



Investor Presentation for the December 2014 (15th) Period



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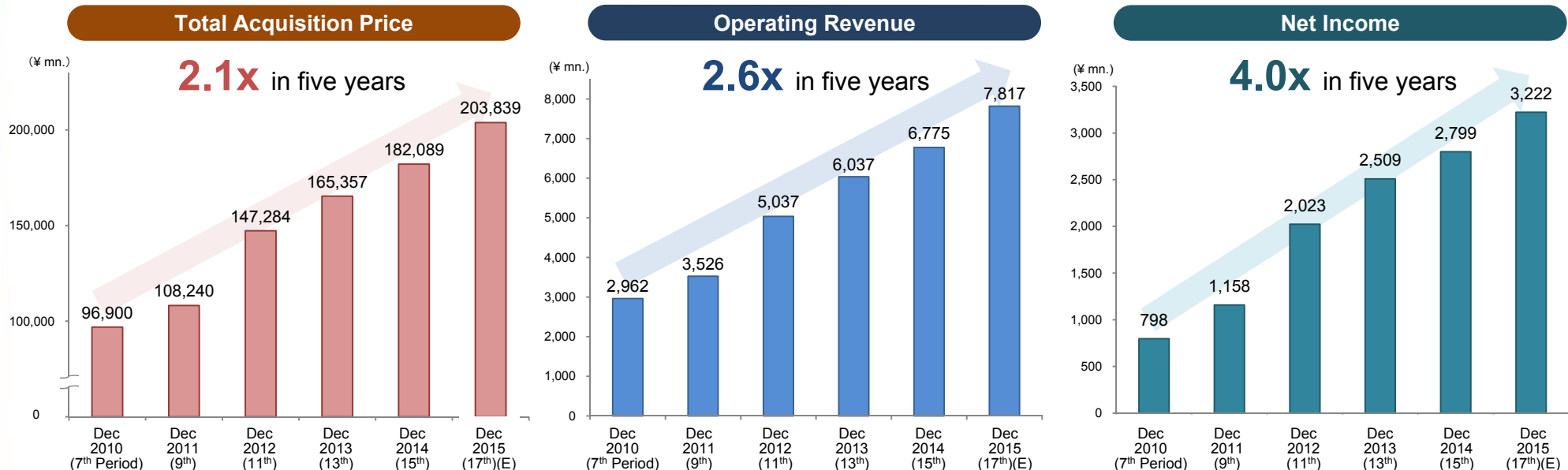
1. IIF's Track Record of Growth

5 consecutive POs led to 10 successive periods growth in revenue, profit, and DPU

		Public Offering	Public Offering	Public Offering	Public Offering	Announced Feb 25, 2015	Announced Feb 25, 2015	Public Offering
	Jul — Dec 2010 (7th Period)	Jul — Dec 2011 (9th Period)	Jul — Dec 2012 (11th Period)	Jul — Dec 2013 (13th Period)	Jan — Jun 2014 (14th Period)	Jul — Dec 2014 (15th Period) (Actual)	Jan — Jun 2015 (16th Period) (Forecast)	Jul — Dec 2015 (17th Period) (Forecast)
Operating Revenue (¥ mn)	2,962 100.0	3,526 119.0	5,037 170.0	6,037 203.8	6,576 222.0	6,775 228.7	7,347 248.0	7,817 263.9
Net Income (¥ mn)	798 100.0	1,158 145.2	2,023 253.4	2,509 314.3	2,750 344.5	2,799 350.6	3,041 380.9	3,222 403.6
(Note1) Units Outstanding (units)	158,070 100.0	187,264 118.5	281,264 177.9	312,864 197.9	331,064 209.4	331,064 209.4	352,564 223.0	352,564 223.0
(Note1) Distribution per Unit (¥)	5,051 100.0	6,188 122.5	7,193 142.4	8,021 158.8	8,308 164.5	8,455 167.4	8,625 170.8	9,139 180.9
Number of Properties	11	16	23	29	36	36	42	42
Total Acquisition Price (¥ mn)	96,900 100.0	108,240 111.7	147,284 152.0	165,357 170.6	182,089 187.9	182,089 187.9	203,839 210.4	203,839 210.4

(Note 1) Effective as of January 1, 2015, we made a two-for-one split of our units. The information in the charts above retroactively reflects the unit split.

