



Industrial & Infrastructure Fund
Investment Corporation

<http://www.iif-reit.com/english/>



Investor Presentation for the June 2014 (14th) Period



Ticker 3249



Mitsubishi Corp UBS Realty

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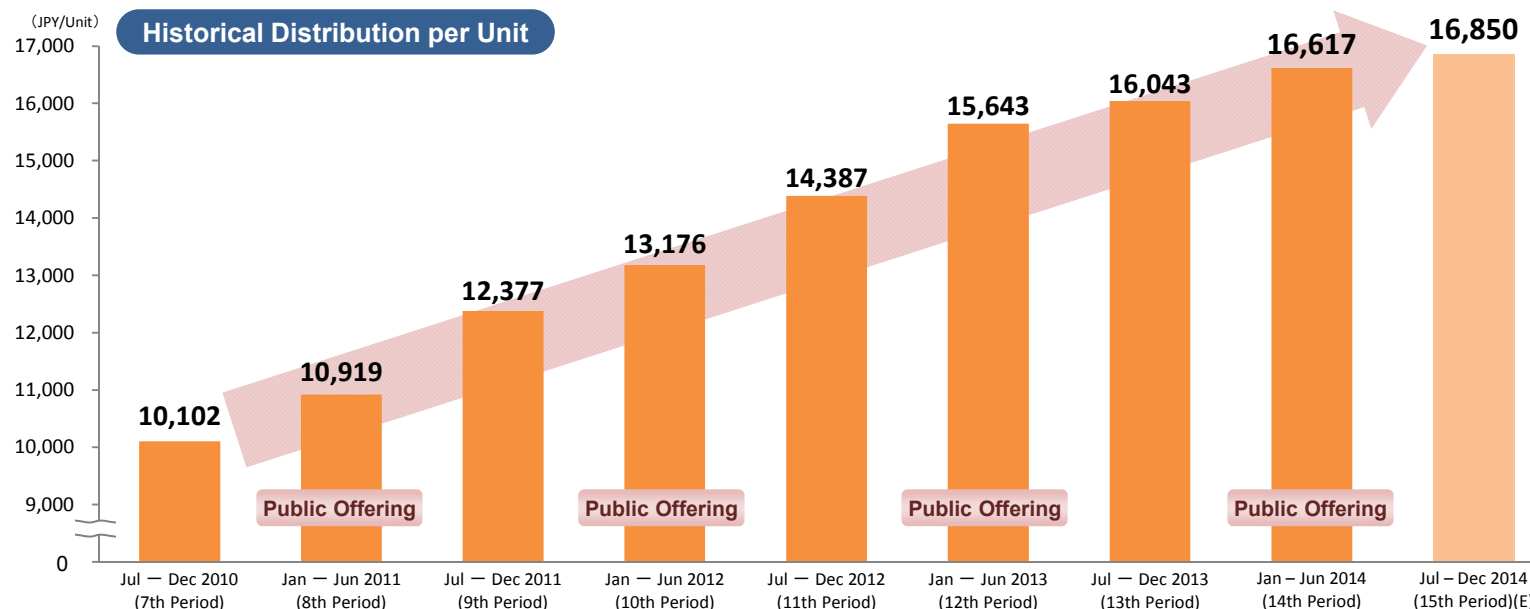
1. IIF's Track Record of Growth and its Growth Strategy

8 Consecutive Periods of Growth in Revenue, Profit, and DPU

Upward Revision from the Previous Forecast for both 14th Period “+¥433” and 15th Period “+¥342”

	Jul — Dec 2010 (7 th Period)	Jan — Jun 2011 (8 th Period) <i>Public Offering</i>	Jul — Dec 2011 (9 th Period)	Jan — Jun 2012 (10 th Period) <i>Public Offering</i>	Jul — Dec 2012 (11 th Period)	Jan — Jun 2013 (12 th Period) <i>Public Offering</i>	Jul — Dec 2013 (13 th Period)	Jan — Jun 2014 (14 th Period) <i>Public Offering</i> <i>Upward Revision from the Previous Forecast</i>	Jul — Dec 2014 (15 th Period) (Forecast) <i>Upward Revision from the Previous Forecast</i>
Operating Revenue (¥ MM)	2,962 <i>100.0</i>	3,295 <i>111.3</i>	3,526 <i>119.0</i>	4,458 <i>150.5</i>	5,037 <i>170.0</i>	5,791 <i>195.5</i>	6,037 <i>203.8</i>	6,576 <i>222.0</i>	6,798 <i>229.5</i>
Net Income (¥ MM)	798 <i>100.0</i>	1,022 <i>128.1</i>	1,158 <i>145.2</i>	1,852 <i>232.1</i>	2,023 <i>253.4</i>	2,447 <i>306.5</i>	2,509 <i>314.3</i>	2,750 <i>344.5</i>	2,789 <i>349.3</i>
Units Outstanding (units)	79,035 <i>100.0</i>	93,632 <i>118.5</i>	93,632 <i>118.5</i>	140,632 <i>177.9</i>	140,632 <i>177.9</i>	156,432 <i>197.9</i>	156,432 <i>197.9</i>	165,532 <i>209.4</i>	165,532 <i>209.4</i>
Distribution per Unit (¥)	10,102 <i>100.0</i>	10,919 <i>108.1</i>	12,377 <i>122.5</i>	13,176 <i>130.4</i>	14,387 <i>142.4</i>	15,643 <i>154.9</i>	16,043 <i>158.8</i>	16,617 <i>164.5</i>	16,850 <i>166.8</i>
Number of Properties	11	16	16	22	23	29	29	36	36
Total Acquisition Price (¥ MM)	96,900 <i>100.0</i>	108,240 <i>111.7</i>	108,240 <i>111.7</i>	145,514 <i>150.2</i>	147,284 <i>152.0</i>	165,357 <i>170.6</i>	165,357 <i>170.6</i>	182,089 <i>187.9</i>	182,089 <i>187.9</i>

(Note) Figures in italic characters are indexed using the December 2010 (7th) fiscal period as the base year with index value equal to 100



Growth Image that enables both Stability and Growth

“Stable + α ”: Achieving enhanced profitability through strong portfolio management

“External Growth Enhancing Portfolio Profitability”

- Less Competitive New Asset Class
- CRE Solution Proposals
- Accretive Acquisition

“Growth”

“Enhanced Stable Profitability”

“Stability”

Solid Balance Sheet by ALM strategies

“Stable Portfolio”

- Acquiring tenants' important facilities
- Mainly long-term leases (more than 10-year)
- Portfolio management for improving stability and profitability

Duration
Matching

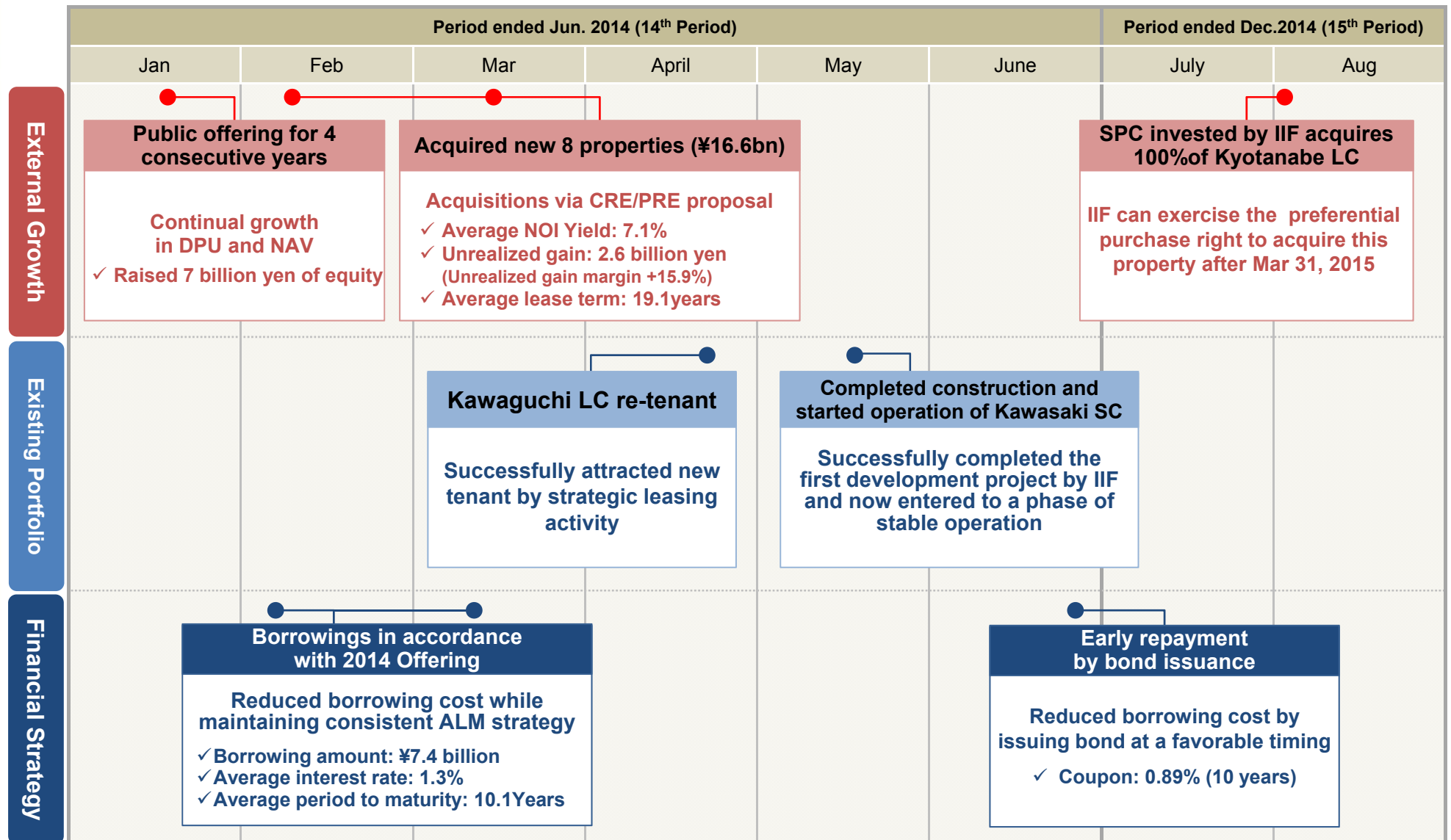
“Stable financials”

