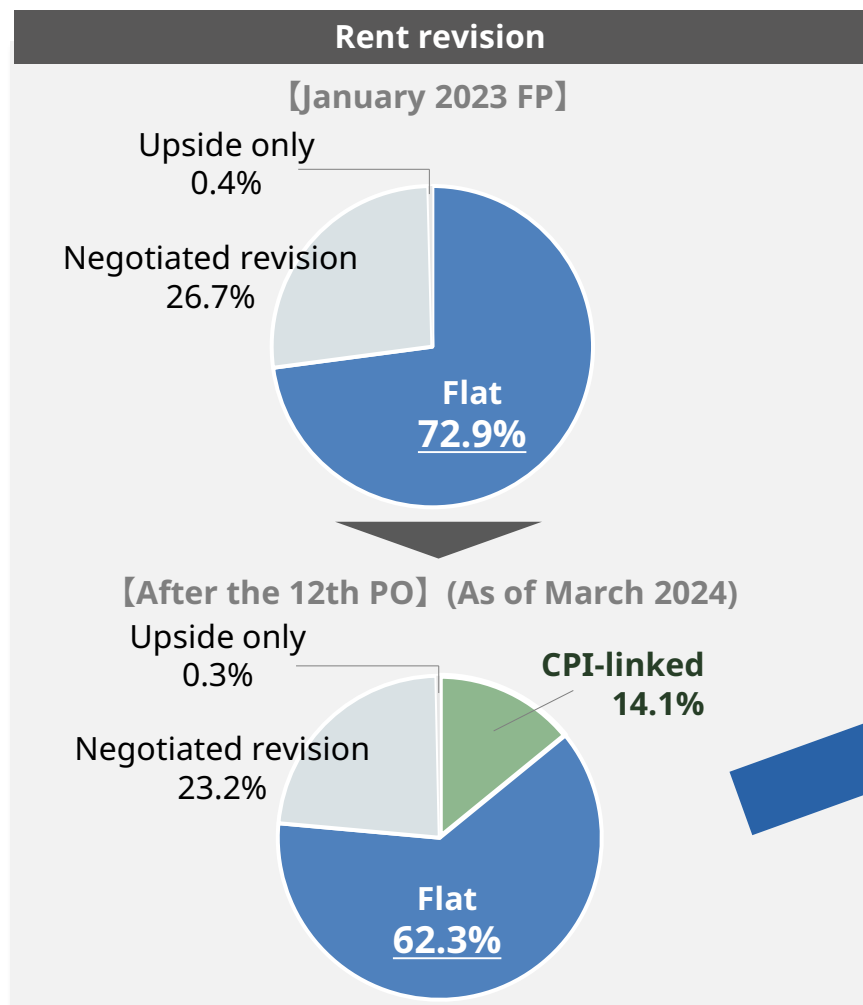
LOGISTEED

- ✓ Transform to Asset-Light business model
- ✓ Improve the competitiveness by obtaining further growth capital
- ✓ Continue stable operations through long-term ownership of IIF

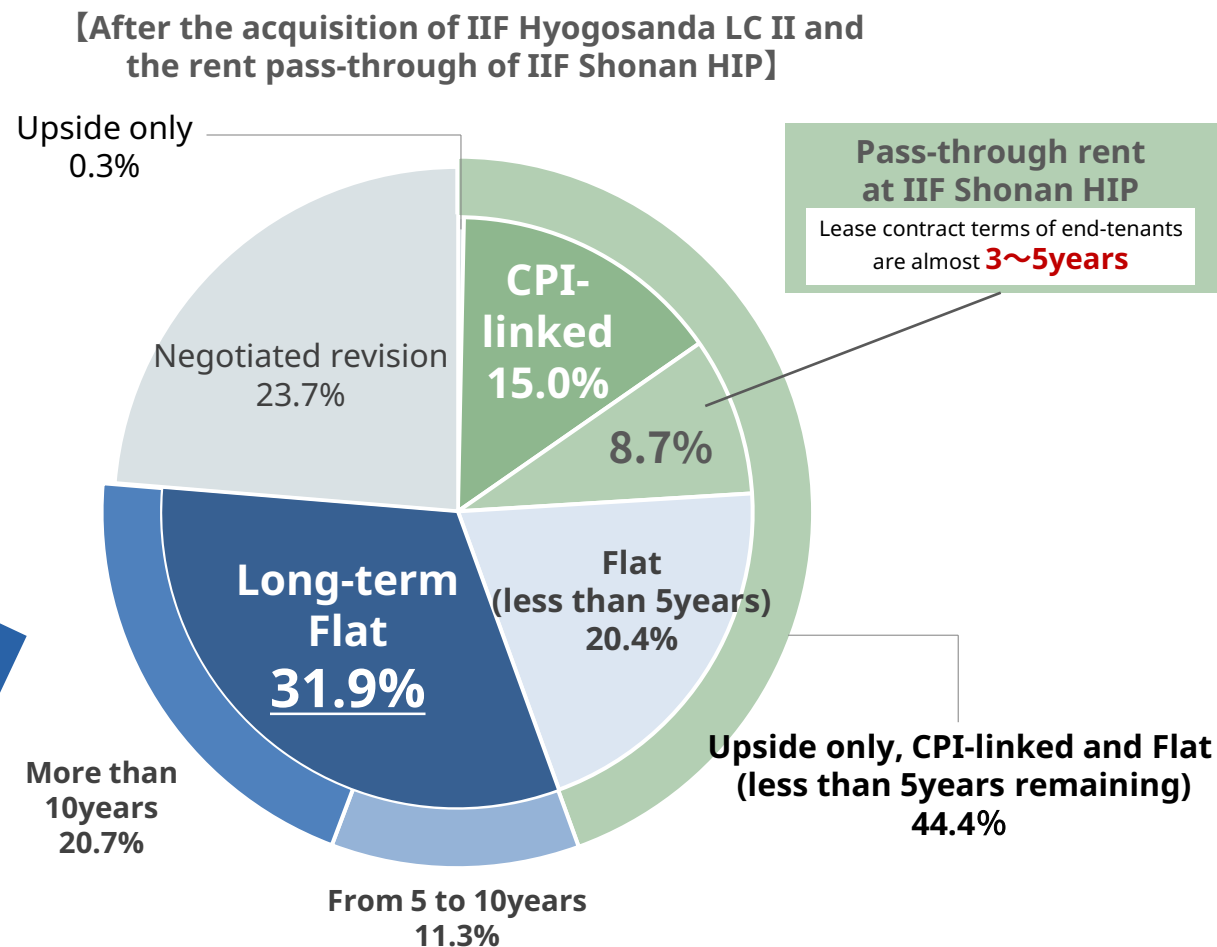
Strengthen corporate governance

Convert to portfolio with greater inflation resistance

- Increase internal growth opportunities in an inflationary environment due to the introduction of CPI-linked rent and a reduction in the proportion of long-term fixed contract



※Based on annual rent



Steady increase in internal growth potential

Summary of financial results and forecasts

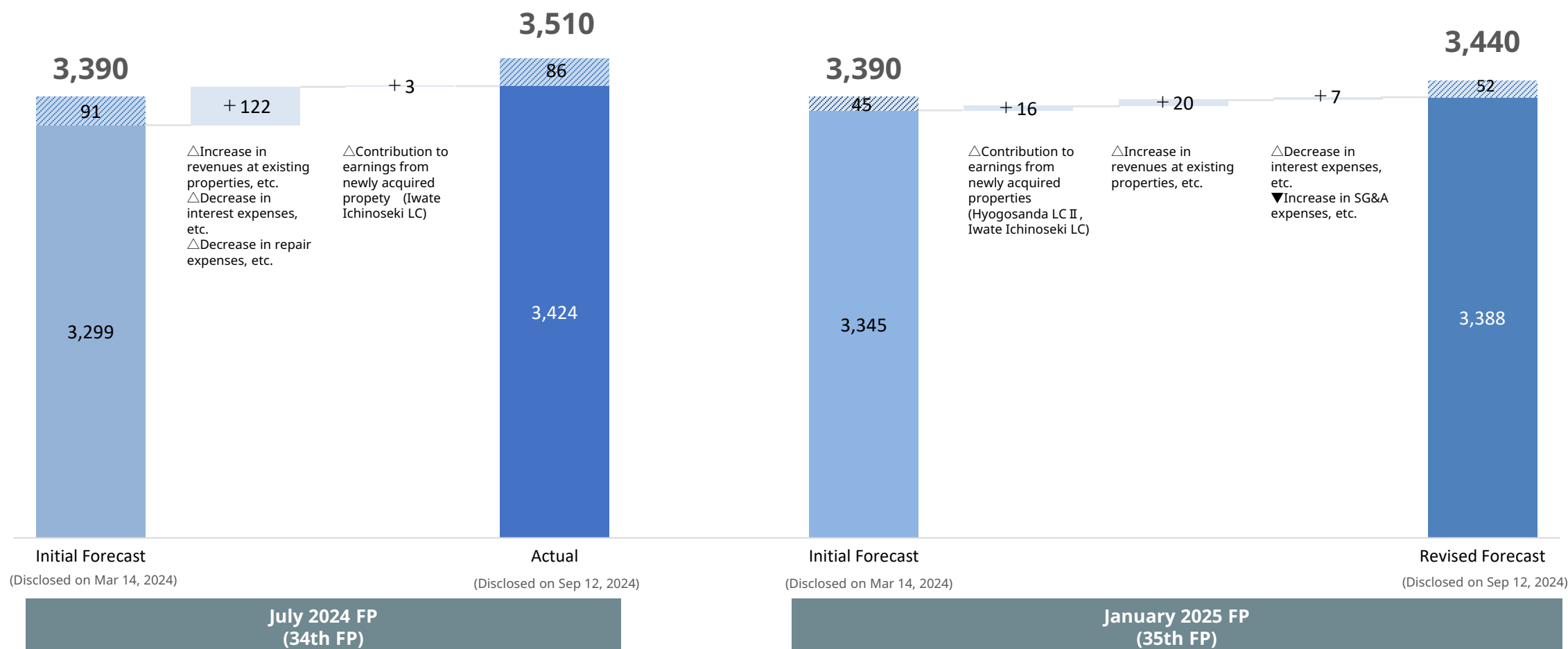


Changes in DPU for the 34th fiscal period and the 35th fiscal period

■ Changes in DPU

(JPY per unit)

 Temporary distribution in excess of profit (ATA)

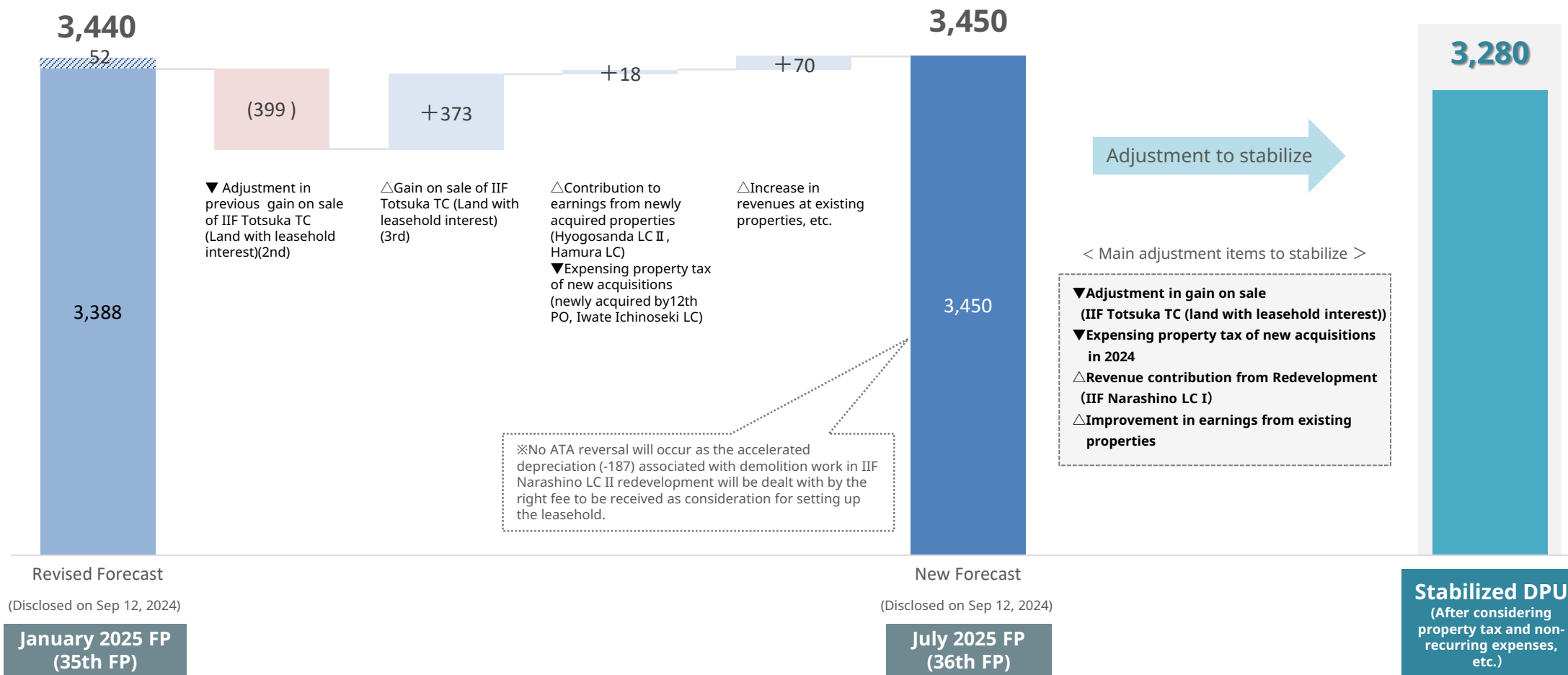


Changes in DPU from the 35th fiscal period to the 36th fiscal period and stabilized DPU