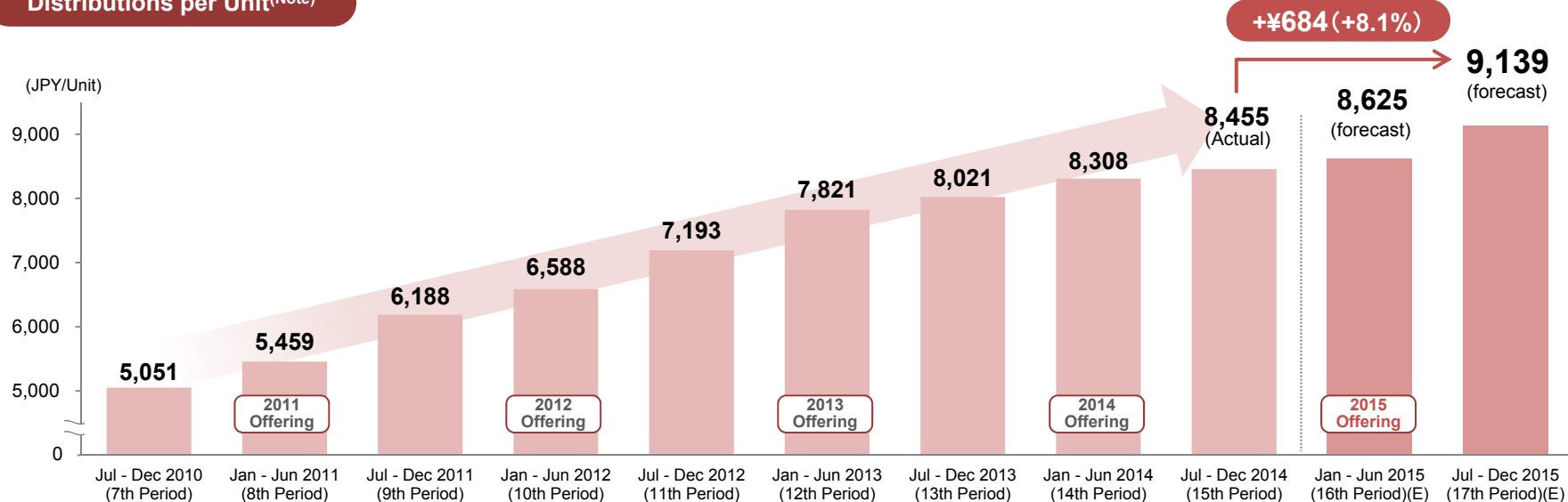
(Note 2) Figures in italic characters are indexed using the December 2010 (7th) fiscal period as the base year with index value equal to 100.



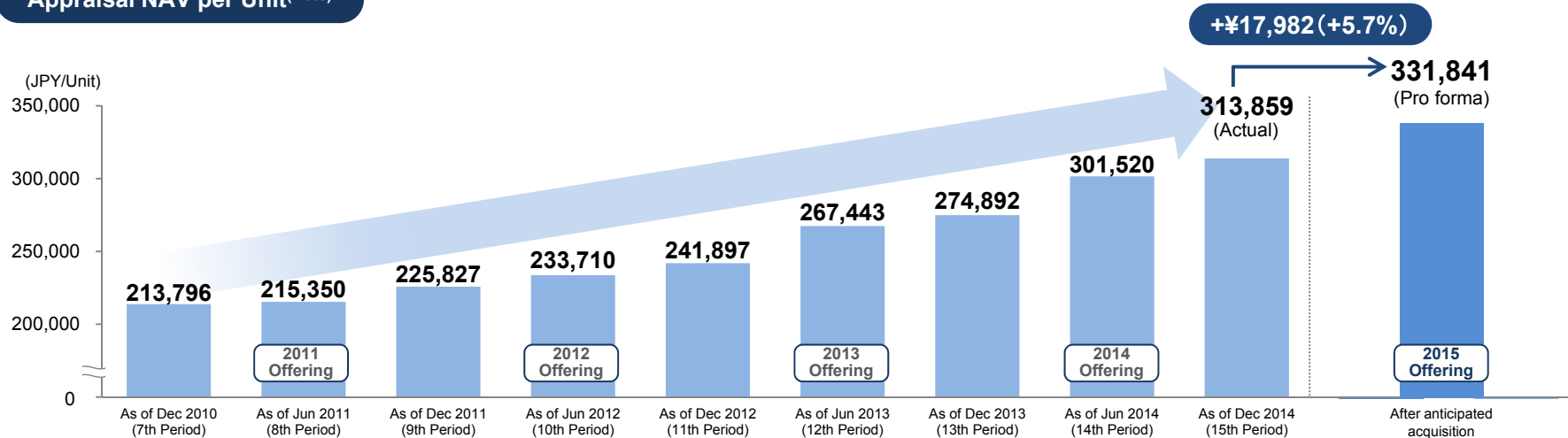
Steady track records of accretive offering