- Credit rating : AA (Stable)
- Long-term debt ratio: 100.0%
- Fixed debt ratio: 100.0%
- Average remaining period to Maturity: 6.1yrs (Longest in J-REITs)

2. Highlights for the June 2014 (14th) Fiscal Period

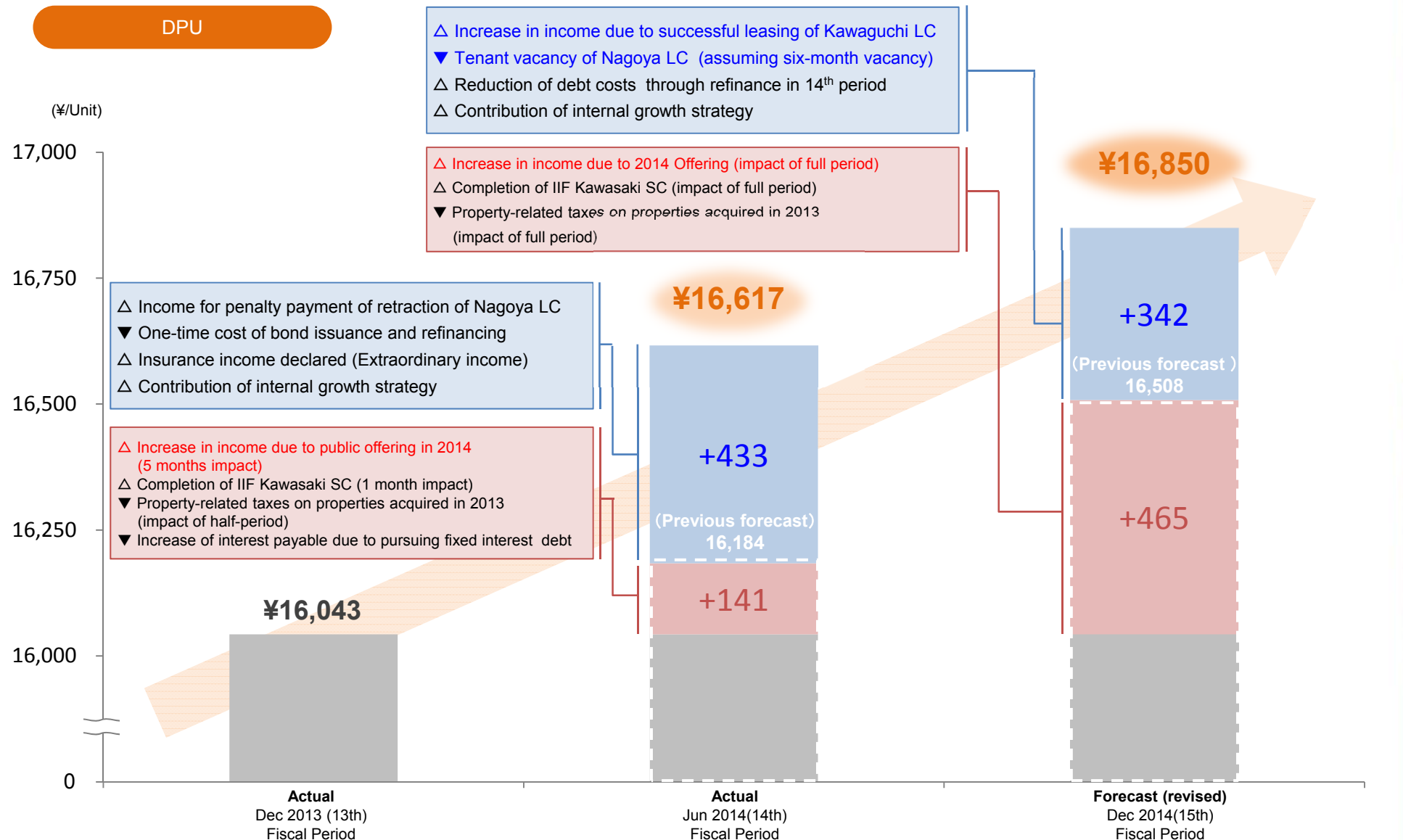
Major Activities During the 14th and 15th Fiscal Periods

Executed measures on the operation side that enhanced DPU, additional to the external growth



DPU Track Record and Forecast

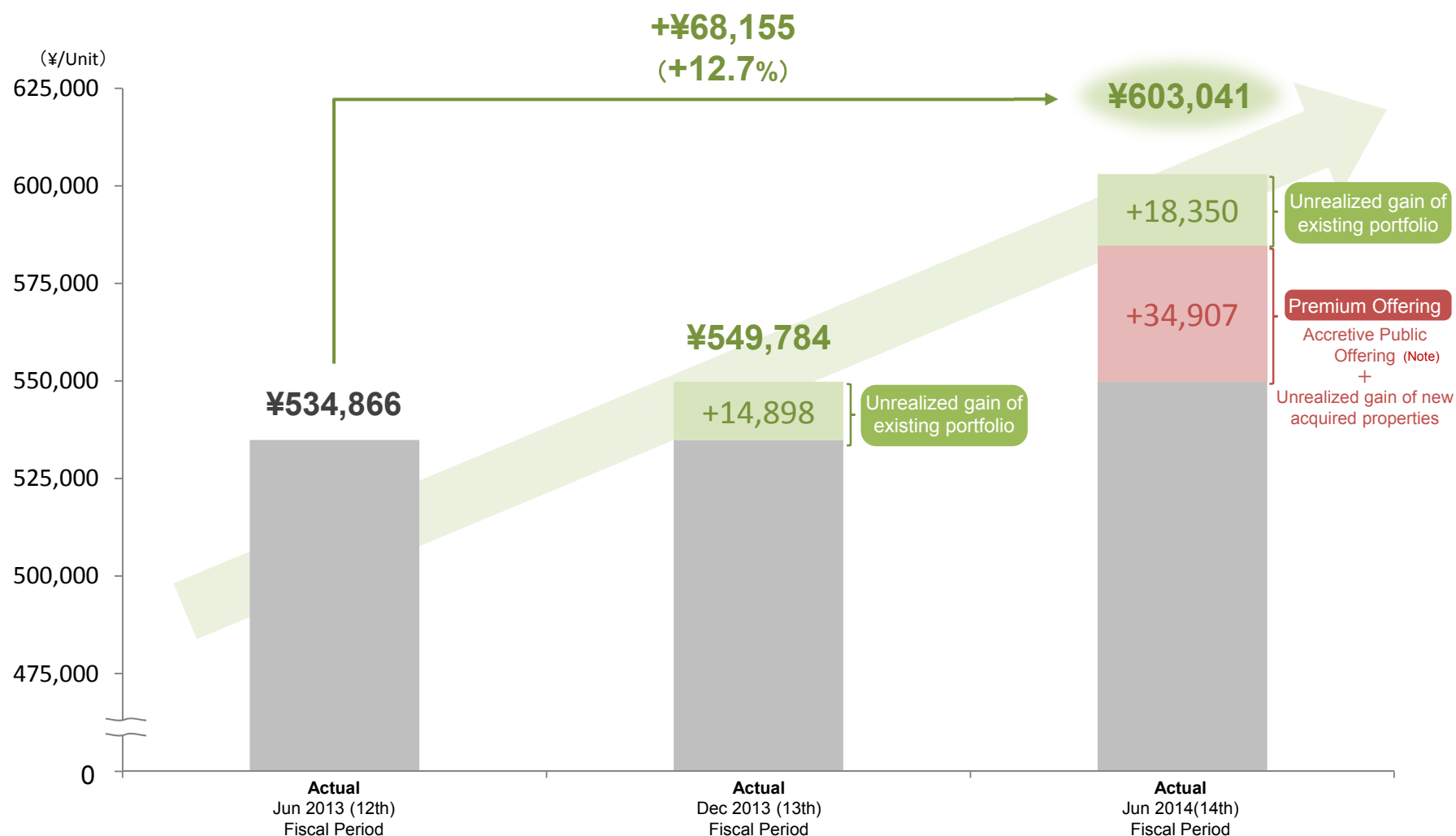
Upward Revision of DPU on 14th period due to temporary income and 15th period due to Kawaguchi LC and reduction of borrowing cost



Current Growth in NAV Per Unit

Steady growth of NAV achieved by accretive PO and unrealized gains of existing portfolio

NAV Per Unit



(Note) Increase in total unitholders' capital per unit due to the effect of premium offering