Changes in DPU

(JPY per unit)

Temporary distribution in excess of profit (ATA)



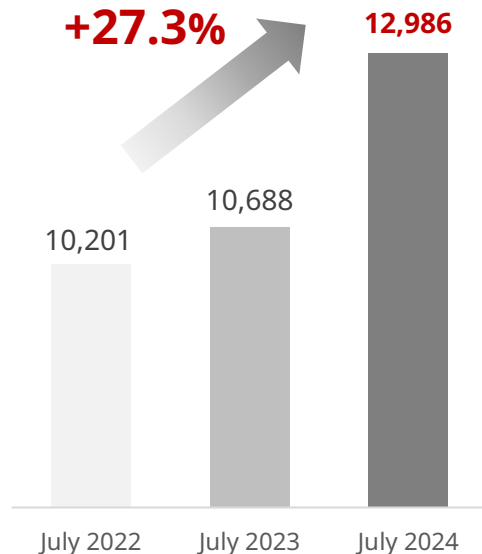
≡ Increase NOI and NAV per unit to improve total return

Changes in NOI

- ✓ Substantial increase in NOI due to acquisition of properties
- ✓ NOI has steadily increased in the last two years, due to progress in internal growth

Entire portfolio

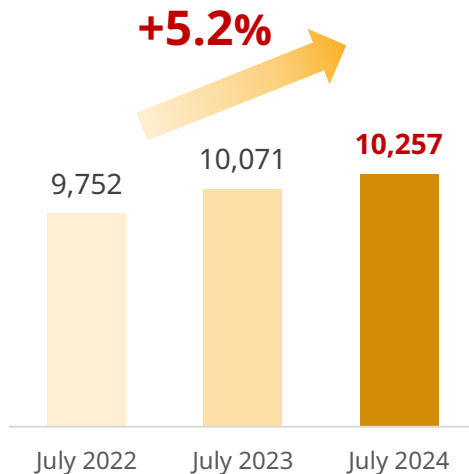
(JPY in mn)



Same store basis

(excl. newly acquired and disposed properties)

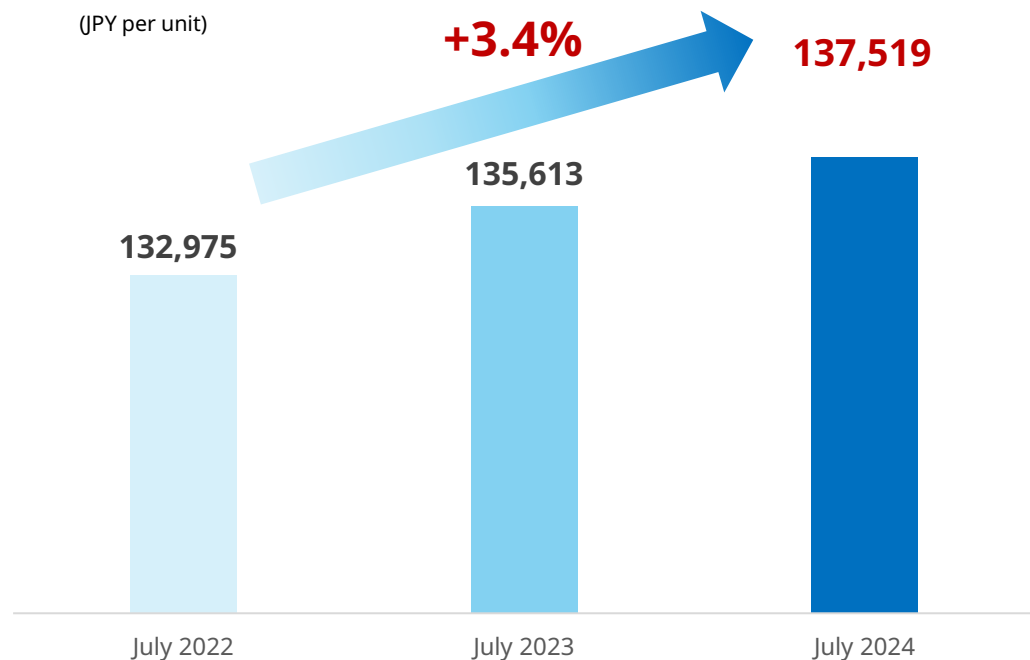
(JPY in mn)



Changes in NAV per unit

- ✓ NAV per unit has grown by asset acquisition with high unrealized gain through CRE carve-outs, internal growth and redevelopment initiatives of existing properties

(JPY per unit)



Current operating situation and future actions



IIF Hyogosanda Logistics Center II : CRE carve-out and development deal

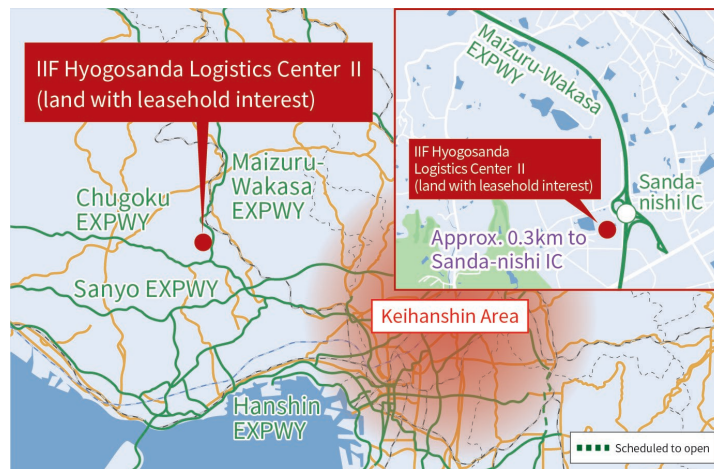
Highlight Of acquisition

- Acquisition of state-of-the-art BTS logistics facility developed with LOGISTEED through **CRE carve-out deal**
- Upside potential in an inflationary environment through the introduction of **CPI-linked rents (with floors)**



Tenant	LOGISTEED
Occupancy rate	100.0 %
Lease contract	Fixed-term building lease contract
Period of contract (remaining term)	30.2years (30.2years)
Cancellation before Expiration / Rent Revision	Not allowed/ CPI-linked (with floor)

Anticipated Acquisition Price	JPY 9,240 mn
Appraisal value	JPY 10,100 mn
Unrealized gain (Ratio of Difference)	JPY 860 mn (+9.3 %)
NOI yield	4.2%
NOI Yield after Depreciation (Considering continuous surplus cash distribution)	3.5% (3.7%)



- **Medical shippers are expected to move in as with existing properties**



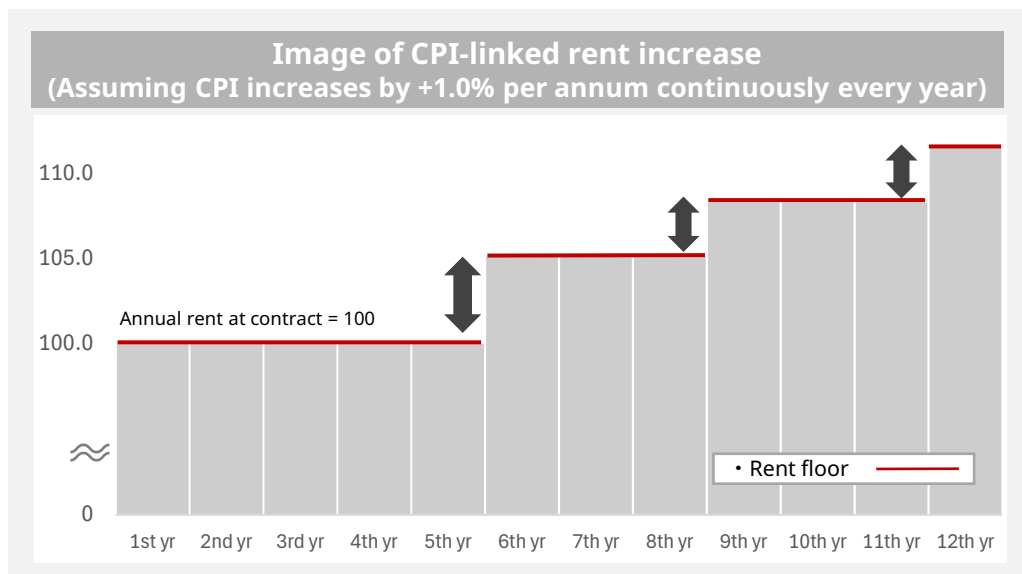
- **(Reference) Redevelopment potential of properties acquired in the 12th public offering**

- ✓ Considering expansion or redevelopment for several properties with a view to improving the efficiency of tenant operations and increasing floor space

Number of properties with Redevelopment Potential (Acquisitions of 12th PO)	17 / 28
Total Unused Floor-area of the Acquisitions of 12th PO	Approx. 630,000m ²

≡ Growth potential of future cash flows through the introduction of CPI-linked rent

■ Introduction of CPI-linked rent for newly acquired assets through CRE carve-out projects



Simulation of rent increase through introduction of CPI-linked rent (for assets acquired at the time of the 12th public offering and IIF Hyogosanda LC II)

Assuming CPI increases by +1.0% per annum continuously every year	1st revision (5th year)	2nd revision (8th year)	3rd revision (11th year)
Absolute value of rent increments (per period)	JPY 243 mn	JPY 327 mn	JPY 414 mn
Absolute value of rent increments/Number of investment units issued	JPY 96 /unit	JPY 129 /unit	JPY 163 /unit

Note: 'CPI-linked rent' means a rent that is automatically revised to a rent calculated based on the rate of change in the consumer price index (core CPI excluding fresh food). In addition, 'rent floor' refers to a clause where the total multiplier of the rate of change up to the date of rent revision is less than 100% and the current rent is not less than the current rent as 100% of the rate of change. Furthermore, it has been agreed that the upper limit (cap) of the fluctuation rate of the CPI for each year shall be +2% when calculating the rent linked to the CPI, and even if the CPI exceeds +2%, the CPI shall be deemed to be +2% for the relevant year in relation to the calculation of the rent linked to the CPI. The same applies below.

IIF Narashino Logistics Center II : Redevelopment project

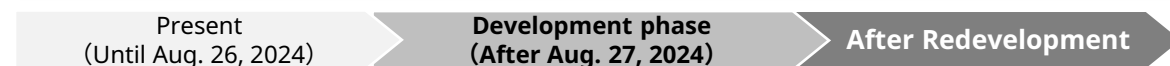
- Plan to build a long-term stable revenue base and improve the competitiveness of the property by capturing the needs of major business company for new location



	Before Redevelopment	After Redevelopment
Floor-area	25,168.14m ²	133,623.21m ²
Used floor-area ratio (planned) / Designated floor-area ratio	53% / 200%	199% / 200%
Acquisition price or Preferential negotiation price	JPY4,596mn	JPY35,596mn
Appraisal value	JPY7,100mn	JPY43,000mn
Differences between Acquisition price or Preferential negotiation price vs Appraisal value	JPY+2,503mn	JPY+7,403mn

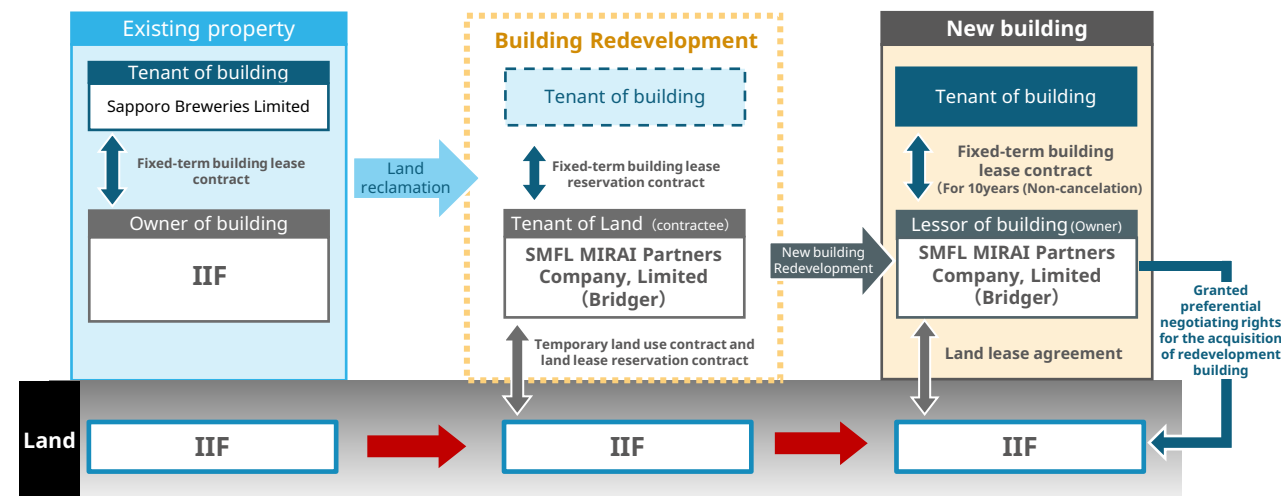
Key points

- Realize upside and increase in unrealized gain by utilizing unused floor-area ratio
- Avoid downtime during the development period through bridge scheme
- Commence redevelopment after conclusion of fixed-term building lease reservation agreement with the tenant