DPU and NAV to be +8.1% (+684 yen), and +5.7% (+17,982 yen) respectively

Distributions per Unit^(Note)



Appraisal NAV per Unit^(Note)

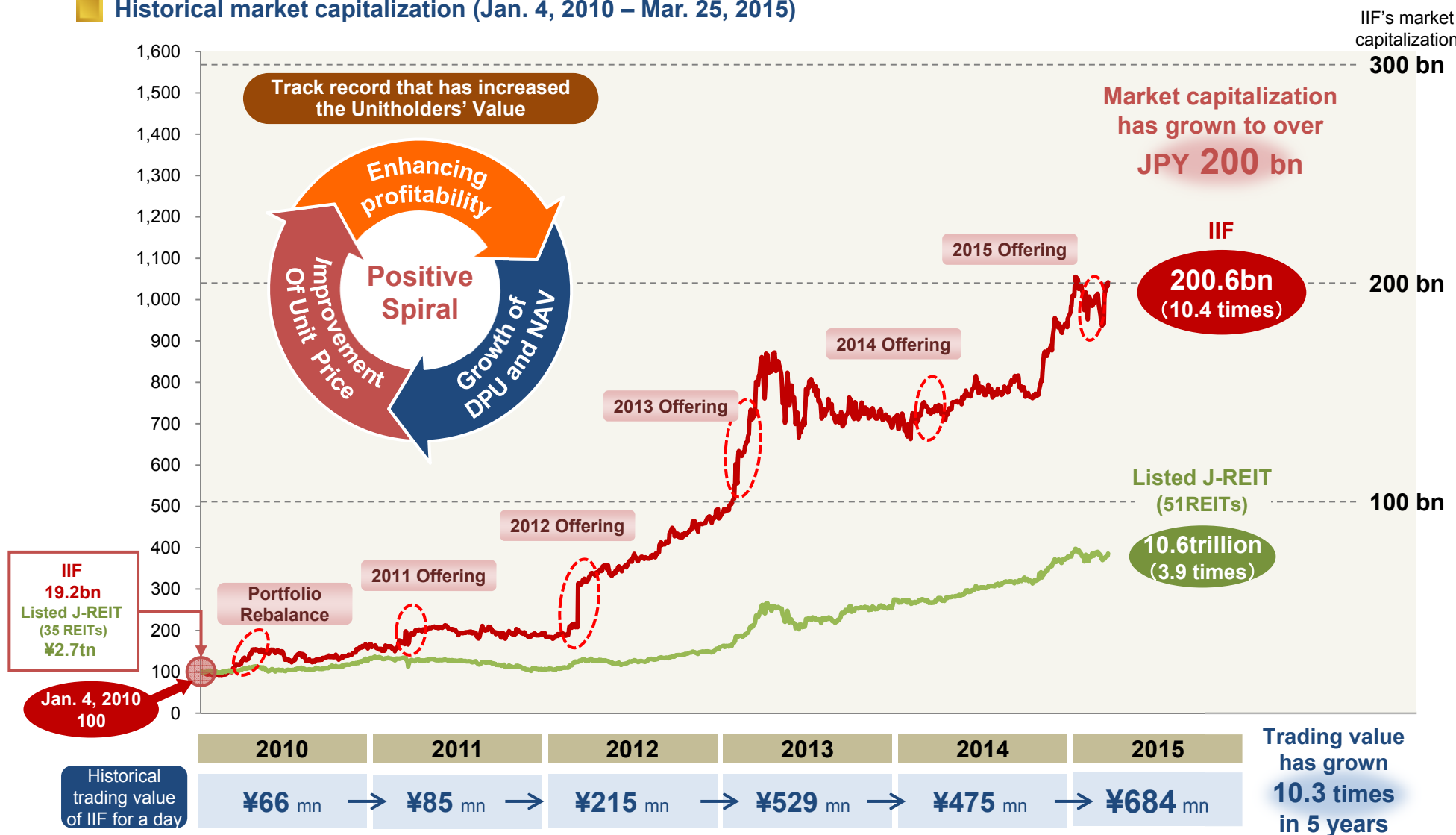


(Note) Effective as of January 1, 2015, we made a two-for-one split of our units. The information in the charts above retroactively reflects the unit split.

Growth of market capitalization in 5 years

Over 10x Market Cap. through continuous growth of Unitholders' Value

Historical market capitalization (Jan. 4, 2010 – Mar. 25, 2015)



(note 1) Using the closing price

(note 2) The left axis shows the changes of market capitalization in IIF and the total of listed J-REIT by using the relative ratio of the market capitalization of IIF on the total of listed J-REIT as of January 4, 2010.

(Source) Bloomberg

2. Overview of March 2015 Public Offering

Overview of March 2015 public offering

Assets

– Steady growth by providing CRE solution proposals –

6 properties

JPY**21.7** bn

- ✓ Average NOI yield **5.7%**
- ✓ Average NOI yield (after depreciation) **5.1%**
- ✓ Unrealized gain JPY **1,758** mn