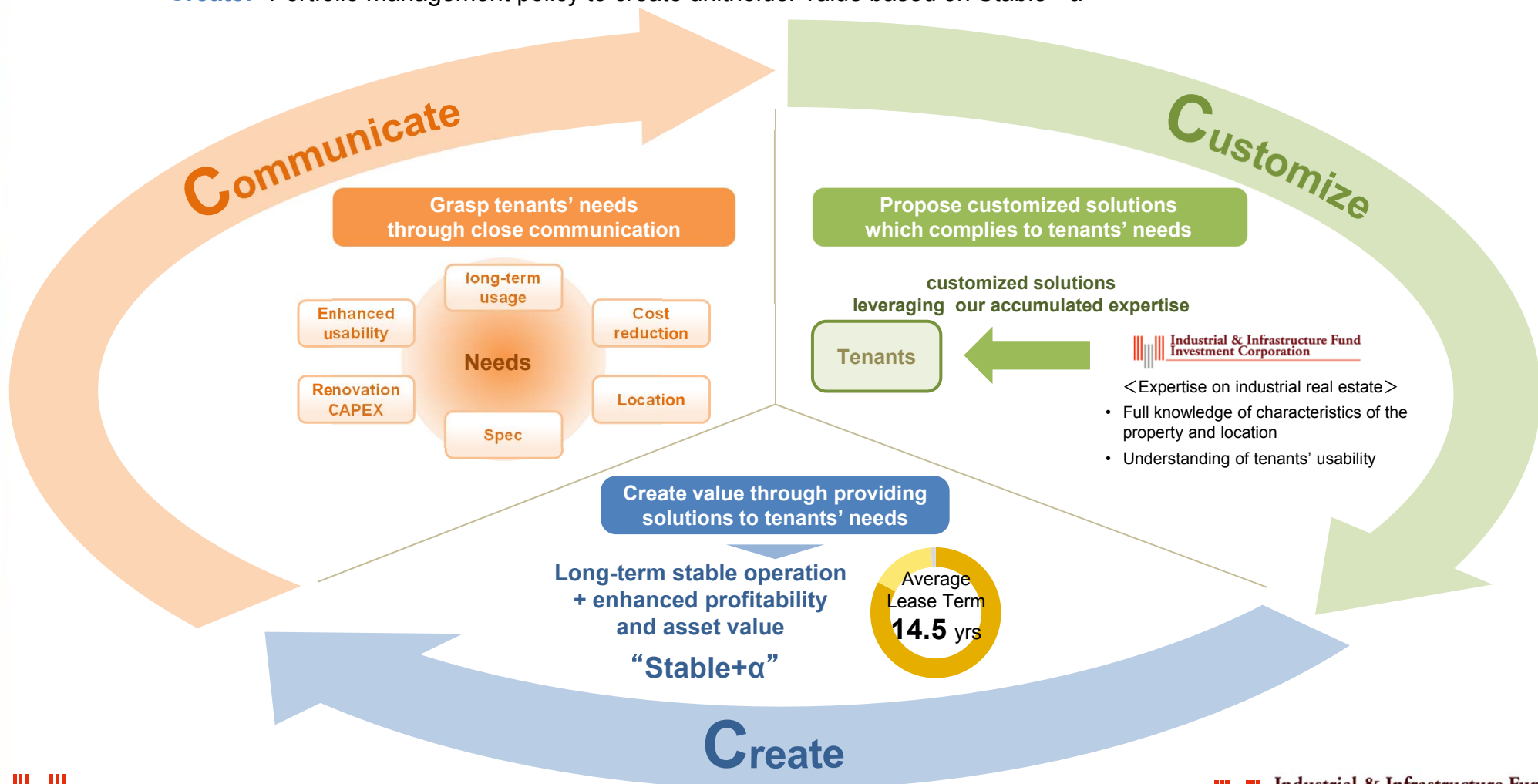
3. Management Policy of Our Existing Portfolio

Portfolio management through 3C Management Cycle

“Stable +α”: Aim for long-term stable operation and internal growth by providing value to tenant

3C Management Cycle

- ✓ **Communicate**: Grasp our tenants' true needs through close communication
- ✓ **Customize**: Propose customized solution to tenants' individual needs
- ✓ **Create**: Portfolio management policy to create unitholder value based on Stable +α



Leasing Activity Regarding IIF Kawaguchi LC

Achieved internal growth by strategic leasing activities

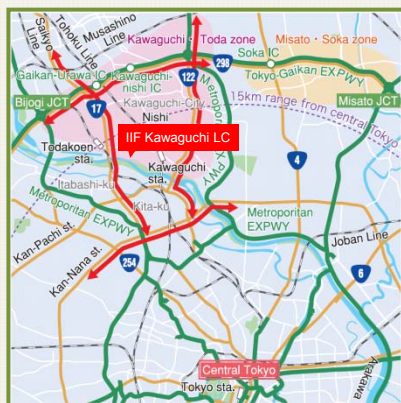
Strategic leasing activities

Leasing Target based on the facility's feature

Targeting logistics company which can leverage a large and multi-temperature facility near central Tokyo

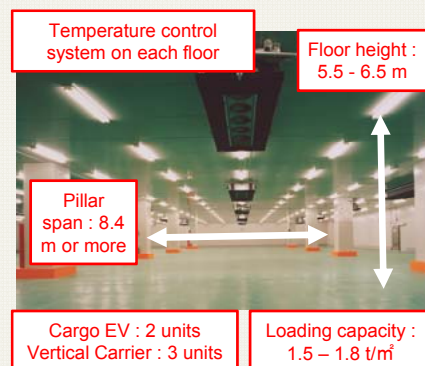
«Location Characteristics»

- ✓ Delivery across wide area including central Tokyo and Saitama Prefecture



«Property Characteristics»

- ✓ Capable of storage at 4 separate temperature zones and highly versatile specifications



Customize

Matching new tenant's needs which fits to the characteristics of the facility

New tenant's needs

Looking for a new distribution center covering the stores of AEON Group around Tokyo area

Match

Characteristics of the facility

- Close to the Greater Tokyo region
- Facility compatible to multi-temperature zones
- 24-hour operation
- Easy workforce access from residential area nearby

Achieved internal growth

Point

- ✓ Achieved appropriate level rent as a high-spec logistics facility of 4 separate temperature zone
- ✓ Lengthen contract term (10-year fixed-term)
- ✓ No downtime

	Jun. 2014 (14th) fiscal period						Dec. 2014 (15th) fiscal period					
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Kawaguchi LC	Terminated as of the end of June 2014 Meiji Logitech Co., Ltd. (Occupancy ratio 100%)						New lease contract starts on July 1, 2014 Shutoken Hitachi Transport Service Co, Ltd. (Occupancy ratio 100%)					

Create

“Stable+α”

- ✓ Increased in NOI yield and unrealized gain through successful re-tenant

NOI yield (Note 1)	At acquisition	6.7%		End of Jun. 2014	11.4%
	End of Dec. 2013			End of Jun. 2014	
Unrealized gain ratio (Note 2)		+¥1,001m +52.8%			+¥1,580m +82.3%

Description of new lease contract

Tenant Name	Shutoken Hitachi Transport Service Co, Ltd.
Term of Contract	10 years (July 1, 2014 – June 30, 2024)
Type of Contract	Fixed term lease contract of building
Early Termination/ Rent Revision	No / No

(Note 1) Calculated by dividing net operating income (based on a discounted cash flow method calculation) described in appraisal report of the first year by acquisition price

(Note 2) Difference between appraisal value and book value, rounded down less than first decimal place

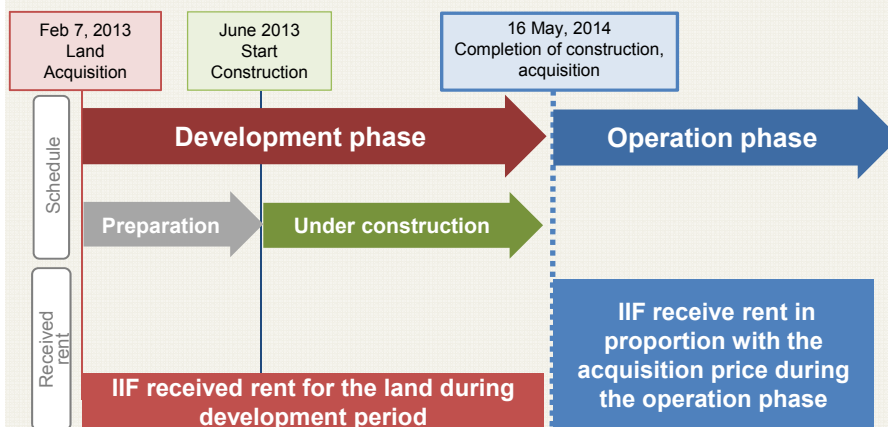
Development Project of IIF Kawasaki Science Center

Secured stable cash flow and improved unrealized gain by development scheme in cooperation with the tenant

Completion of development phase

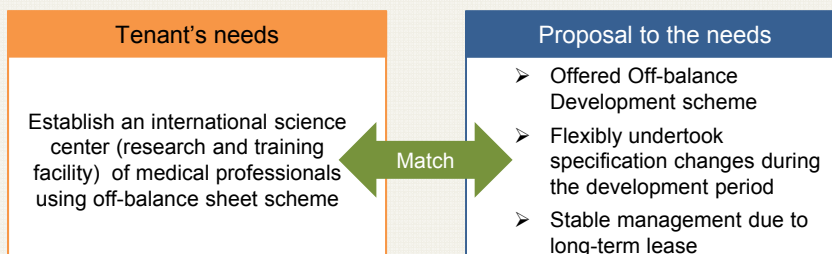
Properly manage the development scheme

Development in accordance with the tenant's needs including change of specification during the development period



Customize

IIF has completed its first-time development project in cooperation with the tenant



Moving into the phase of stable operation

Point

- ✓ Managed construction period and cost within the range of original estimation
- ✓ Stable profit supported by 15 year fixed-term lease
- ✓ Achieved increase in unrealized gains



Acquisition price: 2,167 million yen
 Total floor area: 4,857.73 m²
 Use for building: R&D facility
 (R&D and Training center for medical professionals)



Create

"Stable+α"