Start of construction :
Feb. 2025 (planned)

Completion : Feb. 2027 (planned)
Preferential negotiation period :
until Feb. 2031 (4 years)



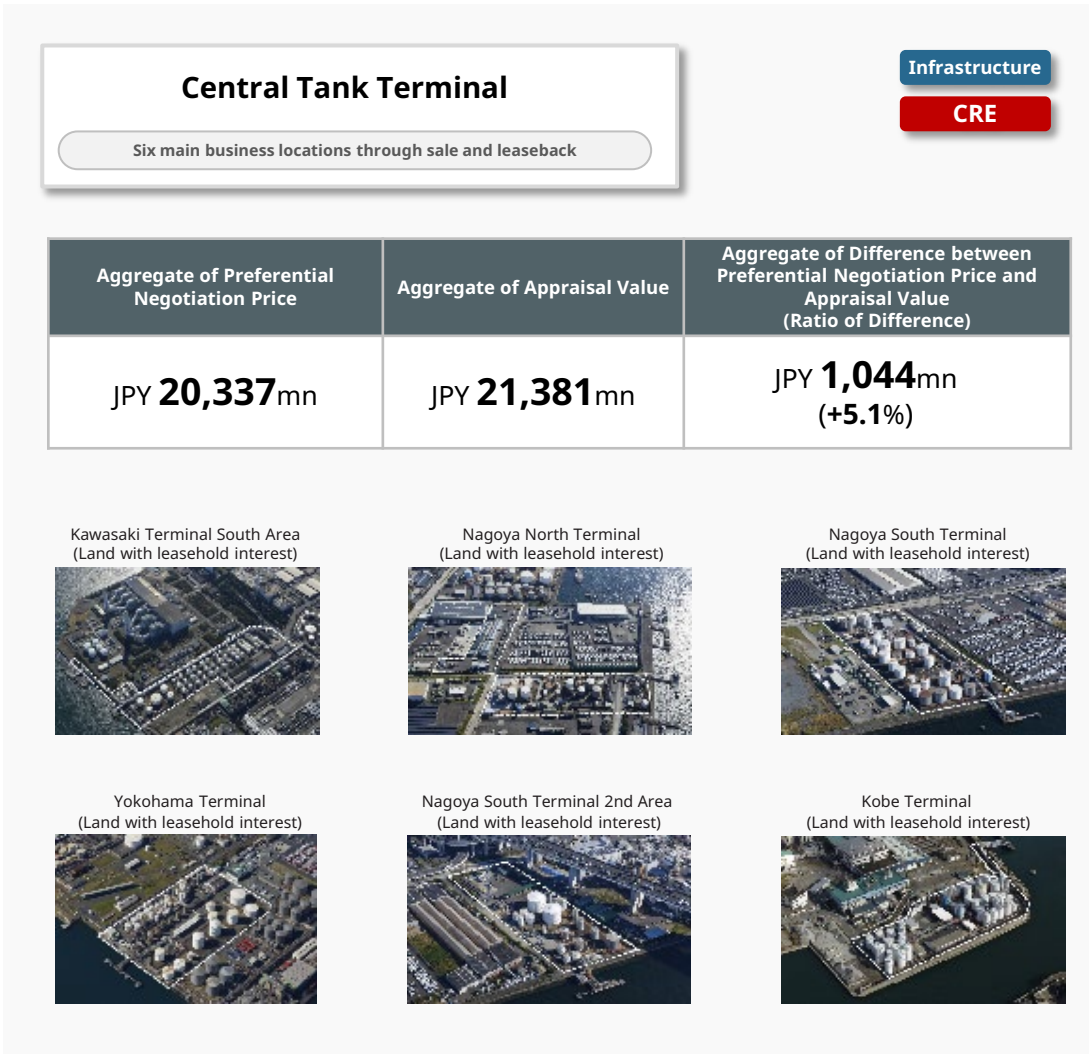
≡ Promote redevelopment projects to maximize the potential of existing properties

■ Value-up through redevelopment projects by capturing upside potential.

Appraisal value before and after redevelopment		
	Before	After
IIF Atsugi LCIII (Acquired in 2012) 	JPY 3,200 _{mn}	Approx. 2.4x → JPY 7,580 _{mn}
IIF Hamura LC (Acquired in 2016) 	JPY 704 _{mn}	Approx. 5.6x → JPY 3,960 _{mn}
IIF Narashino LCI (Acquired in 2010) 	JPY 1,940 _{mn}	Approx. 4.5x → JPY 8,660 _{mn}
IIF Narashino LC II (Acquired in 2011) 	JPY 7,100 _{mn}	Approx. 6.1x → JPY 43,000 _{mn}

Expand pipeline based on CRE deals and redevelopment of existing properties

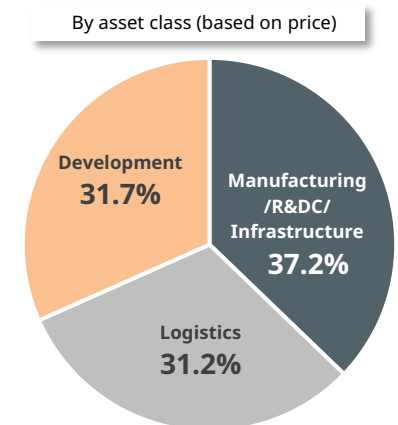
■ Properties for acquiring preferential negotiation rights, etc.



■ Pipeline Status

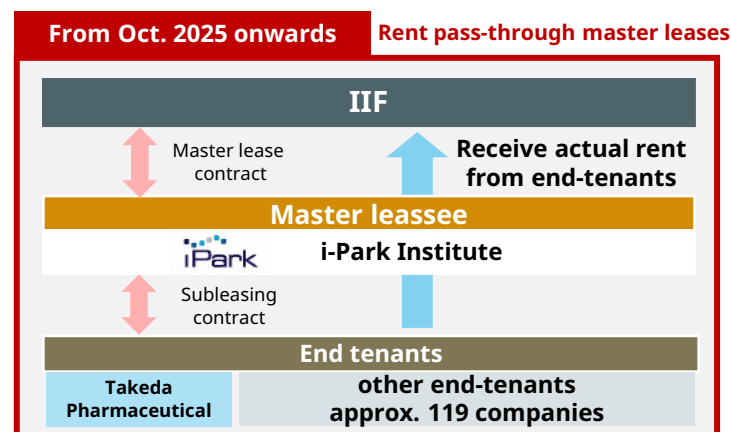
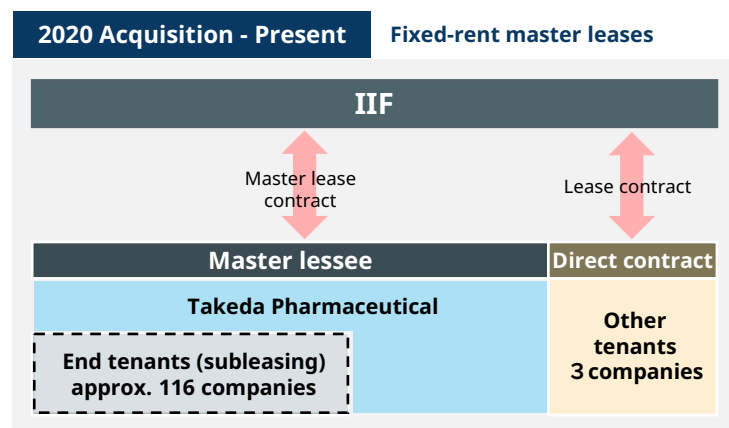
Deals under detailed consideration

17 deals



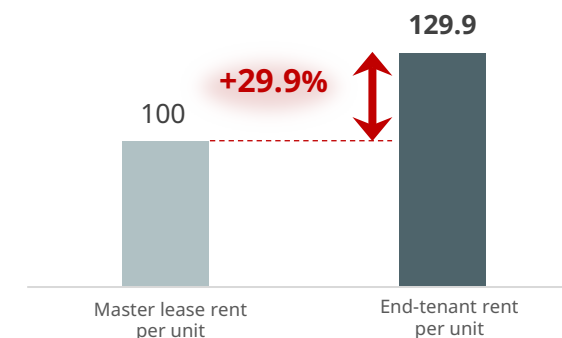
IIF Shonan Health Innovation Park(1) : Future operational structure

Transition to new facility management structure centered on “i-Park Institute”



【Difference between average unit price of ML rent and end-tenant rent】

Aiming for rent upside after pass-through



*This is a comparison of unit rent, and does not guarantee that rents will increase at this rate of increase, since the area of the master lease contract and the total contracted area of each end-tenant are different.

※i-Park Institute (iPi) was established in April 2023 with investment from IIF, Takeda Pharmaceuticals, Mitsubishi Corporation and others.

Approximately 40 people with extensive experience in the operation and leasing of life science parks and expertise in the pharmaceutical and drug discovery business will be stationed at iPi, and directors from KJRM will be dispatched to iPi.

Steady tenants needs

【Tenant occupancy status in the last 6 months】

Number of new and floor-expansion tenants	24 companies
Increased leased area	6,745.58m²

Typical New and floor-expansion tenants

Pharmaceuticals	<ul style="list-style-type: none"> Chugai Pharmaceutical Mitsubishi Tanabe Pharma 	Cellular Agriculture	<ul style="list-style-type: none"> IntegriCulture
Drug discovery	<ul style="list-style-type: none"> RaQualia Pharma Eurus Therapeutics PRISM BioLab FIMECS 	R&D support	<ul style="list-style-type: none"> Asahi Kasei Corporation Axcelead Drug Discovery Partners Nikon Corporation Otsuka Chemical
		Research Equipment / Medical Devices	<ul style="list-style-type: none"> JEOL

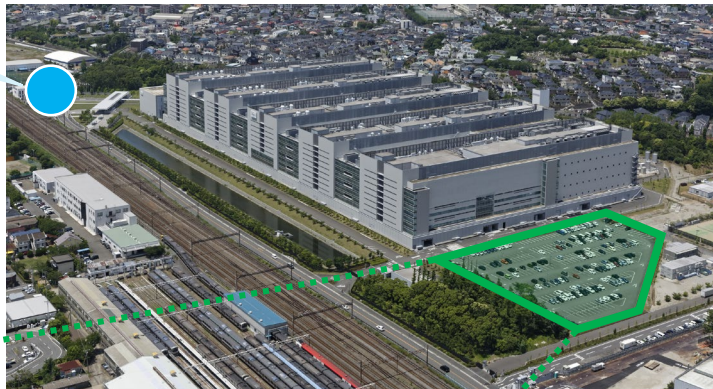
IIF Shonan Health Innovation Park(2) : Extension project

Extension project for new location needs from multiple companies is under consideration by leveraging the strength of “Life Science Ecosystem”

- ✓ Extension project to construct new building to meet growing tenant needs



JR Tokaido Line 「Muraoka New Station (tentative name)」
(scheduled to open around 2032)



New extension project



Floor Area Approx. 38,000m²

- Plans to build an extension building to meet the growing need for tenants to move into IIF Shonan HIP

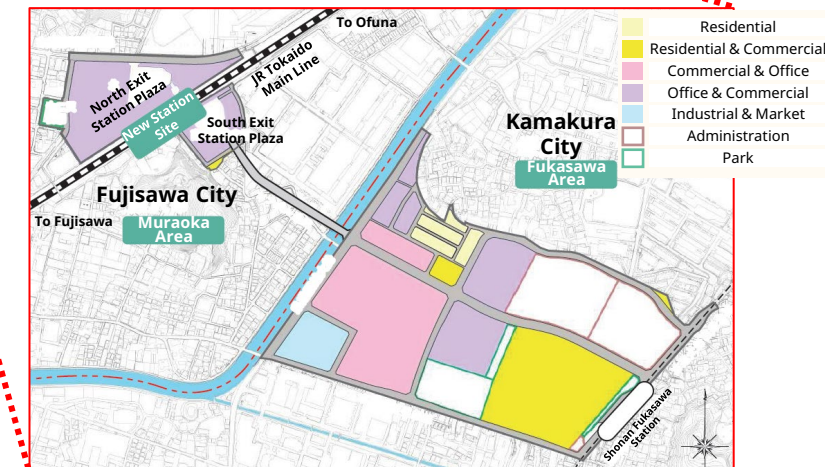
- ✓ Formation of Health Innovation Center and Urban Development in Muraoka and Fukasawa District

Kanagawa Prefecture, Fujisawa City, and Kamakura City plan new urban development with residential, commercial and administrative facilities to create cutting-edge health innovation park along with the construction of new station.



Industrial cluster for R&D and manufacturing companies such as Kobe Steel, Ltd. and Mitsubishi Electric Corp.