(Average unrealized gain ratio) **(+8.1%)**

IIF Sagami
R&D Center



Anticipated Acquisition Price :
JPY 3,100 mn

IIF Shinagawa
IT Solution Center



Anticipated Acquisition Price :
JPY 7,200 mn

IIF Izumisano Food
Processing and Logistics
Center



Anticipated Acquisition Price :
JPY 860 mn

IIF Kyotanabe Logistics
Center



Anticipated Acquisition Price :
JPY 5,730 mn

IIF Izumiotsu e-shop
Logistics Center
(land with leasehold interest)



Anticipated Acquisition Price :
JPY 4,000 mn

IIF Fukuoka Koga Vehicle
Logistics Center
(land with leasehold interest)



Anticipated Acquisition Price :
JPY 860 mn

Debt

– Solid balance sheet through continued ALM strategy –

New Debt Financing

JPY**11.8** bn

- ✓ Average interest rate **0.98%**
- ✓ Average debt maturity **9.9年**
- ✓ Fixed debt ratio **100.0%**

Deposits received and cash on hand

Equity







– Pursuit of long-term unitholders' value –

Net Proceeds of the Offering

JPY**11.3** bn

- ✓ Units offered **21,500 units**
- ✓ Ratio of units offered to outstanding **6.5 %**
- ✓ Offering structure **Reg.S / 144A**