- ✓ By undertaking from development, IIF achieved high profitability and unrealized gain

NOI yield

7.5 %

Unrealized gain / ratio

+¥561m / +25.9%

Overview of lease agreement

Name of the tenant	Johnson & Johnson K.K. Medical Company
Period of contract	15 years (May 16, 2014 - May 15, 2029)
Type of contract	Fixed-term lease contract for the building
Termination during the lease period / Revision of rent	No/No

Activity to achieve internal growth aimed at “stable + α ”

Achieved internal growth as adding value by environmentally friendly measures

Installation of solar power generation facilities using rooftop leasing scheme(IIF Misato LC, IIF Tosu LC, IIF Kobe LC)

Customize

Reducing environmental load and enhancing profitability by renewable energy

Concluded 20 year rooftop leasing contract with solar power generation companies regarding 3 properties on the right-hand side

Create

“Stable + α ”

Received rooftop leasing income

Estimated annual generation amount:
Approx. 2,685,000kWh (worth 730 ordinary home)

<IIF Misato Logistics Center>



- Rooftop lessee: Keiyo Plant Engineering Co., Ltd.
- Contract period: (Misato LC) 2014/4/1-2034/3/31
(Tosu LC) 2014/6/1-2034/5/31

<IIF Tosu Logistics Center>



<IIF Kobe Logistics Center (Scheduled)>



- Rooftop lessee: ORIX Corporation
- Contract period: 2014/12/1-2034/11/30

Cost reduction by installing LED lighting (IIF Yokohama Tsuzuki LC)

Customize

Enhanced property value by replacement to LED lighting while sharing the cost reduction effect with tenant

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- Receive 50% worth of electricity cost reduction effect

Create

“Stable + α ”

Received 50%
worth of electricity
cost reduction
effect



<Before LED lighting>



<After LED lighting>

Tenant

Win-Win

- Enhanced function of lighting facility
- Reduction of electricity cost by 58%

※Same action was applied on IIF Nishinomiya LC in 2012. Planning to apply to other properties

Building operation cost reduction by ESCO business (IIF Shinonome R&D Center)

Customize

Restrain potential operation cost by renewal of air conditioning facility through ESCO business

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- Reduce building renovation cost, etc.
- Restrain potential operation cost

Create

“Stable + α ”

Restrain potential
operation cos

Tenant

- Renewal of air conditioning and lighting facility
- Reduction of utility expense

Win-Win

ESCO
Business

ESCO business is a type of energy conservation business which covers the utility expenses by the cost of energy saving renovation (construction cost, interest, fee to ESCO service provider)

4. Our Approach to Current and Upcoming Issues

Growth Image that enables both Stability and Growth

Continue to pursue stable growth with “Stability” and “Growth”

“External Growth Enhancing Portfolio Profitability”

- Less Competitive New Asset Class
- CRE Solution Proposals
- Accretive Acquisition

“Growth”

“Enhanced Stable Profitability”

“Stability”

Solid Balance Sheet by ALM strategies

“Stable Portfolio”

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Duration
Matching

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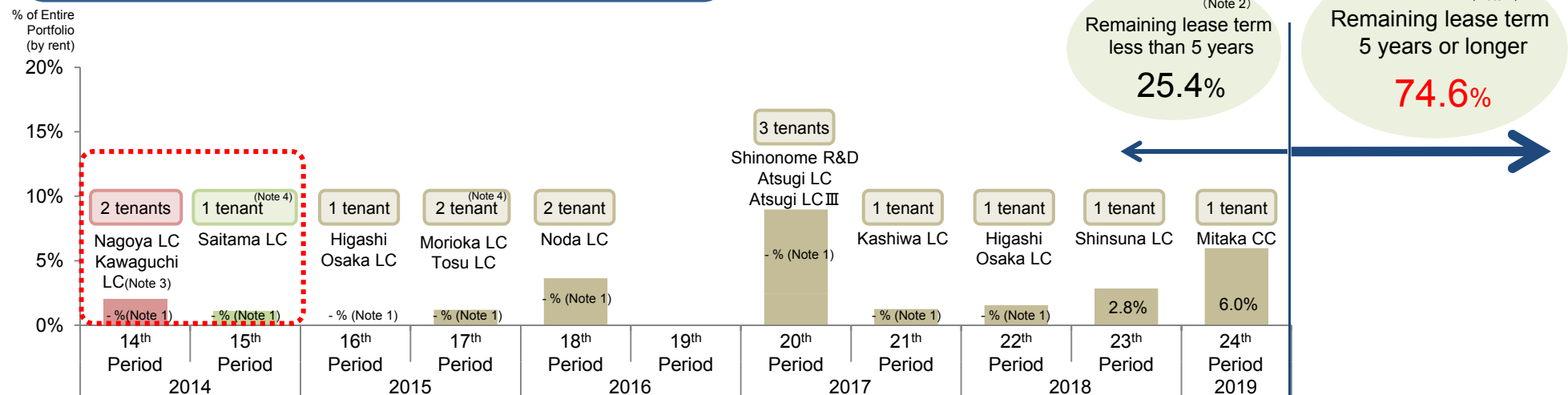
4. Our Approach to Current and Upcoming Issues

① Management of Our Existing Portfolio

Operate Stable Portfolio over Long Period

**Maintain solid profit platform by improved asset management capability,
in addition to long-term stabilized lease contracts**

Lease Expiration Schedule (by annual rent)



Management Strategy for Tenant Leases Expiring in 14th and 15th Fiscal Periods

	Lease Expiry	Property Name	Tenant	% of Entire Portfolio (by rent)	Achievements/Action Plans
Period ending Jun 2014 (14th Period)	2014/3/13	Nagoya LC	old DHL Supply Chain	0.8%	Tenant had vacated on Jun 13, 2014 due to retraction of intention to rollover. DHL has paid twice of the rent for the period between lease expiry and vacate date. IIF is now conducting various activities such as leasing and disposition, etc.
	(Note 3) 2014/6/30	Kawaguchi LC	old Meiji Logitech New Shutoken Hitachi Transport Service	(Note 1) — %	Signed new lease contract of building with its commencing date of July 1, 2014 "No downtime" "Contract term is lengthened to 10 years" "Achieved market level rent"
Period ending Dec 2014 (15th Period)	2014/11/30	Saitama LC	Cont. MM Corporation	1.1%	Signed new lease contract that is effective from Dec. 1, 2014 Captured tenant's long-term usage needs and successfully negotiated to "convert to a fixed-term lease contract of 5 years"

(Note 1) Not disclosed at the request of the tenant

(Note 2) Based on the period from Aug 18, 2014 until the lease expiration date prescribed in each lease agreement

(Note 3) The expiry of Kawaguchi LC is the date of its exit after the exercise of termination option

(Note 4) There is one tenant (Settsu Warehouse) whose lease agreement is going to expire at Oct 31, 2014 on 15th period in Higashi Osaka LC. However, it omitted from the above graph since such lease pertains to part of the office area (approximately 60 tsubo). The relevant contract that starts from Nov. 2014 (lease period 1 year) has been signed by current tenant.

Strategic leasing and disposition activities under progress

Leasing target based on the facility's feature

«Location Characteristics»

A detailed map of the Nagoya Station area. The IIF NAGOYA Logistics Center is highlighted in a red box, located between Nagoya-Nishi JCT and Nagoya Station. Nagoya Station is marked with a red dot and labeled. Other nearby locations include Komaki JCT, Kusunoki JCT, and Central Nagoya. Major roads like the Chuo Expressway and Tokaido Line are shown. A purple box indicates the 'Within 6km of Nagoya Station. (Distribution Area of IIF NAGOYA LC)'.

«Property Characteristics»

High intensity
equipment (400Lx)

Reeler outlet



2nd floor warehouse:
Equipped with individual A/C

Customize

Approaching logistics companies running the distributive processing business

Potential needs

Establishment of distribution center for Nagoya city

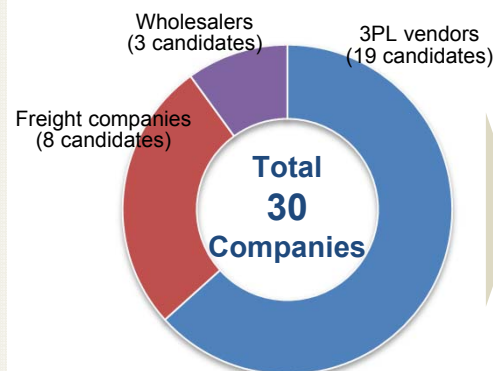
Approach

Characteristics of the facility

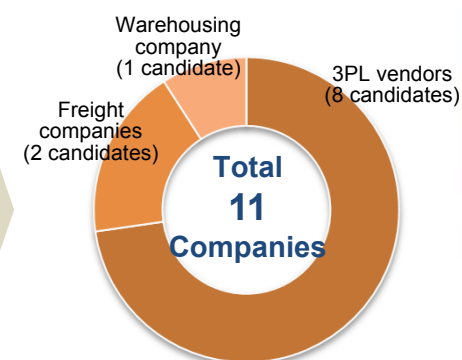
- Close to Nagoya city
- Equipped specification suitable for inspection and sorting business
- Total floor 6611.56㎡ over, rare scale in the surrounding area

Steady progress on leasing

«Tenant Candidates Approached»



«Site Inspections»



- ✓ Ongoing negotiation with targeted tenants
- ✓ While aiming early lease-up, keeping other options including property disposition and redevelopment

Other Options

- ✓ **Property Disposition**
 - Potential buyers who highly appreciate its ideal location
 - Closely watching the progress of leasing activity
- ✓ **Redevelopment**
 - Need careful judgment from the viewpoint of increasing construction cost, loss of retirement, etc.