“Muraoka-Fukasawa District Land Readjustment Project” underway for new urban development



(Source) Shonan Area Development Liaison Council “Muraoka/Fukasawa Urban Development”

Achieved steady rent increases

Rent increases not only in logistics, but also in Manufacturing and R&D facilities

- ✓ Various proposals are made to tenants, such as rent gaps, facility renewal, LED conversion and operational efficiency improvements through the implementation of renovations, which are concluded in a win-win situation.

Logistics



IIF Fukuoka Hakozaki LC I

Plot A **Renewal**
Plot area : 7,943.26m²
(contract start : **Aug. 2024**)

Rent increase ratio

+8.1%

Plot B **Renewal**
Plot area : 4,466.95m²
(contract start : **Aug. 2024**)

+8.1%



IIF Kawaguchi LC

Renewal
Plot area : 11,705.02m²
(contract start : **July 2024**)

+23.6%



IIF Izumisano LC

Renewal
Plot area : 13,947.83m²
(contract start : **Apr. 2025**)

+18.3%

R & D



IIF Shonan HIP

Plot A **Tenant change**
Plot area : 971.13m²
(contract start : **Apr. 2024**)

+15.4%

Plot B **Renewal**
Plot area : 2,028.34m²
(contract start : **May 2024**)

+12.2%

Plot C **Renewal**
Plot area : 2,118.03m²
(contract start : **Nov. 2024**)

+13.2%



IIF Yokohama
Shinyamashita R&DC

CPI-linked
Plot area : 4,887.83m²
(contract start : **Sep. 2024**)

+6.7%



IIF Okazaki MC

Plot A **Renewal**
Plot area : 1,807.14m²
(contract start : **Oct. 2024**)

+25.5%

Plot B **Renewal**
Plot area : 1,811.44m²
(contract start : **Oct. 2024**)

+25.5%

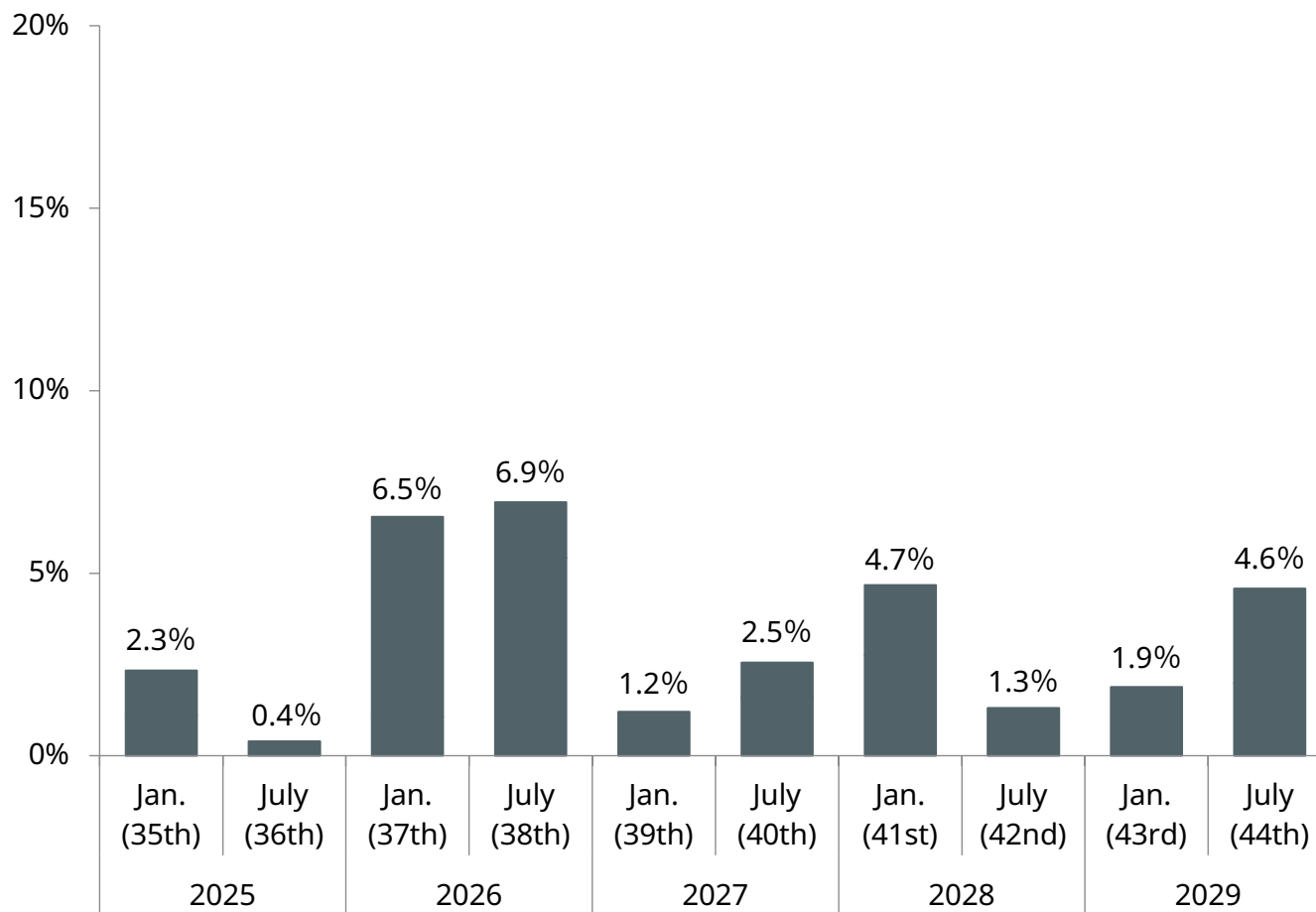
Manufacturing

≡ Status of contracts in properties owned

▮ Steadily increase in rents by capturing lease expiry dates, etc.

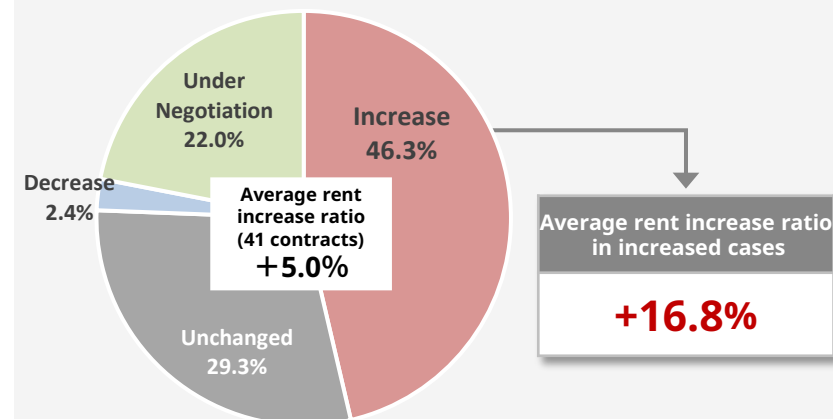
■ Distribution of lease contracts expiring within the next 5 years (Annual rent basis)

(Rent income contribution in the entire portfolio)

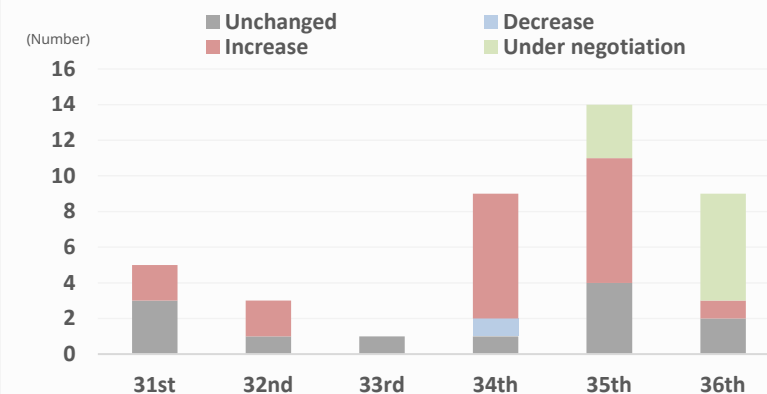


Rent revisions at the most recent contract expiry

(A total of 41 contracts expiring from the 31st FP (Jan. 2023) to the 36th FP (July 2025))



<Contract renewals (by number)>



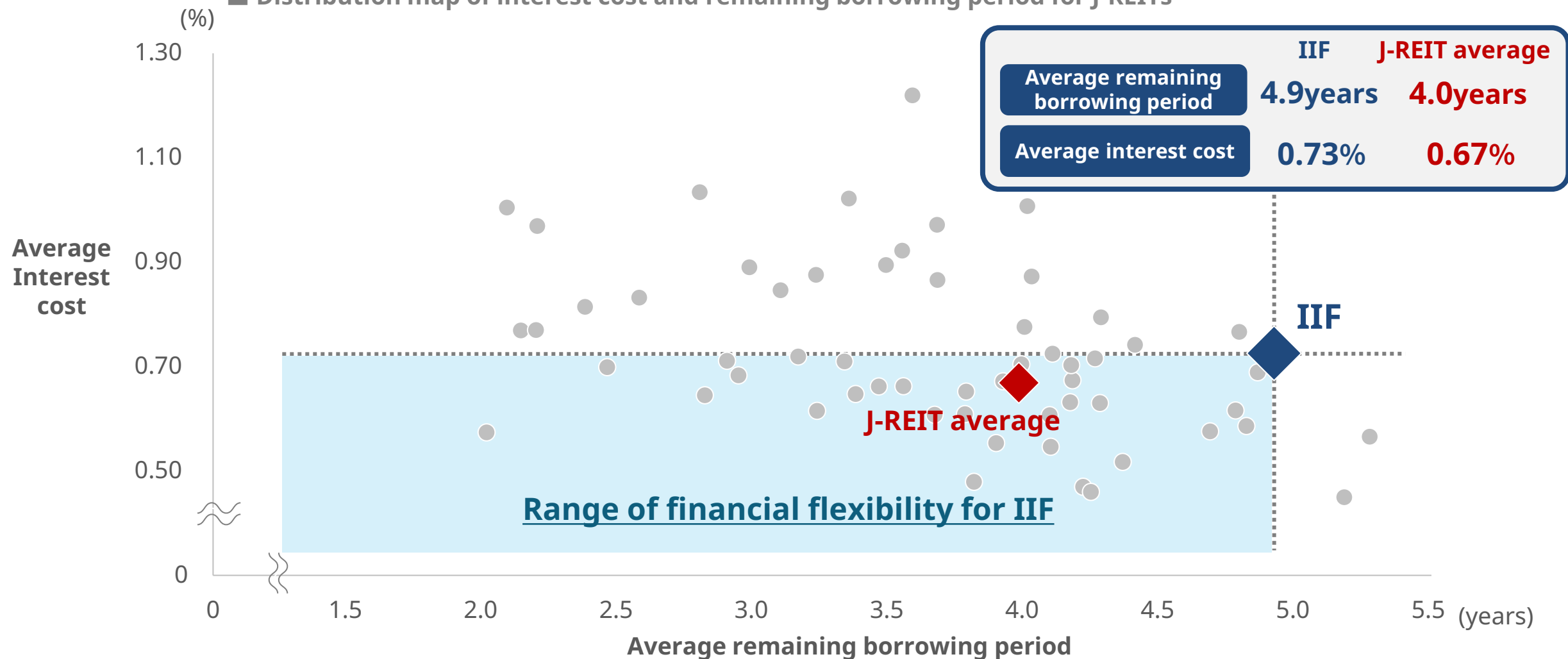
Financial strategy



Resilience to interest cost

- IIF's borrowing has been longer-maturity and higher-cost than average, and therefore, in the phase of rising interest rates, debt costs can be controlled by adjusting borrowing maturity.