Acquisitions through ever-evolving CRE solution strategy

			CRE Solution Strategy			Enhanced NOI Yield			Acquisition Price below Appraisal Value	
	Property (Anticipated Acquisitions)		Seller/ Transaction Counterparty	Type of CRE Solution	Acquisition Process	Stabilized Forecast NOI Yield (before depreciation)	Stabilized Forecast NOI Yield (after depreciation)	Occupancy Rate	Anticipated Acquisition Price (¥ million)(A)	Appraisal Value (¥ million)(B)
									Difference(anticipated) (¥ million)((B)- (A))	
Manufacturing / R&D	IIF Sagamihara R&D Center		NEC Corporation	Sell-off of noncore assets	1-on-1 Negotiation	8.0%	7.2%	100.0%	3,100	3,460
									+360 (+11.6%)	
									Total / Average	
									+360 (+11.6%)	
Infrastructure	IIF Shinagawa IT Solution Center		SPC (Not disclosed)	Cash needs	1-on-1 Negotiation	Leasing potential		76.1%	7,200	7,520
						(Reference) Hypothetical NOI yield assuming (Note) 95.2% occupancy is achieved and other factors			+320 (+4.4%)	
						5.4%			4.7%	Total / Average
									+320 (+4.4%)	
Logistics	IIF Izumisano Food Processing and Logistics Center		Marubeni Logistics Corporation	Off-balance sheet financing	1-on-1 Negotiation	6.6%	5.0%	100.0%	860	999
									+139 (+16.2%)	
	IIF Kyotanabe Logistics Center		Structured acquisition scheme SBS Holdings, Inc.	Cash needs for new investment	1-on-1 Negotiation	6.1%	4.9%	100.0%	5,730	6,350
									+620 (+10.8%)	
	IIF Izumiotsu e-shop Logistics Center (land with leasehold interest)		SPC (Not disclosed)	Cash needs	1-on-1 Negotiation	5.6%	5.6%	100.0%	4,000	4,220
									+220 (+5.5%)	
	IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest)		Fukuda Corporation	Off-B/S development Off-B/S development by the tenant, ORIX Auto Corporation	Collaboration with the Tenant	6.3%	6.3%	100.0%	860	959
									+99 (+11.5%)	
Total / Average						5.9%	5.3%	100.0%	11,450	12,528
									+1,078 (+9.4%)	
Total / Average						5.7%	5.1%	98.9%	21,750	23,508
						(Reference) Hypothetical average NOI yield (Note) 6.1%			5.4%	+1,758 (+8.1%)

(Note) Hypothetical average calculation substituting hypothetical NOI yield for IIF Shinagawa ITSC assuming 95.2% occupancy is achieved

Continue to pursue stable growth with Stability and Growth

Assets

– Steady growth by providing CRE solution proposals –

	As of end Dec. 2014 (as of end 15th Period)	The Offerings (Note 1)	After Offering (and acquisitions)
• Number of properties	36 properties	+ 6 properties	= 42 properties
• Acquisition price (JPY mn)	182,089	+ 21,750	= 203,839
• Average NOI Yield (before depreciation)	5.9%	5.7%	→ 5.9%
• Average NOI Yield (after depreciation)	4.8%	5.1%	→ 4.9%

(Note 1) Estimated value at the acquisition of 6 properties by March 2015 PO.

(Note 2) Effective as of January 1, 2015, we made a two-for-one split of our units. The information in the charts above retroactively reflects the unit split.

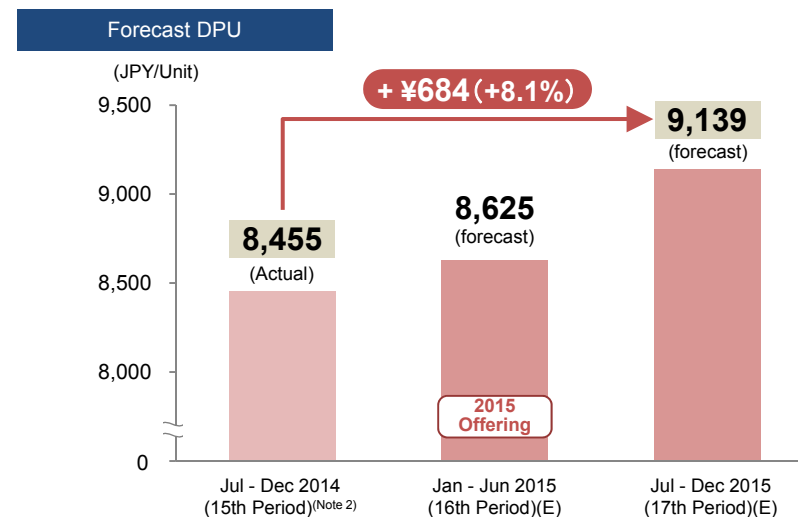
Debt

– Solid balance sheet through continued ALM strategy –

	As of end Dec. 2014 (as of end 15th Period)	After Offering (and acquisitions)
• Average interest rate	1.36%	→ 1.32%
• Average debt maturity	5.6yrs	→ 5.7 yrs
• Fixed debt ratio	100.0%	→ 100.0%
• LTV Ratio (Based on book value)	50.5%	→ 50.3%
(Reference) Long-term issuer rating	AA (Stable)	