<Reference>

Forecast in relation to Nagoya LC for December 2014 (15th) Fiscal Periods

Nagoya LC Forecast (15th)

Conservative assumption of
vacancy for the 15th period*

Expected DPU increase after retenant

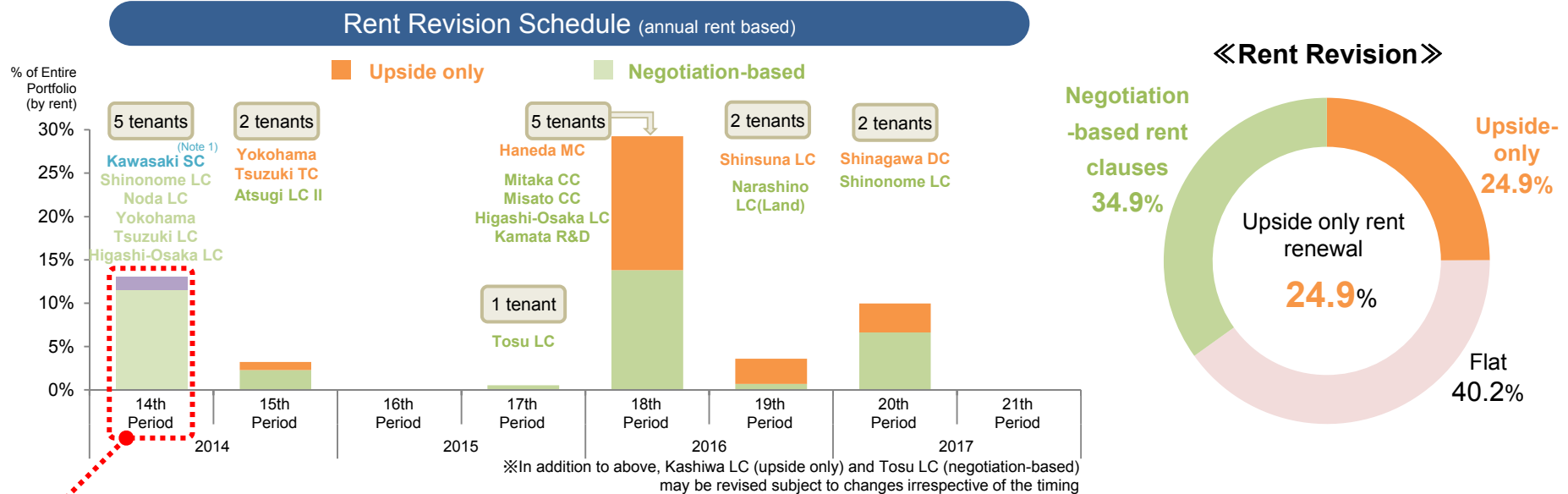
【Estimate】

+ ¥48 per unit for 1 month

* pro forma based on previous rent

Activity to achieve internal growth aiming at “stable + α”

Enhanced profitability by capturing precise opportunities while securing stability



Response to contracts expiring in 14th period

Development Project

- ✓ Kawasaki SC... Lease contract has started since the completion on May 2014

Create Upside of profit by completion

Approx. ¥77,469 thousand/year
DPU+¥234/period

Negotiation-based

- ✓ Yokohama Tsuzuki LC... Replaced to LED lighting at the timing of rent revision

Create Shared the cost reduction effect of replacing to LED lighting

•Received 50% worth of electricity cost reduction effect

- ✓ Shinonome LC, Noda LC, Yokohama Tsuzuki LC, Higashi-Osaka LC... No revision

Upside-only Rent Revision Schedule and Its Impact on Distributions

	Lease Expiry	Property Name	Annual Rent Increase Impact on distributions (Note2)
Period ending Dec. 2014 (15 th Period)	2014/10/1	Yokohama Tsuzuki TC	¥1,739 thousand DPU +¥5/period Included in estimation
Period ending Jun. 2016 (18 th Period)	2016/1/1	Haneda MC	¥38,934 thousand DPU +¥117/period
Period ending Dec. 2016 (19 th Period)	2016/7/15	Shinsuna LC	¥10,430 thousand DPU +¥31/period
Period ending Jun. 2017 (20 th Period)	2017/3/7	Shinagawa DC	Not allowed to reduce the rent before Mar. 6, 2017 (may allow rent increase depending on leasing condition of end tenant)

(Note1) Not based on the rent revision but based on new building lease agreement to be agreed after the building completion

(Note2) Impact on distribution per unit based on assumption of outstanding unit of 165,532 and distribution per unit less than one rounded down

4. Our Approach to Current and Upcoming Issues

②Financial Strategy

Stable Debt Profile Over the Long Run

Reduced borrowing cost while maintaining stable financials by bond issuance at favorable timing

Reducing debt costs with issuance of bonds at a favorable market condition Strengthen and maintained a long-term stable financial platform

Overview of Early Repayment

Early Repayment	
¥ 2bn	
Maturity	0.5 years
Coupon	1.70%

Early Repaid

the most favorable coupon
in the history of J-REIT

Bond Issuance	
¥ 2bn	
Maturity	10.0 years
Coupon	0.89%

(note) The Bonds are issued under the most favorable economic terms for 10-year bonds in the history of J-REIT.

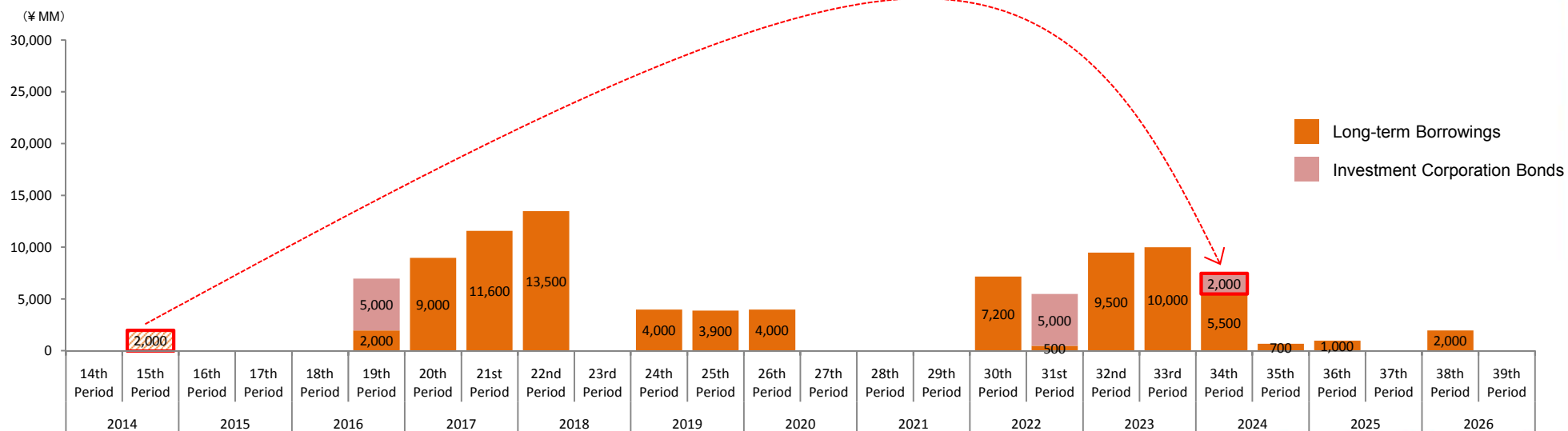
- Fixed debt ratio
- Average period remaining to maturity
- Weighted average interest rate
- LTV
- Issuer credit rating

13 th Fiscal Period ended Dec 2013	
Fixed debt ratio	100%
Average period remaining to maturity	6.0年
Weighted average interest rate	1.38%
LTV	50.8%
Issuer credit rating	AA (Stable)

14 th Fiscal Period ended Jun 2014	
Fixed debt ratio	100%
Average period remaining to maturity	6.1 years
Weighted average interest rate	1.36%
LTV	50.5%
Issuer credit rating	AA (Stable)

Responding to upcoming issues ahead while maintaining a long-term stable financial platform