■ Distribution map of interest cost and remaining borrowing period for J-REITs



Control interest costs while diversifying repayment maturity

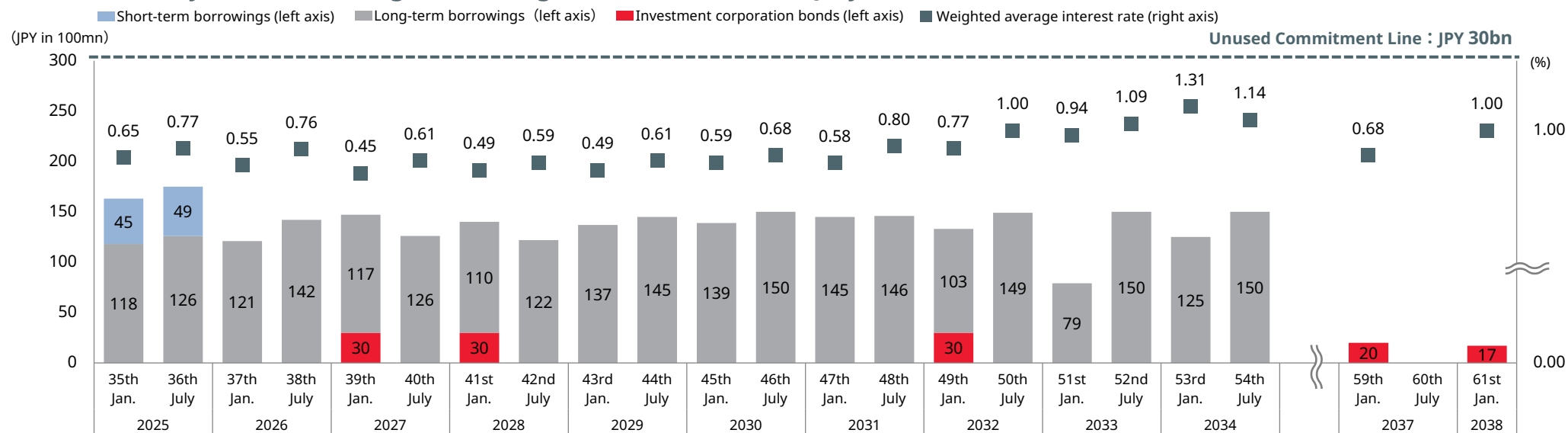
Managing borrowing costs by diversifying maturity dates and years, even in a phase of rising interest rate

<Key Indices>

	Jan. 2024 (33rd FP)
Issuer's long-term credit rating (JCR)	AA _(stable)
LTV (Based on Book value)	49.9%
LTV (Based on Appraisal value)	40.9%
Average borrowing period	9.0 _{years}
Long-term / Fixed ratio	98.6% / 98.0%
Average interest rate	0.67%

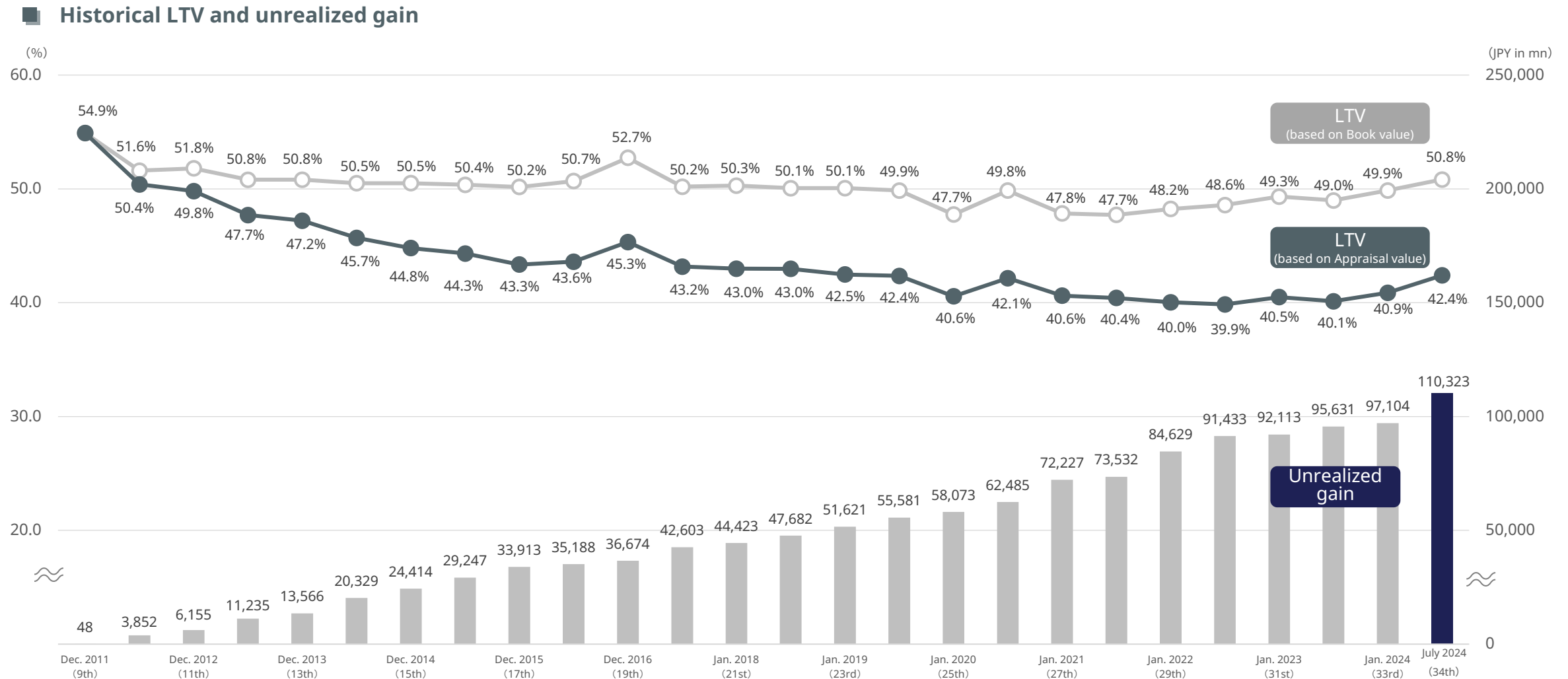
	July 2024 (34th FP)
Issuer's long-term credit rating (JCR)	AA _(stable)
LTV (Based on Book value)	50.8%
LTV (Based on Appraisal value)	42.4%
Average borrowing period	8.5 _{years}
Long-term / Fixed ratio	96.7% / 90.8%
Average interest rate	0.73% (+0.06pt)

<Maturity ladder and weighted average interest rate (as of July 31, 2024) >



Continue LTV management at around 50% in the future.

LTV (based on appraisal value) at around 40% due to continuous improvement in unrealized gain



Sustainability initiatives



Roadmap and progress toward achieving GHG reduction targets

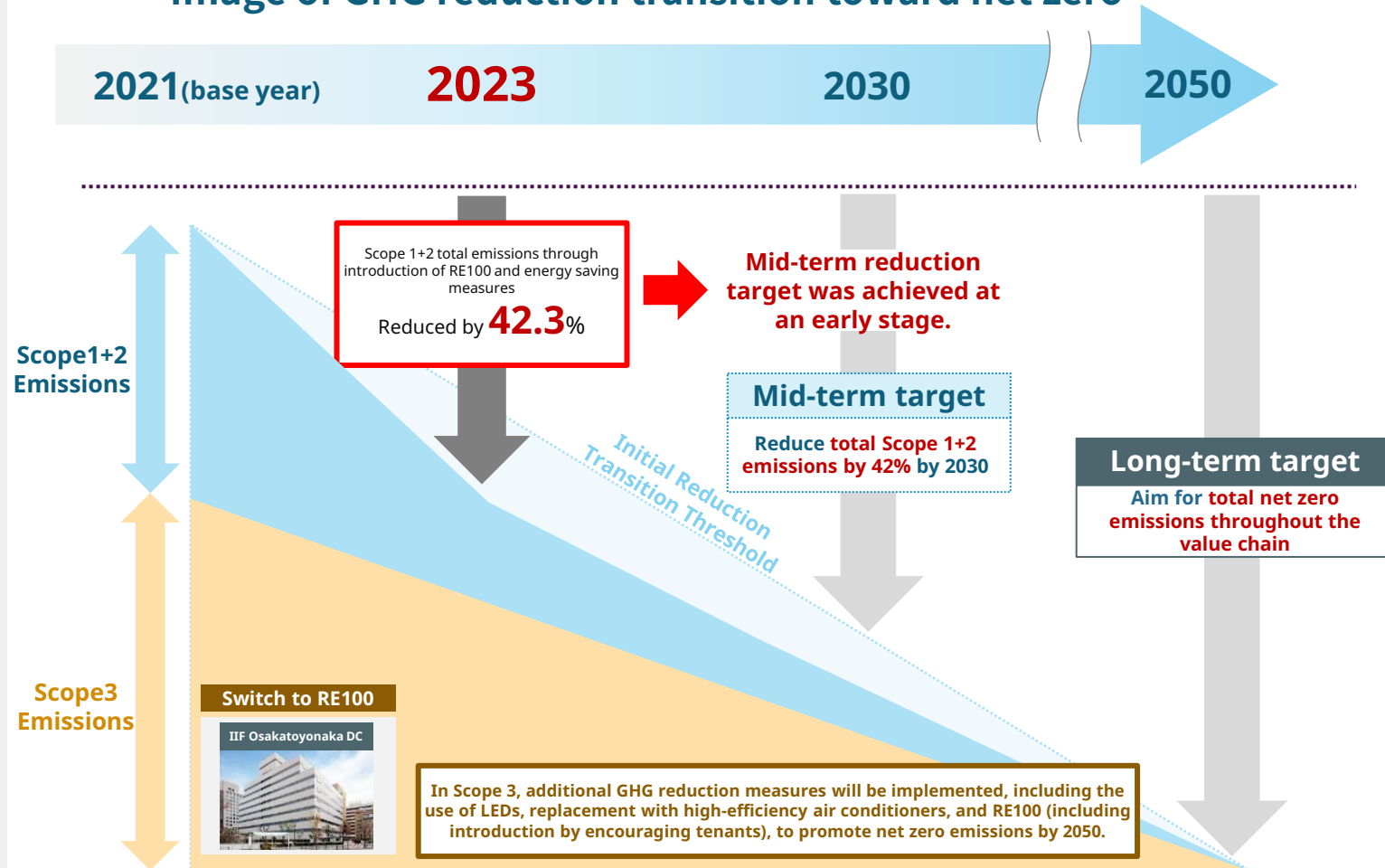
Scope 1+2 emissions were reduced by approximately 42.3% compared to the base year, and the mid-term reduction target was achieved at an early stage.

FY2023 GHG Emissions by Scope

Shonan HIP's energy conservation measures have made progress in reducing Scope 1 and 2 GHG emissions.

	2021 (base year)	2023	Change ratio (compared to base year)
Scope1+2	42,040	24,246	-42.3% Achievement of mid-term targets
Scope1	25,758	24,149	-6.2%
Scope2	16,282	97	-99.4%
Scope3 (Downstream leased assets)	78,802	67,643	-14.2%

Image of GHG reduction transition toward net zero



Longstanding Commitment to Sustainability Initiatives and Certifications

■ GRESB Real Estate Assessment



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

■ Certification for CASBEE® for Real Estate

24 Properties have received the certification as of July 31, 2024



■ DBJ Green Building Certification

4 Properties have received the certification as of July 31, 2024



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

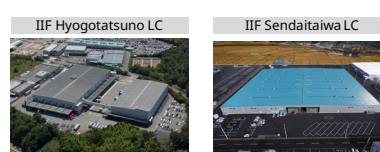
■ CDP (Carbon Disclosure Project) Climate Change Program



Participated in the CDP Climate Change Program in FY2023
 Received “A” score, the highest “Leadership” level

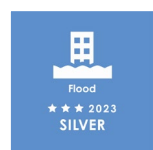
■ BELS Certification

21 Properties have received the certification as of July 31, 2024



■ ResReal Real Estate Resilience Certification

2 Properties have received the certification as of July 31, 2024 (Flood Damage Edition)



Shonan HIP becomes the first J-REIT to obtain BREEAM In Use certification

BREEAM (Building Research Establishment Environmental Assessment Method) is the world's oldest third-party certification by BRE for the built environment. Data is obtained from nine elements, including "Water," "Energy," "Resilience," and "Health & Wellbeing" from an environmental and sustainability perspective, and the rating results are displayed in six levels (Outstanding, Excellent, Very Good, Good, Pass, Acceptable).



Asset Performance Good: ★★★



SD123 Cert. No. BIU00018941-1.0

Acquired SBTi (Science Based Targets initiative) Validation



Acquired **SBTi Validation** based on GHG reduction targets set in February 2023

New GHG (Greenhouse Gas) Reduction Targets

- Reduce absolute Scope 1+2(E3) emissions by 42% by 2030 compared with 2021 **SBTi Validation**
- Aim for net zero emissions of GHG across the entire value chain by 2050

Front runner of Sustainability in Japan's Real Estate Industry

External evaluations obtained by IIF

GRESB Real Estate Assessment	4 stars
CDP Climate Change Program	A



Initiatives endorsed by KJRM

Principles for Responsible Investment (PRI)	Signed in August 2013	
Endorsement of Advance	Signed in December 2022 as an endorser	
United Nations Global Compact (UNGC)	Signed in October 2016	
Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)	Signed in June 2013	
The Task Force on Climate-related Financial Disclosures (TCFD)	Declared support in August 2019	
Japan Climate Initiative (JCI)	Signed in May 2020	
30by30 Alliance for Biodiversity	Signed in October 2023	
Japan Business Initiative for Biodiversity (JBIB)	Joined in October 2023	



※ 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.