Equity

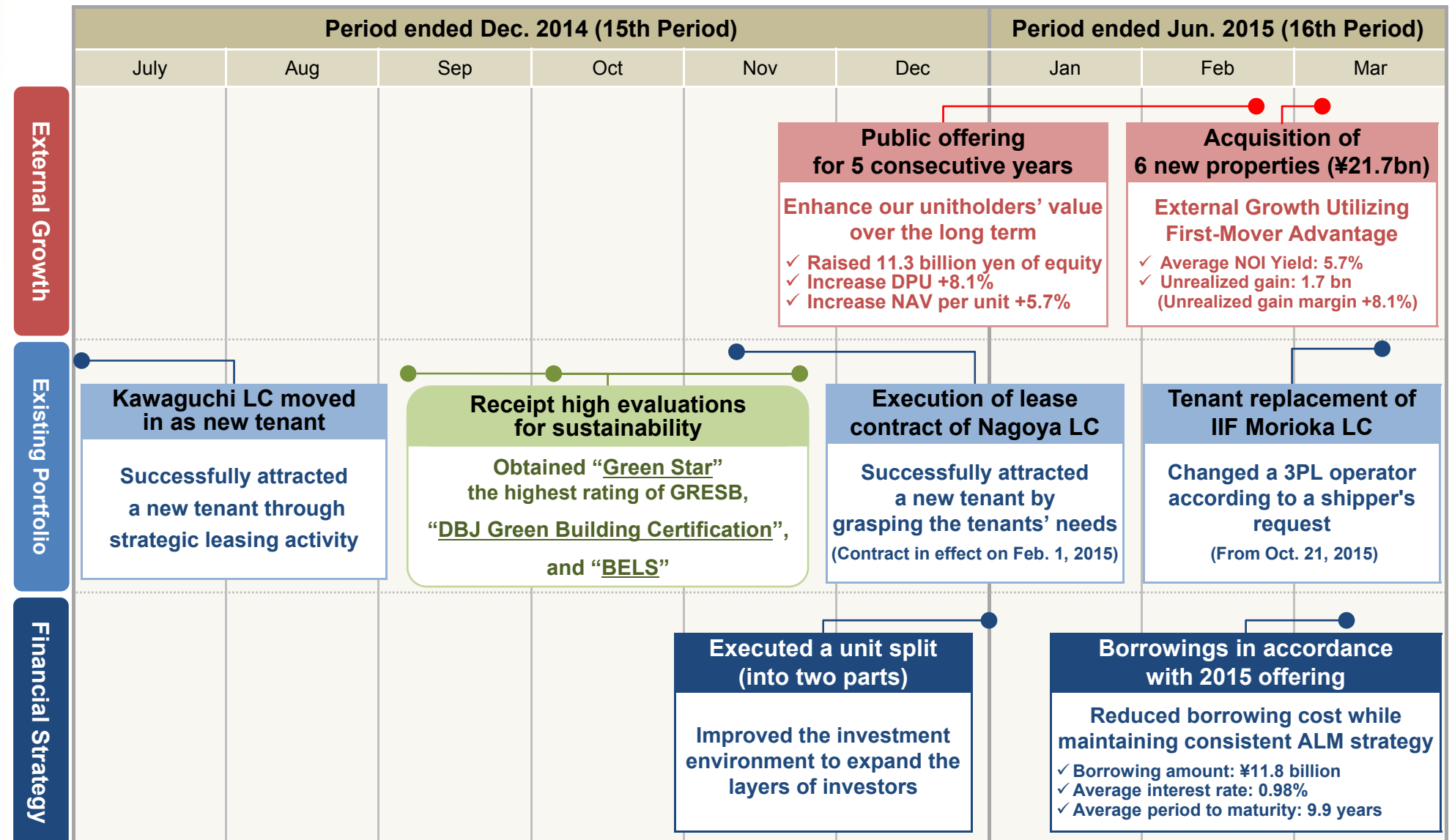
– Pursuit of long-term unitholders' value –