Debt Maturity Ladder

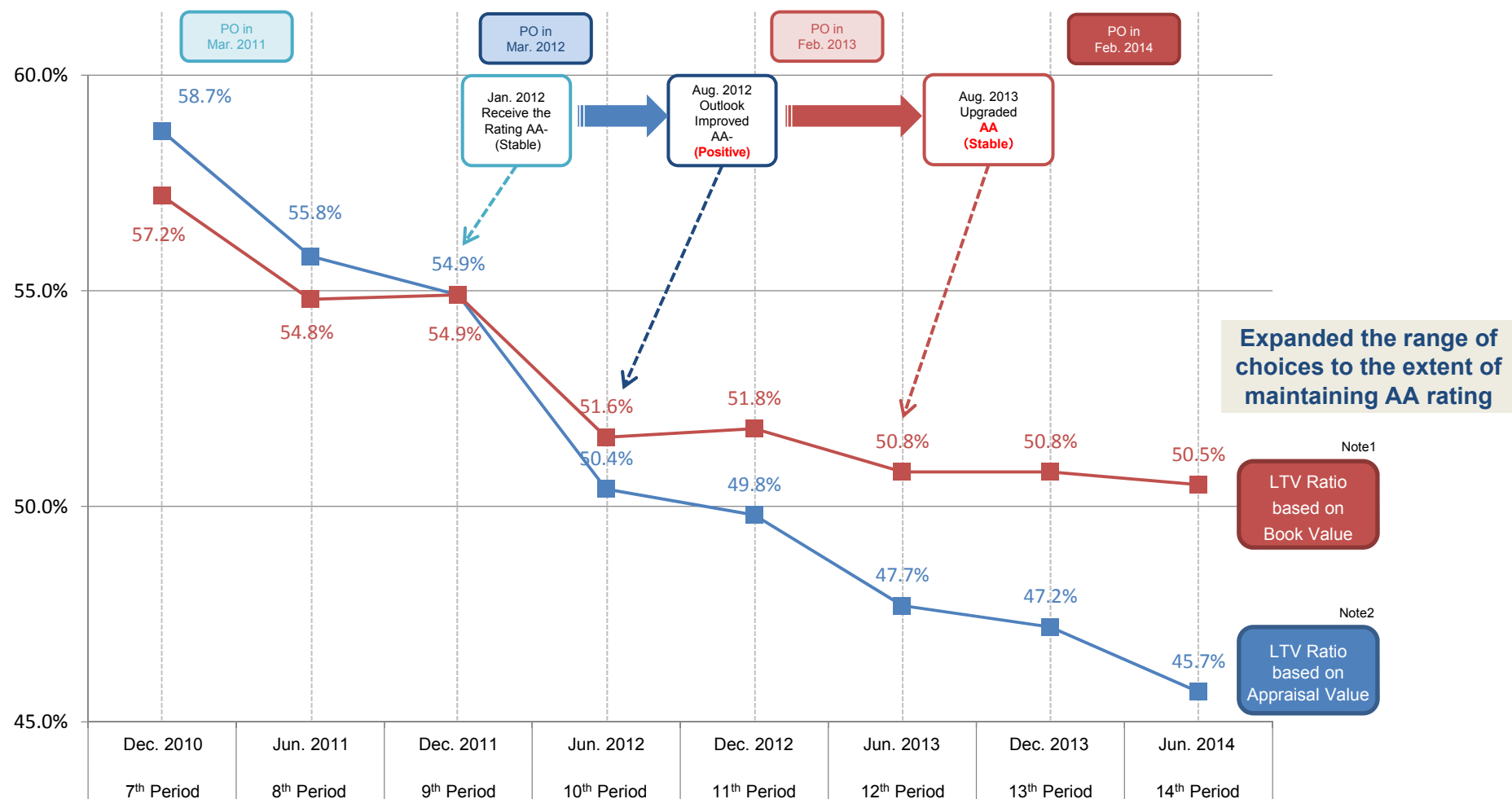


Appropriate LTV Control

Increase in unrealized gain has lowered LTV (market value basis) substantially, which enabled higher risk tolerance

■ 4 consecutive years of public offerings have increased unrealized gain and lowered market value LTV substantially

Trends of LTV



Note1: LTV ratio based on book value = total interest bearing debt / total assets

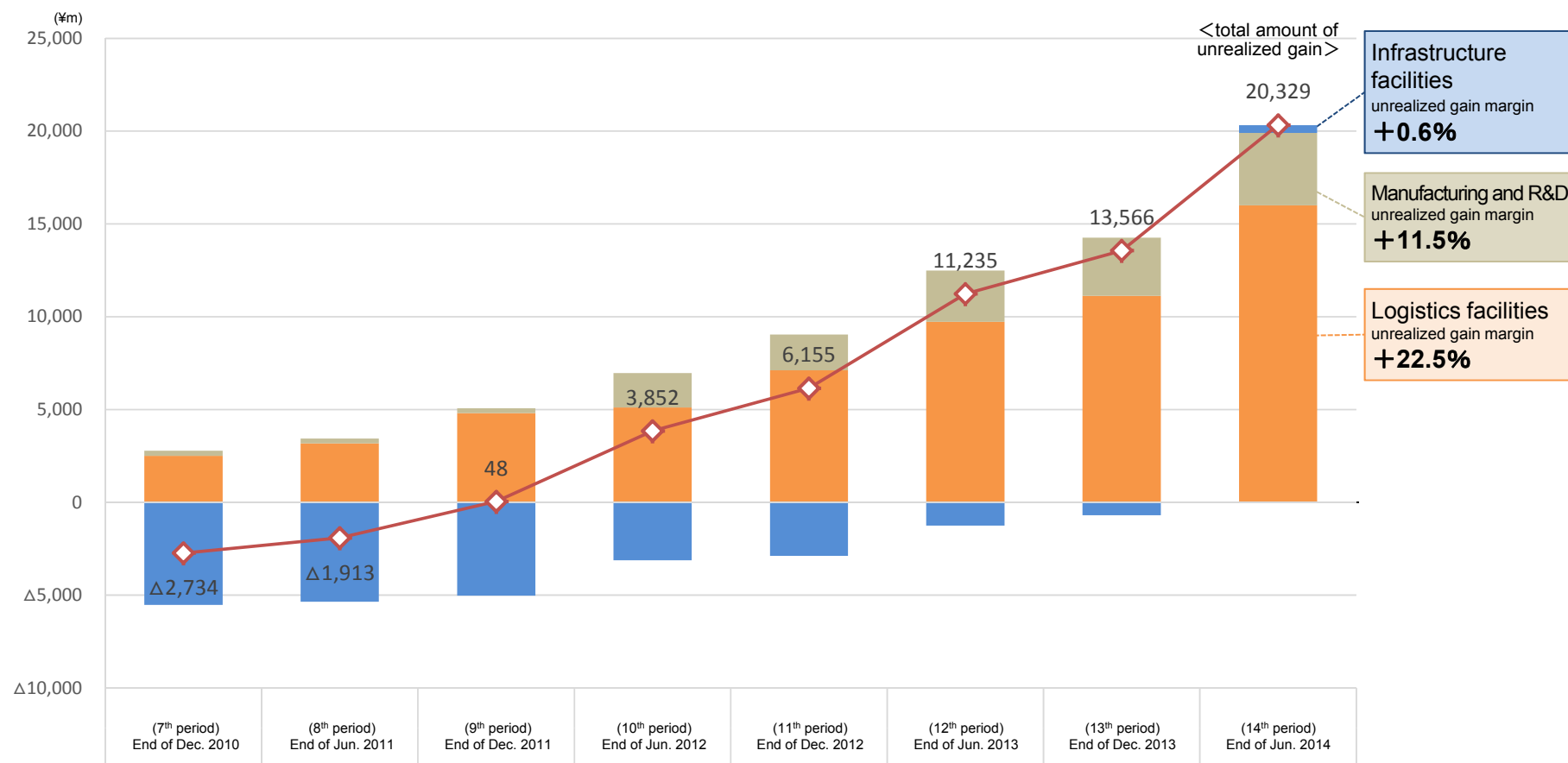
Note2: LTV ratio based on appraisal value = total interest bearing debt / (total assets + appraisal value at the end of fiscal period - book value)

(Reference) Trend of Unrealized Gain

Secured unrealized gain across all asset category and the total is now ¥20.3b

The first-mover advantage results in the big increase in unrealized gain of logistics facilities

Unrealized gain by asset category



- ✓ As liquidity of logistics facilities have increased, it has become easier to raise the investment weight to other asset category
- ✓ Aim to gain the first-mover advantage by focusing on investments in Manufacturing and Research facilities and Infrastructure facilities

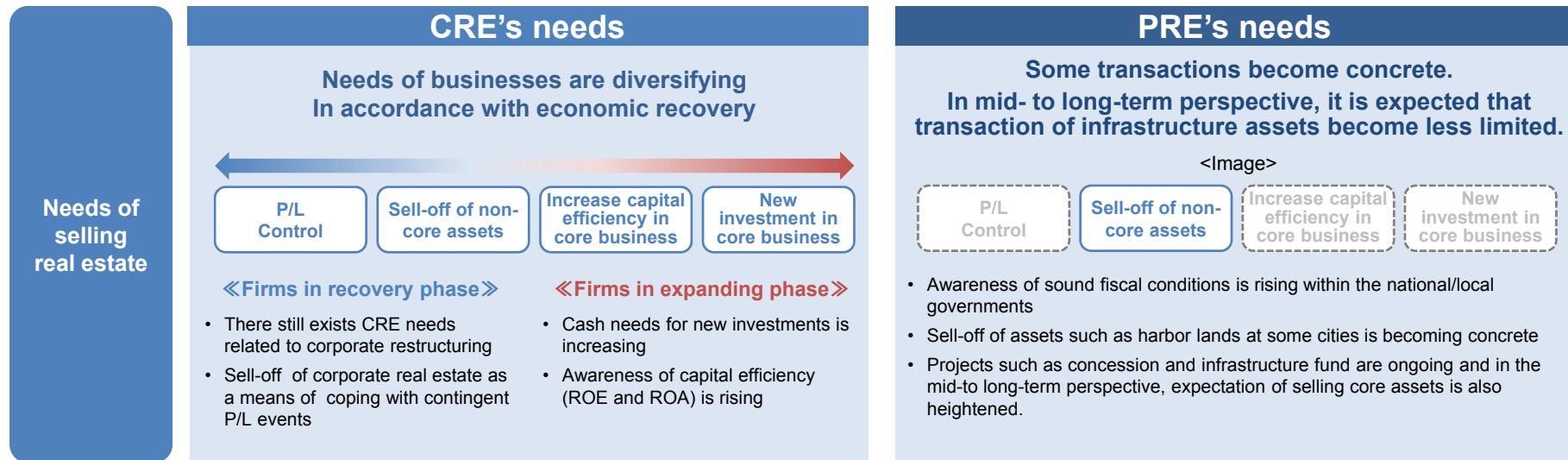
4. Our Approach to Current and Upcoming Issues