Operating Results for the July 2024 (34th) Fiscal Period and Earnings Forecast for the Jan. 2025 (35th) and the July 2025 (36th) Fiscal Periods



Continuous enhancement of unitholders' value and further reinforcement in stability

■ Key indices

		Jan. 2024 FP (33rd FP)		July 2024 FP (34th FP) + Acquisition of IIF Hyogosanda LC II
Asset	Number of properties	81 properties	• Addition of 30 acquisitions • Completion of 3 dispositions	108 properties
	Total Acquisition price	JPY 397,962 mn		JPY 504,834 mn
	Total Appraisal value	JPY 491,518 mn		JPY 613,367 mn
Debt	LTV (based on Book value)	49.9%		50.8%
	LTV (based on Appraisal value)	40.9%		42.4%
Equity	NAV per unit	JPY 135,692		JPY 137,519 (+1.3%)
	Stabilized DPU	JPY 3,153		JPY 3,280 (+4.0%)

Distribution in excess of profit (1)

Breakdown of distributions in excess of profit in the 34th FP

	Distribution type	Subject	Description	Amount of each description (JPY per unit)				Distribution amount (JPY per unit)	
				Recent	Initial plan				
July 2024 (34th FP)	Optimal Payable Distribution (return of invested capital)	Hamura LC	Decrease in revenue during development (JPY7)	7	118	7	136	In light of distribution level considering gain on sale of Kobe LC (4th gain on sale) and Totsuka TC (land with leasehold interest), neither optimal payable distribution nor surplus cash distribution shall be made (estimate).	0
		Narashino LC II	Decrease in revenue during development (JPY0)	0		0			
		Shonan HIP	Excess utility cost (JPY92) (※equivalent to excess from initial budget JPY873mn.) Excess OPEX (JPY0) (※No excess from JPY750mn. per FP)	92		110			
	Surplus Cash Distribution (return of invested capital)	Existing properties	• Yokkaichi LC (new building): Equivalent to 30% of the depreciation expense of JPY73mn arising from the new acquisition. (JPY8) • Shiga Ryuo LC: Equivalent to 30% of the depreciation expense of JPY31mn arising from the new acquisition. (JPY3) • Atsugi LCIII : Equivalent to 30% of the depreciation expense of JPY37mn arising from the redevelopment building. (JPY4)	17		16			
		Sakura LC	Equivalent to 30% of the depreciation expense of JPY5mn arising from the new acquisition. (JPY0)	0		0			
		Shiga Otsu LC	Equivalent to 30% of the depreciation expense of JPY1mn arising from the new acquisition. (JPY0)	0		0			
	Temporary distribution in excess of profit (ATA) (For discrepancies between tax and accounting)	Existing properties	Increase in interest costs and amortization expense due to recognition of asset retirement obligations for properties with asbestos (JPY14)	14	86	14	91	Subject to ATA distribution (JPY86)	86
		Narashino LC II	Accelerated depreciation for demolition of existing buildings (JPY152)	152		154			
		Kawaguchi LC	Accelerated depreciation for renewal of refrigeration equipment (JPY10)	10		10			
		Yokohama Tsuzuki R&DC	Reversal due to realization of unrealized loss on sale and reversal of asset retirement obligations (JPY-87)	87		87			
		Totsuka TC (land with leasehold interest)	JPY 10 mn special deduction for income from the transfer of long-term owned land, etc. (JPY-3)	3		—			

1.

Amounts subject to distribution in excess of earnings (yen/unit) are rounded down to the nearest yen, so the totals may not match the respective items.
2.

ATA distribution of 86 yen per unit is scheduled to be made because the ATA distribution related to accelerated depreciation of Narashino LC II and Kawaguchi LC and asset retirement obligations of existing properties exceeded the ATA reversal due to unrealized loss on sales of Yokohama Tsuzuki R&DC in the 33rd fiscal period, etc.

Distribution in excess of profit (2)

Breakdown of distributions in excess of profit in the 35th FP and 36th FP

	Distribution type	Subject	Description	Amount of each description (JPY per unit)		Distribution amount (JPY per unit)			
				Recent	Initial plan				
Jan. 2025 (35th FP)	Optimal Payable Distribution (return of invested capital)	Hamura LC	Decrease in revenue during development (JPY7)	7	159	7	177	In light of distribution level considering gain on sale of Totsuka TC (land with leasehold interest), neither optimal payable distribution nor surplus cash distribution shall be made (estimate). (Reference) To implement no distribution because the gain on sale (JPY399) exceeds the amount subject to distribution in excess of profit (JPY159) .	0
		Narashino LC II	Decrease in revenue during development (JPY63)	63		63			
		Shonan HIP	Excess utility cost (JPY68) (※equivalent to excess from initial budget JPY953mn.) Excess OPEX (JPY0) (※No excess from JPY750mn. per FP)	69		88			
	Surplus Cash Distribution (return of invested capital)	Existing properties	• Yokkaichi LC (new building): Equivalent to 30% of the depreciation expense of JPY73mn arising from the new acquisition. (JPY8) • Shiga Ryuo LC: Equivalent to 30% of the depreciation expense of JPY31mn arising from the new acquisition. (JPY 3) • Atsugi LCIII : Equivalent to 30% of the depreciation expense of JPY40mn arising from the redevelopment building. (JPY4) • Sakura LC: Equivalent to 30% of the depreciation expense of JPY6mn arising from the new acquisition. (JPY 0) • ShigaOtsu LC: Equivalent to 30% of the depreciation expense of JPY1mn arising from the new acquisition. (JPY0)	18	157	17	45	Subject to ATA distribution (JPY52)	52
		Hyogosanda LC II	Equivalent to 30% of the depreciation expense of JPY5mn arising from the new acquisition. (JPY0)	0		—			
	Temporary distribution in excess of profit (ATA) (For discrepancies between tax and accounting)	Existing properties	Increase in interest costs and amortization expense due to recognition of asset retirement obligations for properties with asbestos (JPY14)	14	52	14	45	Subject to ATA distribution (JPY52)	52
		Narashino LC II	Accelerated depreciation for demolition of existing buildings (JPY34)	34		28			
		Kawaguchi LC	Accelerated depreciation for renewal of refrigeration equipment (JPY2)	2		2			
July 2025 (36th FP)	Optimal Payable Distribution (return of invested capital)	Narashino LC II	Decrease in revenue during development (JPY13)	13	157	—	—	In light of distribution level considering gain on sale of Totsuka TC (land with leasehold interest), neither optimal payable distribution nor surplus cash distribution shall be made (estimate). (Reference) To implement no distribution because the gain on sale (JPY399) exceeds the amount subject to distribution in excess of profit (JPY157) .	0
		Shonan HIP	Excess utility cost (JPY87) (※equivalent to excess from initial budget JPY873mn.) Excess OPEX (JPY26) (※equivalent excess from JPY750mn. per FP)	114		—			
	Surplus Cash Distribution (return of invested capital)	Existing properties	• Yokkaichi LC (new building): Equivalent to 30% of the depreciation expense of JPY73mn arising from the new acquisition. (JPY8) • Shiga Ryuo LC: Equivalent to 30% of the depreciation expense of JPY31mn arising from the new acquisition. (JPY 3) • Atsugi LCIII : Equivalent to 30% of the depreciation expense of JPY40mn arising from the redevelopment building. (JPY4) • Sakura LC: Equivalent to 30% of the depreciation expense of JPY6mn arising from the new acquisition. (JPY 0) • ShigaOtsu LC: Equivalent to 30% of the depreciation expense of JPY1mn arising from the new acquisition. (JPY0)	18		—			
		Hyogosanda LC II	Equivalent to 30% of the depreciation expense of JPY31mn arising from the new acquisition. (JPY3)	3		—			
		Narashino LC I (Redevelopment)	Equivalent to 30% of the depreciation expense of JPY28mn arising from the new acquisition. (JPY3)	3		—			
		Hamura LC (Redevelopment)	Equivalent to 30% of the depreciation expense of JPY30mn arising from the new acquisition. (JPY3)	3		—			
	Temporary distribution in excess of profit (ATA) (For discrepancies between tax and accounting)	Existing properties	Increase in interest costs and amortization expense due to recognition of asset retirement obligations for properties with asbestos (JPY14)	14	189	—	—	ATA reversal of JPY203 less ATA distribution of JPY14, resulting in an ATA reversal of JPY189	0
		Narashino LC II	Accelerated depreciation for demolition of existing buildings (JPY-187)	187		—			
		Kawaguchi LC	Accelerated depreciation for renewal of refrigeration equipment (JPY-16)	16		—			

1. Amounts subject to distribution in excess of earnings (yen/unit) are rounded down to the nearest yen, so the totals may not match the respective items.
2. In the 36th fiscal period, the ATA reversal for accelerated depreciation of Narashino LC II and Kawaguchi LC will exceed the ATA distribution for asset retirement obligations, and the ATA reversal is expected to occur as a result of the offset.

Operating Results for the July 2024 (34th) Fiscal Period

(JPY mn)

		Jan. 2024	Jul. 2024 (34th Period Announced budget)		Jul. 2024	Period over period		
		(33st Period Actual)			(34th Period Original Budget)			
				Period over period				
Key P/L Figures	Operating revenue	18,167	21,065	+2,898	+16.0%	20,889	+176	+0.8%
	Utilities expense received	1,142	1,180	+38	+3.4%	1,169	+10	+0.9%
	Gain on Sales	999	1,504	+504	50.5 %	1,417	+86	+6.1%
	Operating expense	9,982	11,085	+1,102	11.0 %	11,160	(75)	(0.7)%
	Utilities expense	1,663	1,667	+3	+0.2%	1,691	(24)	(1.4)%
	Depreciations	2,106	2,832	+725	34.5 %	2,822	+9	+0.3%
	General and administrative expenses	1,537	1,890	+353	+23.0%	1,958	(67)	(3.5)%
	Operating Income	8,185	9,980	+1,795	+21.9%	9,729	+251	+2.6%
	None-operating income	0	0	0	+67.7 %	-	-	-
	Non-operating expense	941	1,291	+349	37.1 %	1,358	(66)	(4.9)%
	Ordinary income	7,243	8,690	+1,446	+20.0%	8,371	+319	+3.8%
	Net income	7,242	8,686	+1,443	+19.9%	8,369	+317	+3.8%
	Earnings per unit (yen)	3,426	3,425	(1)	(0.0)%	3,299	+126	+3.8%
	Distributions per unit (excluding ATA and OPD) (yen)	3,428	3,424	(4)	(0.1)%	3,299	+125	+3.8%
ATA (Allowance for Temporary difference Adjustment per unit) (yen)	6	86	+80	1333.3 %	91	(5)	(5.5)%	
OPD (Other excess Profit Distributions per unit)(yen)	0	0	0	-	0	+0	-	
Distributions per unit (yen)	3,434	3,510	+76	+2.2%	3,390	+120	+3.5%	
Key B/S Figures	Total Assets	441,839	555,437	+113,597				
	Total Liabilities	245,841	309,233	+63,391				
	Total Net Assets	195,997	246,203	+50,205				
	LTV	49.9%	50.8%	+1.0pt				
Other Figures	Capital expenditure	1,229	1,809 (Note1)	+580	+47.2 %			
	Repair expense	774	910 (Note2)	+135	+17.5 %			
	Total	2,003	2,719	+715	+35.7 %			
	Depreciation	2,106	2,832	+725	+34.5 %			
	FFO	8,535	10,015	+1,479	17.3 %			
	AFFO	7,306	8,205	+899	12.3 %			
	Number of properties	81	108	+27	+33.3 %			
	Occupancy rate	99.7%	99.9%	+0.2%	+0.2 %			

*Distribution per unit (excluding ATA and OPD) includes retained earnings brought forward and deduction in net assets.

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

(Note1) Major capital expenditures planned in the 34th FP

IIF Shonan HIP : JPY252mn. for conversion of Bldg. A to the same spec of Bldg. B (43W)
IIF Shonan HIP : JPY125mn. for change to LED lightning (Bldg. A2, B2 and C2)
IIF Kobe DHC : JPY97mn. for air-conditioned renewal works (Phase I)
IIF Shonan HIP : JPY97mn. for change to LED lightning (dimming control area of Bldg. A2, B2, C2)
IIF Shonan HIP : JPY80mn. for update of RI management system electrical component

(Note2) Major repair cost planned in the 34th FP

IIF Shonan HIP : JPY88mn. for periodic inspection and maintenance of water supply and drainage facilities in Bldg. A and EC
IIF Shonan HIP : JPY56mn. for inspection and maintenance of animal system HVAC in Bldg. A
IIF Shonan HIP : JPY51mn. for remove the fortifications for conversion of Bldg. A to the same spec of Bldg. B (A43W)
IIF Shonan HIP : JPY43mn. for inspection and maintenance of HVAC equipment in Bldg. B
IIF Shonan HIP : JPY35mn. for inspection and maintenance of HVAC system of biochemistry and spare room in Bldg. A

(JPY mm.)