③ External Growth

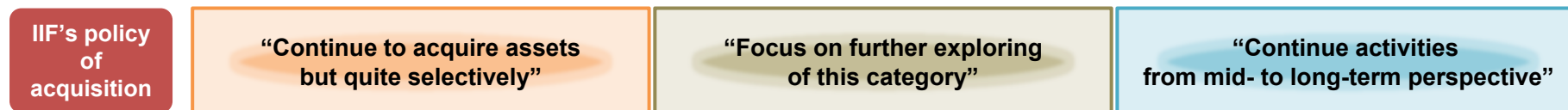
Property-acquiring environment analysis and acquisition policies going forward

- Continue PRE/CRE proposal acquisition method

Seek opportunity of acquisitions which increase unitholder value, avoiding competitive situations



- Continue the effort of CRE/PRE proposals in all asset classes in order to acquire properties steadily while avoiding competition -

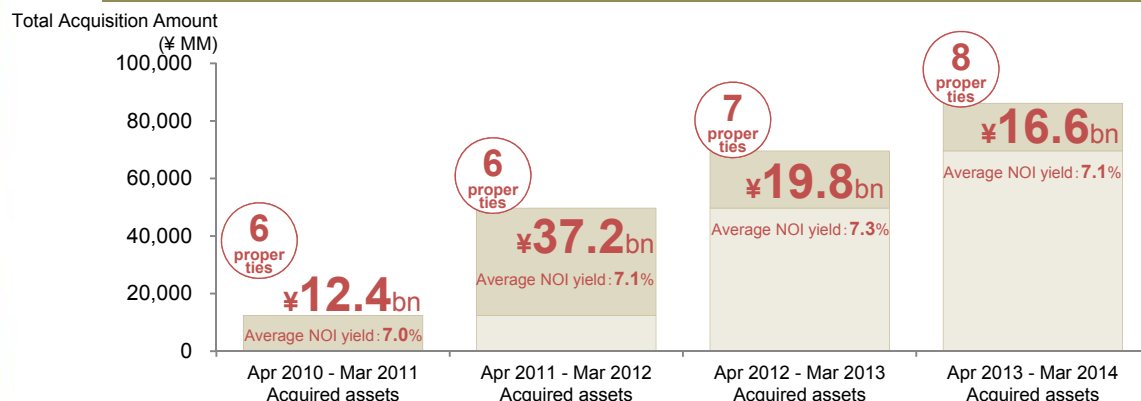


Our Approach Towards Property Acquisition

Focus on accumulation of high quality properties from our rich pipeline

Properties Reviewed for Acquisition in the last 4 years

	2010 (as of Jun 30)	2011 (as of Jun 30)	2012 (as of Jun 30)	2013 (as of Jun 30)
Properties Considered	90 Properties	59 Properties	51 Properties	86 Properties
	¥ 270bn	¥ 245bn	¥ 240bn	¥ 320bn



Properties being reviewed for acquisition

«As of 18th Aug, 2014»

Approx. 80 properties, ¥ 350bn

< Share by asset category >

Logistics facilities	Manufacturing and R&D facilities	Infrastructure facilities
Approx. 40%	Approx. 40%	Approx. 20%

Properties Under Review in Detail
Approx. 10~20 properties

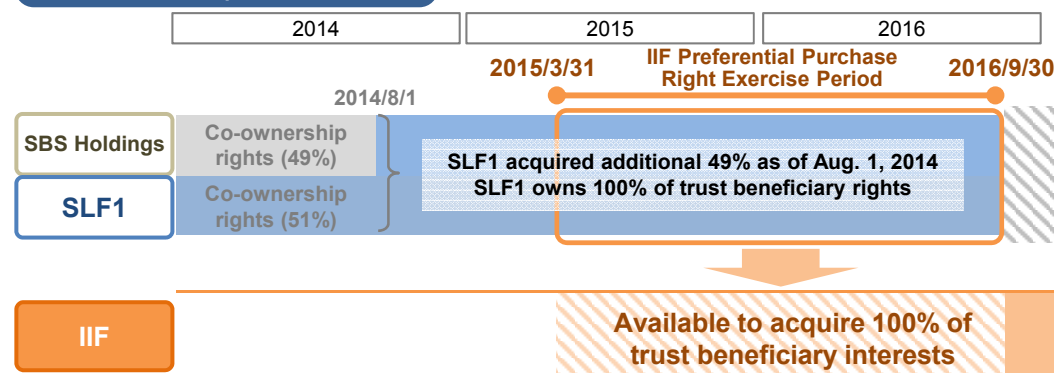
Property with Preferential Purchase Rights (Kyo-tanabe Logistics Center) (Note)



Location	Kyotanabe city, Kyoto
Total floor space	33,243.99m ²
Appraisal Value	¥3,120MM (51% of co-ownership rights)

SPC(SLF1) invested by IIF now owns 100% of the LC and it means IIF can exercise the preferential purchase right to acquire this property after Mar 31, 2015

Structure and Acquisition Schedule




5. Our Approach to Expanding Unitholders

Our Approach to Expanding Unitholders

Reaching out to potential investors by unit split and various awareness events to further expand unitholder universe

Unit split planned on Dec. 31, 2014 as reference date

Reference date	Dec. 31, 2014 (Wed) ^(Note)	Ratio of unit split	1:2
Effective date	Jan. 1, 2015 (Thu)	Num. of units outstanding	(Before split) 165,532 unit  (After split) 331,064 unit

(Note)

The reference date is a holiday of the unitholder registry administrator and will practically be Dec. 30, 2014.

The last trading day for investment units with rights on the Tokyo Stock Exchange is expected to be Dec. 25, 2014.

Units will be traded at unit price after split from Dec. 26, 2014 (Fri).

Approach to individual investors

Hosted the first property site tour for individual investors in coordination with Tokyo Stock Exchange

Tokyo Stock Exchange nominated IIF as a provider of its first J-REIT site tour for individual investors in cooperation with SMBC Nikko Securities

Tour
Property

IIF Haneda Airport Maintenance Center



※Picture of property site tour for individual investors



Introduction video of our property is available at J-REIT View by Tokyo Stock Exchange

Introduction video of one of IIF's notable property "IIF Haneda Airport Maintenance Center" is available at Tokyo Stock Exchange's website called J-REIT View

Content of
Video

Overview of IIF and property, etc.



※ J-REIT View can be viewed on Tokyo Stock Exchange and Industrial & Infrastructure Fund Investment Corporation's homepage

6. Operating Results for June 2014 (14th) Fiscal Period and Earnings Forecast for December 2014 (15th) Fiscal Period

Operating Results for June 2014 (14th) Fiscal Period

DPU of ¥16,617 due to public offering and temporary income

		(¥ MM)							
	Dec.2013 (13th Period Actual)	Jun.2014(14th Period Actual)		Period-over-period		Jun.2014 (Original Estimation)	Jun.2014(14th Period Actual)		Difference with estimation
PL Main Information	Operation Revenue	6,037	6,576	+538	+8.9%	6,620	6,576	▲44	▲0.7%
	Operating Expense	2,728	2,936	+207	+7.6%	3,043	2,936	▲107	▲3.5%
	Operating Income	3,308	3,640	+331	+10.0%	3,577	3,640	+62	+1.7%
	Non-Operating Inco	3	1	▲1	▲57.3%	-	1	+1	+100.0%
	Non-Operating Exp	801	907	+106	+13.2%	897	907	+10	+1.2%
	Ordinary Income	2,510	2,733	+223	+8.9%	2,680	2,733	+53	+2.0%
	Extraordinary Income	-	-	-	+100.0%	-	-	-	+100.0%
	Net Income	2,509	2,750	+241	+9.6%	2,679	2,750	+71	+2.7%
	Distributions per Unit (16,043	16,617	+574	+3.6%	16,184	16,617	+433	+2.7%
Others	Capital Expenditure	240 (Note 1)	287	+47	+19.7%	289	287	(2)	(0.7)%
	Repair Expense	54 (Note 2)	55	1	2.2 %	57	55	▲1	(2.5)%
	Total	294	343	+48	+16.4%	346	343	(3)	(1.0)%
	Depreciation	863	955	+92	+10.7%	963	955	(7)	(0.8)%
	FFO	3,372	3,706	+333	+9.9%	3,642	3,706	+64	+1.8%
	AFFO	3,132	3,418	+286	+9.1%	3,352	3,418	+66	+2.0%
	Number of Properties	29	36	-	-	36	36	-	-
	Occupancy Rate	99.9%	98.8%	-	-	99.9%	98.8%	-	-
	Total Book Value	163,552	181,626	18074	11.1 %				
	Total Appraisal Value	177,119	201,956	+24,837	+14.0%				
	Unrealized Gain	13,566	20,329	+6,762	+49.8%				
	Total Debt	89,000	96,400	-	-				
	LTV	50.8%	50.5%	-	-				
	Total Net Asset	74,827	82,004	7176	9.6 %				
	Net Asset per Unit	478,341	495,397	17056	3.6 %				

(Note 1) Shinonome R&DC: 178 MM for renewal of air conditioners, 8MM for replacement of a relaying device to protect power receiving and substation system

Mitaka CC: 15MM for renewal of adjustable air valve for air conditioning system, 9MM for renewal work relating to disaster prevention equipment

Saitama LC: 9MM for renewal of ELV

(Note 2) Osaka Toyonaka DC: 9MM for maintenance of power generator
Shinonome R&DC: 7 MM for renewal of air conditioners
Kawaguchi LC: 5MM for repair work

Major Changes (Period over Period)

(Period ended June 2014 vs. period ended December 2013) (¥ MM)

Operating Revenue +538

- ✓ 5 months contribution from properties acquired at 2014 PO +512
- ✓ Income for penalty payment in relation to retraction of Nagoya LC +19
- ✓ Completion of Kawasaki SC building (1 month contribution) +15

Operating Expenses +207

- ✓ Increase in rent expense (5 month contribution from properties acquired at 2014 PO) +86
- ✓ Increase in properties-related taxes (50% contribution of properties acquired at 2013 PO) +59
- ✓ asset management fee +39

Non-operating Expenses +106

- ✓ Increase in interest cost by 5 month contribution of the new debt at 2014 PO +39
- ✓ Increase in interest cost to proceed fixed debt strategy (¥ 17Bn) +39
- ✓ Increase in Depreciation of unit delivery expenses (5 month contribution from 2014 PO) +21

Extraordinary income +17

- ✓ insurance income of disaster +17

Major Changes (Difference with Estimation)

Operating Revenue (44)

- ✓ Narashino LC II decrease in land rent received (change in the accounting policy) (92)
- ✓ Income for penalty payment in relation to retraction of Nagoya LC +19
- ✓ Increase in receiving utilities costs +19

Operating Expenses (107)

- ✓ Narashino LC II decrease in land rent payment (change in the accounting policy) (92)
- ✓ Decrease in depreciable property tax (12)

Non-operating Expenses +10

- ✓ Increase in temporary interest cost by Early Repayment(¥2,000MM) +19
- ✓ Decrease in cost by fixed interest cost at 2014 PO debt (6)

Extraordinary income +17

- ✓ insurance income of disaster +17

Earnings Forecast for December 2014 (15th) Fiscal Periods

Expecting DPU ¥16,850(+¥342) due to effect of income increase of Kawaguchi LC and borrowing cost reduction

	Jun.2014 (13th Period Actual)	Dec.2014 (15th Period Estimated)		Period-over-period	(¥ MM)		
					Dec.2014 (15th Original Estimated)	Compared to previous estimation	
P/L Main Information	Operation Revenue	6,576	6,798	+221 +3.4%	6,876	(78)	(1.1)%
	Operating Expense	2,936	3,101	+165 +5.6%	-	-	-
	Operating Income	3,640	3,696	+56 +1.6%	3,663	+33	+0.9%
	Non-Operating Income	1	0	(1) (93.0)%	-	-	-
	Non-Operating Expense	907	906	(1) (0.1)%	-	-	-
	Ordinary Income	2,733	2,790	+56 +2.1%	2,733	+56	+2.1%
	Extraordinary Income	17	-	(17) (100.0)%	-	-	-
	Net Income	2,750	2,789	+38 +1.4%	2,732	+56	+2.1%
Others	Distributions per Unit (yen)	16,617	16,850	+233 +1.4%	16,508	+342	+2.1%
	Capital Expenditure	287 (Note 1)	370	+83 +28.9%			
	Repair Expense	55 (Note 2)	61	+5 +9.9%			
	Total	343	431	+88 +25.8%			
	Depreciation	955	997	+41 +4.4%			
	FFO	3,706	3,786	+80 +2.2%			
	AFFO	3,418	3,415	(2) (0.1)%			
	Number of Properties	36	36	-			
	Occupancy Rate	98.8%	98.8%	-			

(Note 1) Kawaguchi LC: 96MM for renovation in accordance with leasing new tenant
 Mitaka CC: 28MM for renewal of protection relays
 Nagoya LC: 27MM for renovation of bathrooms
 Yokohama Tsuzuki LC: 13MM for renewal of lighting facilities to LED

(Note 2) Toyonaka DC: 5MM for replacement of guidance lights in common use places and 3MM for maintenance of Fun
 Coil Units for perimeters
 Mitaka CC: 4MM for repair of atrium top lights at the roof

Major changes (compared to 14th period)

(Period ending December 2014 vs. period ended June 2014) (¥ MM)

Operating Revenue	+221
✓ Contribution from properties acquired at 2014 PO(full impact)	+165
✓ Completion of Kawasaki SC building (full contribution)	+46
✓ Increase of earnings due to successful leasing of Kawasaki LC (full contribution)	+44
✓ Decreasing of return action for penalty payment in relation to retraction of Nagoya LC	(68)
✓ Increase in receiving utilities costs	+25
Operating Expense	+165
✓ Increase in rent expense (full contribution from properties acquired at 2014 PO)	+33
✓ Increase in properties-related taxes (full contribution of properties acquired at 2013 PO)	+59
✓ Increase in depreciation (KawasakiSC)	+15
✓ Increase in utilities costs	+33
Non-Operating Expenses	(1)
✓ Increase in interest cost by full contribution of the new debt at 2014 PO	+18
✓ Decrease in interest cost by Early Repayment	(30)
Extraordinary income	(17)
✓ Decreasing of return action of 14th insurance income of disaster	(17)

Major changes (Difference with Estimation)

(Period ending December 2014 vs. period ending June 2014) (¥ MM)

Operating Revenue	(78)
✓ Narashino LC II decrease in land rent received (change in the accounting policy)	(115)
✓ Decrease of earnings due to tenant vacancy of Nagoya LC (6 month contribute)	(48)
✓ Increase of earnings due to successful leasing of Kawasaki LC (full contribution)	+44
✓ Increase in receiving utilities costs	+24
Operating Expense	(111)
✓ Narashino LC II decrease in land rent payment (change in the accounting policy)	(115)
✓ Decrease in depreciable property tax	(24)
✓ Increase in payment of utilities costs	+17
Non-Operating Expenses	(23)
✓ Decrease in interest cost by Early Repayment	(11)
✓ Decrease in interest cost of the debt at 2014 PO	(8)

7. Our Approach to Sustainability

Our Point of View and Approach to Sustainability

IIF and Asset Management Company are sharing the sustainability approach and taking sustainability management actions together

Sustainability policy of asset management company

Mitsubishi Corp.-UBS Realty Inc. has been conducting its operations while paying attention to the environment and social responsibility, and has established and signed the following policies for sustainability. IIF also operates based on the following policies.

- ✓ Establishing the Environmental Charter
- ✓ Establishing the Basic Policy for Responsible Property Investment
- ✓ Signing the Principles for Responsible Investment (PRI) of the Secretary-General of the United Nations

Signatory of:



- ✓ Signing the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) of the Ministry of Environment

ESG stands for Environmental, Social and Governance.

We believe that by having corporates pay appropriate consideration and respond to ESG, it will lead to solution and improvement in environmental and social issues, and sound foster and growth of the capital market.

Sustainability framework of asset management company

■ Establishment of Sustainability Committee

- ✓ The asset management company formed the Sustainability Committee in 2013 to promote ESG as an organization
- ✓ The organization is formed as the CEO the chair, key members of the Industrial Division responsible of the operation of IIF and members from other departments

Sustainability goal of asset management company

1. Enhance profitability of asset by installing environmentally friendly facilities, such as solar panels, etc.
2. Monitoring of information related to energy consumption
3. Monitoring of fund's ESG factors by participating in third party evaluation institutes such as GRESB, etc. The evaluation results will be used for further improvement

GRESB Certification

IIF was designated by the GRESB (Global Real Estate Sustainability Benchmark) as "Sector Leader," or the most excellent environment business operator, in the Asian industrial real estate division, in the GRESB environmental responsiveness survey conducted in 2013.

First J-REIT

Asian Industrial Real Estate Division
"Sector Leader" (No. 1)
 World's Industrial Real Estate Division No. 2



Our Approach to Sustainability

Our actions to secure environmental and social sustainability

Considerations toward environment

■ Energy policy

Actively apply energy efficient measures such as installation of solar panels and LED lighting



Solar generation of IIF Misato LC

■ Approach towards Greening

Contributed to reduction of heat island and CO2 by setting green belt in properties owned by IIF



Greening of IIF Noda LC

■ Effective utilization of resources

IIF Mitaka Card Center uses well water as sprinkling and daily life water at emergency



Auto water supply system of IIF Mitaka Card Center

Acquired environmental certificates

✓ CASBEE

Acquired CASBEE (Comprehensive Assessment System for Building Environmental Efficiency) which is an evaluation system that ranks buildings and structures in terms of their environmental performance, for the two properties on the right



IIF Kawasaki Science Center



IIF Hiroshima Logistics Center

✓ DBJ Green Building

Acquired "Gold2012" which certifies logistics properties with high environmental and social awareness for the two properties on the right



IIF Koshigaya Logistics Center



IIF Noda Logistics Center

Communication

■ Workshop for tenants

IIF holds periodic tenant workshops. With the understanding and cooperation of tenants, the number of participants in workshops has been increasing every year, and the workshops serve as a foundation for IIF's cooperation with tenants in their commitment to sustainability

■ Proactive disclosure

Active disclosure using website and various communication tools (financial results material, asset management report, press release, etc.)

Awards and recognitions

2013 APREA BEST PRACTICES AWARDS

"2013 APREA Best Practice Award, Country Award: Best Submission from Japan" certifies Japanese real estate firms who perform the best in governance and disclosure



2013 Internet IR Excellence Award

Received "2013 Internet IR Excellence Award" from Daiwa Investor Relations Co., Ltd. (selected among 3,602 listed companies)



Contribution to society

■ Disaster prevention initiatives

Provide disaster prevention countermeasures for tenants at all IIF portfolio properties (installation of portable storage battery, and provision of lifeline facilities in the event of disaster)



Portable storage battery of IIF Shinonome R&D Center

■ Connection with regional community

Provide space to regional communities and administration for events



Park site of IIF Mitaka Card Center

Disclaimer

- ▶ This material may contain information such as data on future performances, plans, management targets and strategies. Such descriptions with regard to the future are based on current hypotheses and assumptions about future events and trends of the business environment, but these hypotheses and assumptions are not necessarily correct. Actual results may significantly vary due to various factors.
- ▶ This material is prepared based on the accounting policy in Japan 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 a financial instruments contract. When investing, we ask investors to invest at their own responsibility and by making their own judgment

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

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

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