Major Factors of Change for 34th Period (Compared to Actual Results for 33rd FP)

Operating Revenue	+2,898
Increase in revenue (new acquisitions in the 34th period, CTT properties, etc.)	+2,173
Increase in rental revenue (Shonan HIP)	+38
Increase in gain on sale from the dispositions (Totsuka TC)	+504
Increase in dividend income from investment in silent partnership (Tokumei Kumiai)	+212
Operating Expense	+1,102
Increase in lease expenses (PM fee) (new acquisitions in the 34th period, etc.)	+30
Increase in lease expenses (property tax), etc.	+20
Increase in lease expenses (Repair and maintenance cost), etc.	+135
Increase in depreciation(IIF Narashino LC II, new acquisitions, in the 34th period, etc.)	+725
Decrease in impairment loss (Loss on sale of Yokohama Tsuzuki R&DC)	(185)
Increase in asset management fee (new acquisitions in the 34th period, etc.)	+301
Increase in other expenses (consumption tax, etc.)	+44
Non-Operating Expense	+349
Increase in interest expense (new debt in 12th PO and refinancing)	+261
Increase in Borrowing related expenses (new debt in 12th PO and refinancing)	+41

Major Factors of Change for 34th Period (Compared to Initial Budget for 34th FP)

Operating Revenue	+176
Increase in revenue (Shonan HIP, Ichinoseki LC)	+80
Increase in rental revenue (Utilities received) (Shonan HIP)	+10
Increase in gain on sale from the dispositions (Totsuka TC)	+86
Operating Expense	(75)
Decrease in lease expenses (PM fee) (Okazaki MC, etc.)	(11)
Decrease in lease expenses (Utilities expense) (Shonan HIP)	(24)
Decrease in lease expenses (Repair and maintenance cost) , etc.	(19)
Increase in asset management fee	+30
Decrease in other expenses (IR cost, etc.)	(98)
Non-Operating Expense	(66)
Decrease in interest expense (new debt in 12th PO and refinancing)	(64)

Earnings Forecast for the Jan. 2025 (35th) Fiscal Period

		(JPY mn)						
		Jul. 2024 (34th Period Actual)	Jan. 2025 (35th Period Revised Budget)		Period over period	Jan. 2025 (35th Period Original Budget)	Jan. 2025 (35th Period Revised Budget)	
							Period over period	
Key P/L Figures	Operating revenue	21,065	21,205	+139	+0.7%	20,948	+256	+1.2%
	Utilities expense received	1,180	1,324	+143	+12.2%	1,240	+84	+6.8%
	Gain on Sales	1,504	1,012	(491)	(32.7)%	997	+15	+1.5%
	Operating expense	11,085	11,206	+121	+1.1 %	10,987	+219	+2.0%
	Utilities expense	1,667	1,843	+175	+10.5%	1,800	+42	+2.4%
	Depreciations	2,832	2,626	(206)	(7.3)%	2,557	+68	+2.7%
	General and administrative expenses	1,890	1,995	+105	+5.6%	1,977	+18	+0.9%
	Operating Income	9,980	9,998	+17	+0.2%	9,960	+37	+0.4%
	None-operating income	0	-	0	(100.0)%	-	-	-
	Non-operating expense	1,291	1,402	+110	+8.6 %	1,473	(71)	(4.8)%
	Ordinary income	8,690	8,596	(93)	(1.1)%	8,487	+109	+1.3%
	Net income	8,686	8,594	(91)	(1.1)%	8,485	+109	+1.3%
	Earnings per unit (yen)	3,425	3,388	(37)	(1.1)%	3,345	+43	+1.3%
Key B/S Figures	Distributions per unit (excluding ATA and OPD) (yen)	3,424	3,388	(36)	(1.1)%	3,345	+43	+1.3%
	ATA (Allowance for Temporary difference Adjustment per unit) (yen)	86	52	(34)	(39.5)%	45	+7	+15.6%
	OPD (Other excess Profit Distributions per unit)(yen)	0	0	0	-	0	+0	-
	Distributions per unit (yen)	3,510	3,440	(70)	(2.0)%	3,390	+50	+1.5%
	Total Assets	555,437	555,722	+284				
Other Figures	Total Liabilities	309,233	310,587	+1,353				
	Total Net Assets	246,203	245,134	(1,068)				
	LTV	50.8%	50.8%	(0.0)pt				
Other Figures	Capital expenditure	1,809	1,998 (Note1)	+189	+10.5 %			
	Repair expense	910	885 (Note2)	(24)	(2.7)%			
	Total	2,719	2,884	+165	+6.1 %			
	Depreciation	2,832	2,626	(206)	(7.3)%			
	FFO	10,015	10,208	+193	1.9 %			
	AFFO	8,205	8,209	+4	0.0 %			
	Number of properties	108	109	+1	+0.9 %			
	Occupancy rate	99.9%	100.0%	+0.1%	+0.1 %			

(Note1) Major capital expenditures planned in the 35th FP
 IIF Kawaguchi LC : JPY254mn. for cooling equipment upgrading works (Phase I)
 IIF Shonan HIP : JPY135mn. for reinforcement of power receiving and transforming facilities in Bldg. A4
 IIF Kobe DHC : JPY99mn. for air-conditioned renewal works (Phase II)
 IIF Shonan HIP : JPY70mn. expansion of office / meeting rooms
 IIF Kobe DHC : JPY66mn. for exterior wall repair (Phase I)

(Note2) Major repair cost planned in the 35th FP
 IIF Shonan HIP : JPY71mn. for inspection and maintenance of service equipment for Bldg. B and C
 IIF Shonan HIP : JPY57mn. for inspection and maintenance of steam sterilizer
 IIF Shonan HIP : JPY50mn. for inspection and maintenance of permanent generator
 IIF Shonan HIP : JPY46mn. for inspection and maintenance of air-conditioning and heat source equipment in Bldg. A and EC
 IIF Shonan HIP : JPY38mn. for inspection and maintenance of HVAC system in Bldg. C2

Major Factors of Change for 35th Period (Compared to Actual Results for 34 FP)

Operating Revenue	+139
Increase in revenue from new acquisitions	+ 313
Increase in rental revenue (Utilities received)	+143
Decrease in gain on sale (Kobe LC, etc.)	(491)
Increase in dividend income from investment in silent partnership (Tokumei Kumiai) (full contribution)	+178
Operating Expense	+121
Increase in lease expenses (Utilities expense) (Shonan HIP)	+ 175
Decrease in depreciation (IIF Narashino LC II, etc.)	(206)
Increase in SG&A	+ 105
Non-Operating Expense	+110
Increase in interest expense (new debt in 12th PO and refinancing)	+96
Increase in Borrowing related expenses (new debt in 12th PO and refinancing)	+14

Major Factors of Change for 35th Period (Compared to Initial Budget for 35th FP)

Operating Revenue	+256
Increase in revenue from new acquisitions and existing in 2024	+ 207
Increase in rental revenue (Utilities received) (Shonan HIP)	+84
Increase in gain on sale	+15
Decrease in dividend income from investment in silent partnership (Tokumei Kumiai)	(51)
Operating Expense	+219
Increase in lease expenses (leasing commission)	+ 24
Increase in lease expenses (Utilities expense)	+ 42
Increase in depreciation (IIF Narashino LC II, new acquisitions of 12th PO, etc.)	+ 68
Non-Operating Expense	(71)
Decrease in interest expense (new debt for 12th PO and refinancing)	(68)
Decrease in Borrowing related expenses (refinancing, etc.)	(17)
Increase in interest expense on bonds	+11

Earnings Forecast for the July 2025 (36th) Fiscal Period

		(JPY mn)			
		Jan. 2025 (35th Period Revised Budget)	Jul. 2025 (36th Period Revised Budget)	Period over period	
Key P/L Figures	Operating revenue	21,205	22,569	+1,363	+6.4%
	Utilities expense received	1,324	1,285	(38)	(2.9)%
	Gain on Sales	1,012	1,012	+0	0.0 %
	Operating expense	11,206	11,894	+687	+6.1 %
	Utilities expense	1,843	1,768	(75)	(4.1)%
	Depreciations	2,626	2,629	+3	+0.1 %
	General and administrative expenses	1,995	2,008	+12	+0.6%
	Operating Income	9,998	10,674	+675	+6.8%
	None-operating income	-	-	-	-
	Non-operating expense	1,402	1,443	+41	2.9 %
	Ordinary income	8,596	9,231	+634	+7.4%
	Net income	8,594	9,229	+634	+7.4%
	Earnings per unit (yen)	3,388	3,639	+251	+7.4%
	Distributions per unit (excluding ATA and OPD) (yen)	3,388	3,450	+62	+1.8%
Other Figures	ATA (Allowance for Temporary difference Adjustment per unit) (yen)	52	0	(52)	(100.0)%
	OPD (Other excess Profit Distributions per unit)(yen)	0	0	0	-
	Distributions per unit (yen)	3,440	3,450	+10	+0.3%
	Capital expenditure	1,998	2,369 (Note1)	+370	+18.5 %
	Repair expense	885	888 (Note2)	+2	+0.3 %
	Total	2,884	3,258	+373	+12.9 %
	Depreciation	2,626	2,629	+3	+0.1 %
	FFO	10,208	10,847	+638	6.3 %
	AFFO	8,209	8,477	+267	3.3 %
	Number of properties	109	109	-	-
	Occupancy rate	100.0%	100.0%	-	-

(Note1) Major capital expenditures planned in the 36th FP

IIF Kawaguchi LC : JPY254mn. for cooling equipment upgrading works (Phase II)
 IIF Shonan HIP : JPY250mn. for conversion of Bldg.A to the same spec of Bldg. B (43E)
 IIF Haneda MC : JPY233mn. for Foam fire extinguishing equipment renewal (Phase I)
 IIF Okazaki MC : JPY191mn. for seismic reinforcement constructionork (Phase I)
 IIF Shonan HIP : JPY180mn. for change to LED lightning (dimming control area of Bldg. A3, B3, C3)

(Note2) Major repair cost planned in the 36th FP

IIF Narashino LC I : JPY662mn. for demolition costs of existing buildings for Redevelopment
 IIF Shonan HIP : JPY91mn. for inspection and maintenance of animal system HVAC in Bldg. A
 IIF Shonan HIP : JPY75mn. for inspection and maintenance of HVAC system of biochemistry and spare room in Bldg. A
 IIF Shonan HIP : JPY73mn. for RI filter replacement
 IIF Shonan HIP : JPY54mn. for conversion of Bldg.A to the same spec of Bldg. B (43E) (OPEX)

(JPY mn)

Major Factors of Change for 36th Period (Compared to Revised Budget for 35th FP)

Operating Revenue	+1,363
Increase in revenue from new acquisitions	+ 287
Decrease in rental revenue (Utilities received) (Shonan HIP)	(38)
Increase in other income (IIF Narashino LC II)	+1,145
Decrease in dividend income from investment in Tokumei Kumiai	(31)
Operating Expense	+687
Decrease in lease expenses (Utilities expense)	(75)
Increase in lease expenses (Property tax) (new acquisitions)	+88
Decrease in lease expenses (Repair and maintenance cost) , etc. (Includes demolition cost for Narashino LCII)	+ 712
Non-Operating Expense	+41
Increase in interest expense for refinancing	+41

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. The same shall apply hereinafter.
 - The names of related parties may be abbreviated from time to time. The same shall apply hereinafter.
 - “CC” stands for Card Center. “HIP” stands for Health Innovation Park. “ITSC” stands for IT Solution Center. “LC” stands for Logistics Center. “MC” stands for Manufacturing Center or Maintenance Center. “R&DC” stands for R&D Center. “SC” stands for Science Center. “TC” stands for Technology Center. “TT” stands for Tank Terminal. The same shall apply hereinafter.
 - KKR & Co. Inc, the sponsor of the Fund, and its 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 76 Corporation, individually or collectively referred to as “KKR”. KKR and KKR’s portfolio companies are sometimes collectively referred to as the “KKR Group. The same applies hereinafter.
 - “CRE” is an abbreviation for “Corporate Real Estate”, and refers to the concept of optimally and efficiently managing real estate owned by IIF from a strategic management perspective in order to maximize corporate value. “PRE” is an abbreviation for “Public Real Estate” and refers to the concept of promoting appropriate and efficient management and operation of public real estate with a view to revitalizing the economy and improving fiscal soundness, while taking into account public and public interest objectives. The same applies hereafter.
 - “CRE Carve-outs” are transactions in which a corporate real estate asset is carved out from a company in collaboration with the KKR Group, etc. as part of CRE Strategy aimed to increase enterprise value, according to changes in awareness of cost of capital among Japanese companies. To be specific, it means an acquisition and leaseback transaction of real estate properties carved out by a company, upon the proposal of sale and leaseback to the company intended to improve its balance sheet, PBR (price to book ratio)/ROE and other financial indicators. The same shall apply hereinafter.
 - “Total Return” refers to the sum of capital return and income return, with capital return as the NAV growth rate, which is the NAV per unit at the end of the current period divided by the NAV per unit at the end of the previous period, and income return as the DPU yield, which is the annualized DPU yield divided by the DPU per unit at the end of the previous period. It refers a structure whereby not only gains on sales and improved distributions, but also various initiatives such as new acquisition with high unrealized gains, increase in unrealized gains and increase in NOI accompanying the increase in appraisal value through internal growth, redevelopment, renovation and other value-upgrades contribute to improvement in NAV and DPU per unit (=improvement in total return). The same applies hereinafter.
 - “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 the unrealized gains by the book value. However, unrealized gains as of the end of July 2024 are calculated excluding the unrealized gains of IIF Totsuka TC (land with leasehold interest) (end of 34th period), which is an asset to be disposed. The same shall apply hereinafter.
 - "NAV per unit" is calculated by the following formula.

$$\text{NAV per unit} = \text{NAV}^* \div \text{number of investment units issued and outstanding as of the end of each fiscal period}$$

$$^* \text{ NAV} = \text{unitholders' capital at the end of each fiscal period}^{**} + \text{unrealized gains at the end of each fiscal period}$$

$$^{**} \text{ Unitholders' capital and book value of real estate-related assets at the end of each fiscal period are the amounts on the balance sheet as of the end of the relevant fiscal period.}$$
 - “Stabilized DPU per unit” is a reference value calculated by adjusting the forecasted distribution amount announced for the period ending July 31, 2025 (36th period) for one-time gains or losses such as property tax, gain on sales, and distribution in excess of earnings, etc., and does not guarantee realizing of future distributions or such amounts. The same applies hereinafter.
 - “Average NOI yield” and the “Average NOI yield after depreciation” are calculated following formula below. The same shall apply hereafter.

$$\text{NOI yield} = \text{NOI}^* / \text{Total acquisition price}$$

$$\text{NOI yield after depreciation} = (\text{NOI} - \text{Total depreciation}^{**}) / \text{Total acquisition price}$$

$$^* \text{ With respect to the calculation of NOI, unless otherwise noted, NOI figures for existing assets are annualized by doubling the actual NOI at the end of each fiscal period, and for new acquisitions are the net operating income under the direct capitalization method indicated in the appraisal report at the time of acquisition, and if the direct capitalization method is not used in the appraisal report, are the net operating income of initial year under the DCF method indicated in the appraisal report.}$$

$$^{**} \text{ Depreciation regarding the new acquisitions is calculated at the depreciation ratio under the straight-line method according to the useful lives thereof as with other properties owned by IIF. The same applies hereinafter.}$$
 - LTV (based on book value) and LTV (based on appraisal value) are calculated based on the following formula. The same shall apply hereinafter.

$$\text{LTV (based on book value)} = \text{Total amount of interest-bearing debts} \div \text{Total assets}$$

$$\text{LTV (based on appraisal value)} = \text{Total amount of interest-bearing debts} \div (\text{Total assets} + \text{Total unrealized gain of owned assets})$$
- P.10 (Note 1) NOI as the premise for calculating “average NOI yield” and “average NOI yield after depreciation” is the net operating income under the direct capitalization method or the net operating income for the initial year under the DCF method stated in the appraisal report at the time of acquisition as of February 1, 2024. The appraisal value as the premise for calculating the “total unrealized gains” and the “average unrealized gains ratio” is the appraisal value stated in the appraisal report at the time of acquisition.
 (Note 2) Although IIF has obtained preferential negotiating rights for the four underlying assets backed by the equity interest in the silent partnership regarding the joint investment scheme with a major Japanese real estate company, IIF has not decided to acquire the underlying assets as of today, and there are no plans to acquire the underlying assets. In addition, there is no guarantee that IIF will be able to acquire the underlying assets based on the preferential negotiating rights. The same shall apply hereinafter.
- P.12 (Note 1) “CPI-linked” refers to a lease agreement that stipulates that rent will be reviewed in conjunction with the CPI or other consumer price index. The same applies hereinafter.
 (Note 2) “Upside-only” means a lease contract that stipulates that the rent will be automatically increased at regular intervals or parties can only negotiate over an increase in the rent.
 (Note 3) “Flat” means a contract that stipulates that the rent will not be revised for the period from the (scheduled) date of acquisition until the date of expiration of the lease term or for 10 years or more, or a lease contract for which there is no rent revision in principle.
 (Note 4) “Negotiated revision” means a lease contract, other than those in (Note 1), (Note 2) and (Note 3) above, which stipulates that the rent will be revised mainly through negotiations. The same applies hereinafter.
 (Note 5) Each ratio after taking into account the acquisition of IIF Hyogosanda LC II and the pass-through of IIF Shonan HIP is reference value for the ratio of the rent revision method in the lease agreement, which takes into account the acquisition of IIF Hyogosanda LC II and the rent pass-through of IIF Shonan HIP, and are not a guarantee of their realization.
 (Note 6) The figures for IIF Shonan HIP after pass-through conversion are based on the end-tenants’ lease agreements in effect as of the end of July 2024, and the remaining period from August 1, 2024 to the expiration date of each end-tenant's lease agreement is used. However, the pass-through conversion of IIF Shonan HIP will not actually take place until October 1, 2025 or later, and it has not been determined as of today that the pass-through conversion of IIF Shonan HIP will take place.
 (Note 7) “Long-term flat” refers to a lease contract with a remaining term of five years or more among the ‘flat’ type lease contracts after conversion to pass-through status.
- P.16 (Note) Changes in NOI for the entire portfolio are the NOI figures for each period, and changes in NOI of same store basis are based on the properties owned as of the end of July 2022, excluding new acquisition or disposition from August 2022 to today.
- P.18 (Note 1) For details of “CPI-linked rents (with floors),” please refer to the note at the bottom of page 20 of this document.
 (Note 2) The unused floor area of the entire acquisition through 12th public offering is the sum of estimated values calculated based on the difference between the maximum designated floor area ratio and the floor area ratio used for each asset. Please note that there is no guarantee that this unused floor area will be available.
 (Note 3) IIF has determined that assets with a floor area available for expansion of 1,500 tsubo (approximately 4,958.68m²) or more based on unused floor area ratio and a building area available for expansion of 500 tsubo (approximately 1,652.89m²) or more based on unused building-to-land ratio have redevelopment potential.

Note(2)

- P.19

(Note 1)

The percentage of introduction in CPI-linked rent through CRE carve-out deals refers to the percentage (rent basis) of lease contracts in which CPI-linked clauses are stipulated among the lease contracts in the acquisition through the 12th public offering and IIF Hyogo sanda Logistics Center II (However, the lease contracts for three properties, namely, IIF Hyogosanda Logistics Center I (land with leasehold interest), IIF Osakakonohana Logistics Center II (land with leasehold interest), and IIF Toyama Logistics Center, where the tenant is the master lessee of the land with leasehold interest, are excluded from the percentage scope).
- (Note 2)

The absolute value of the CPI-linked rent increment is based on the lease contracts for the assets acquired through the 12th public offering (excluding the three properties mentioned in Note 1) and IIF Hyogosanda Logistics Center II, and is calculated based on the following assumptions: the five-year period from the time of acquisition to the first revision (fifth year), the three-year period from five years after the first revision to the second revision (eighth year). The above figures are reference values based on the assumption that the assumed CPI fluctuation rate will increase by 1.0% per year during the five-year period from the time of acquisition to the time of the first revision (5th year), the three-year period from the 5th year to the time of the second revision (8th year), and the three-year period from the 8th year to the time of the third revision (11th year), thus there is no guarantee that this increment will be realized. Actual rent increments may differ significantly from such reference values, or no rent increments may be generated at all. In addition, it is agreed in each lease agreement that the upper limit for the CPI is +2% per year, and even if the CPI exceeds +2%, it will be considered as +2% in relation to the calculation of the CPI-linked rent.
- P.20

(Note 1)

"Floor-area" of "After Redevelopment" is the reference figure based on the current plan for the Redevelopment Project. The "Floor area" of "After Redevelopment" may change in the future due to changes in the content of the plan for the Development Project.

(Note 2)

"Acquisition price" of "Before redevelopment" is the sum of the acquisition price of the land already acquired and the acquisition price of the building before redevelopment (the sum of the acquisition price of the land described in the trust beneficiary interests purchase agreement dated February 21, 2011 and the acquisition price of the building with leasehold interest described in the trust beneficiary interests purchase agreement dated January 15, 2014), and the sum of the acquisition price (46 million yen) of a portion of land (782.16m²) of IIF Narashino Logistics Center (land with leasehold interest), which is adjacent to the Property, additionally entrusted to the trust for the Property on December 8, 2023. "Preferential Negotiation Price" for "After Redevelopment" is a reference figure totaling the building price after redevelopment based on the preferential negotiation rights and the land price already acquired (the acquisition price of the land described in the purchase and sale agreement for the property at the time of acquisition in 2012), and deducting the land value proportionally divided by the area of the land (1,777.88m²) to be delivered (the Land to be delivered) to IIF Narashino Logistics Center (land with leasehold interest) from the land of the Property. Although IIF has obtained the preferential negotiating rights for the building after the Redevelopment Project, IIF has not decided to acquire the building after the Redevelopment Project as of today. In addition, there is no guarantee that IIF will be able to acquire the building after the Redevelopment Project based on the preferential negotiating rights. The same shall apply hereafter.

(Note 3)

"Appraisal Value" before redevelopment is the appraisal value based on the appraisal report with a valuation date of July 31, 2024, and that after redevelopment is the survey value based on the survey report for the Redevelopment Project of the Redevelopment Property with a survey date of April 1, 2024.

P.21

(Note 1)

The "Appraisal value" before redevelopment is the appraisal value stated in the appraisal report for the land and the building before redevelopment (for "IIF Narashino Logistics Center I", the appraisal report for the land only) with the valuation date of January 31, 2021 for IIF Atsugi Logistics Center III, January 31, 2022 for IIF Hamura Logistics Center, and July 31, 2024 for IIF Narashino Logistics Center I and IIF Narashino Logistics Center II. With respect for "Appraisal value" after redevelopment, "IIF Atsugi Logistics Center III" is based on the appraisal of the land and the building after redevelopment with a date of valuation of January 31, 2024; "IIF Hamura Logistics Center" and "IIF Narashino Logistics Center I" are based on the appraisal of the building after redevelopment with a date of valuation of July 31, 2024; "IIF Hamura Logistics Center" and "IIF Narashino Logistics Center II" are based on the appraisal of the building after redevelopment with a date of valuation of July 31, 2024. IIF Narashino Logistics Center II" is the appraisal value based on the survey report on the development plan of the redevelopment property with the date of valuation being April 1, 2024.

P.23

(Note 1)

"Fixed-rent master lease" is a lease in which a fixed rent is paid by Takeda Pharmaceutical Company (master lessee) regardless of the rent paid by the end tenant (sublessee) to the master lessee. "Rent pass-through master lease" is a lease scheme in which the rent paid by the master lessee and the rent paid by the end tenant are the same amount (pass-through).

(Note 2)

"Occupancy rate" is calculated as the sum of the leased area based on the lease agreements with each tenant that are effective as of July 31, 2024, the leased area after the transition to a pass-through master lease with rent agreed upon between Takeda and IIF, and the leased area of each end-tenant that is currently known by the Asset Manager. The figure is calculated by dividing the total leased area of each end-tenant, which is currently known to the Asset Manager, by the leasable area (estimated value) to the end-tenant.

P.24

(Note)

The outline of the expansion project and the total floor area are plans and estimates as of today, and may change in the future due to changes in plans and other factors. As of today, IIF has not decided to acquire the expansion building.

P.25

(Note)

"Rent increase ratio" is the ratio of increase calculated by comparing the annual rent before the expiration of the lease contract or revision of the rent increase with the annual rent stated in the lease contract applicable upon the revision of the contract or conclusion of a contract with a new tenant.

P.26

(Note 1)

"Annual rent" is calculated with the monthly rent for the building or land (if the contract is for land with leasehold interest) described on the lease agreement for each property or trusted property, and annualized by multiplying 12 (however, for properties or trusted properties with multiple contracts, the rent is calculated as the sum of the said contracts), then rounded down to the nearest JPY million. In addition, the "Rent income contribution in the entire portfolio" represents the ratio of the total annual rent for lease contracts that expire in the next five years to the total annual rent for the entire portfolio of IIF. Assets to be disposed are excluded.

(Note 2)

For properties for which a new lease agreement has been concluded with a successor tenant that will commence after the expiration of the lease agreement in effect as of the date of this document, the figure is based on the expiration date of the lease agreement based on such new lease agreement.

(Note 3)

The percentage of "Increase", "Unchanged", "Decrease" and "Under Negotiation" in 'Rent revisions' is the percentage of the number of lease contracts that have been renewed or are under negotiation with "Increase", "Unchanged", "Decrease" and "Under Negotiation" out of the number of lease contracts that have expired or are due to expire between August 1, 2022 and July 31, 2025, respectively.

(Note 4)

The "Average rent increase in increase cases" is the percentage of the total difference in rent before and after the increase divided by the total rent before the increase for lease contracts that were renewed with an increase in rent.

P.28

(Note 1)

"Average remaining borrowing period" of the J-REIT average is calculated by weighting the remaining term of each J-REIT's borrowings as of July 31, 2024 by the borrowing amount.

(Note 2)

"Average interest cost" of the J-REIT average is calculated by dividing the interest-bearing debt-related costs based on each J-REIT's most recently disclosed financial statements as of July 31, 2024 by the balance of interest-bearing debt at the end of the same fiscal period.

P.29

(Note)

"Average borrowing period" and "Average interest rate" figures in the "Key Indices" are averages calculated based on refinancing and borrowings executed between February 1, 2024 and July 31, 2024. In addition, the weighted average interest rates for the "Maturity ladder and weighted average interest rate" (as of July 31, 2024) exclude short-term borrowings (remaining terms of less than one year).

P.32

(Note 1)

GHG" refers to greenhouse gases and is an abbreviation for Green House Gas. RE100" refers to an international initiative in which companies aim to use 100% renewable energy to power the operations

(Note 2)

"Scope 1" refers to direct greenhouse gas (GHG) emissions that occur from sources that are controlled or owned by an organization, whereas "Scope 2" refers to indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling, "Scope 3" refers to all indirect emissions (not included in Scope1 and Scope 2).

P.36

(Note)

"LTV(based on Book value)", 'LTV(based on Appraisal value)' and "NAV per unit" for "July 2024 FP (34th FP)+Acquisition of IIF Hyogosanda LC II" are the figures as of the end of July 2024, before acquisition of IIF Hyogosanda LCII.

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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)