3. Highlights for the December 2014 (15th) Fiscal Period

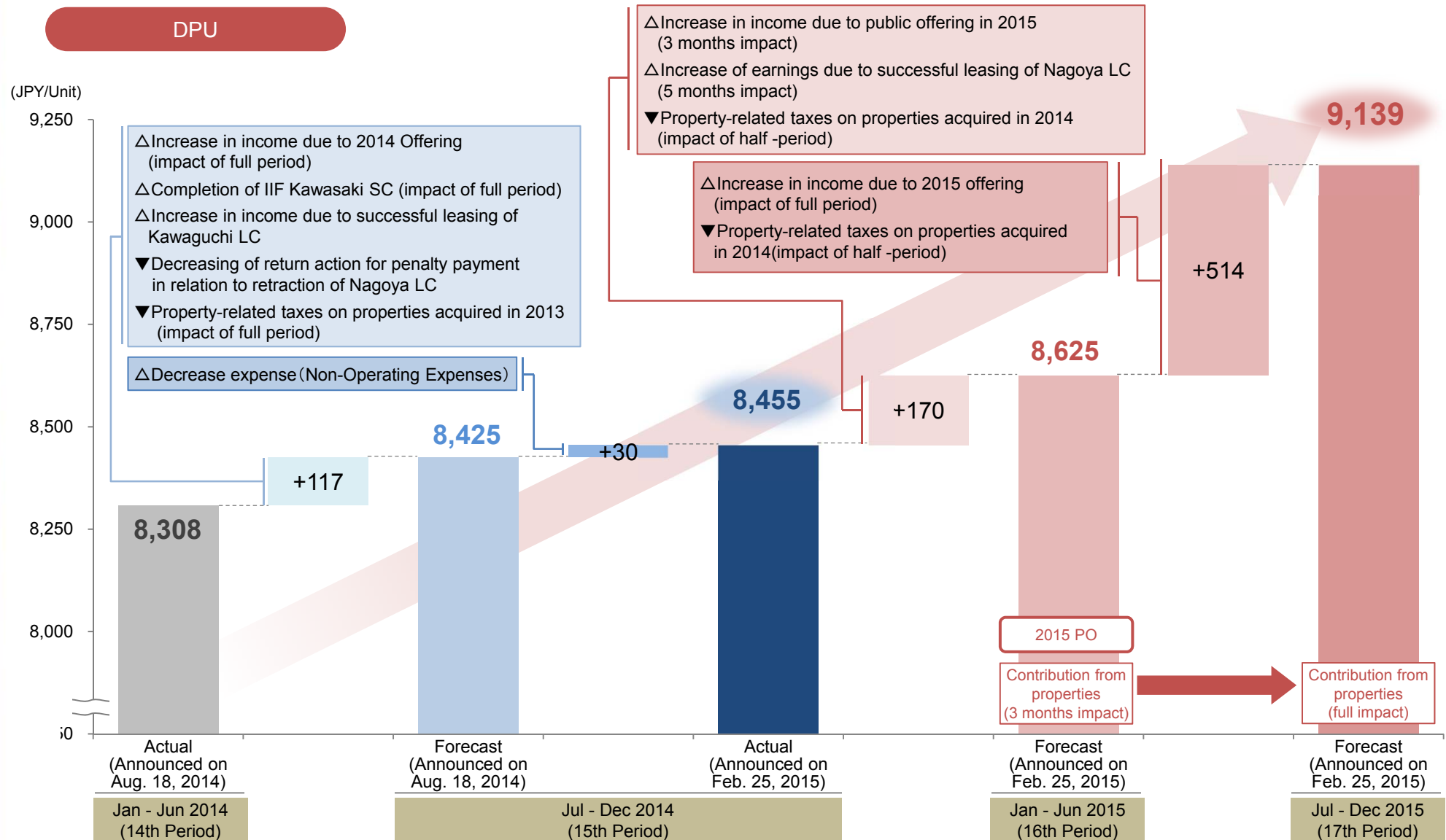
Major achievements during the 15th and 16th fiscal periods

Strong internal growth of the existing portfolio and external growth through follow-ons



DPU track record and forecast

Achieve steady DPU growth by internal growth and external growth



4. Our Approach to Current and Upcoming Issues

4. Our Approach to Current and Upcoming Issues

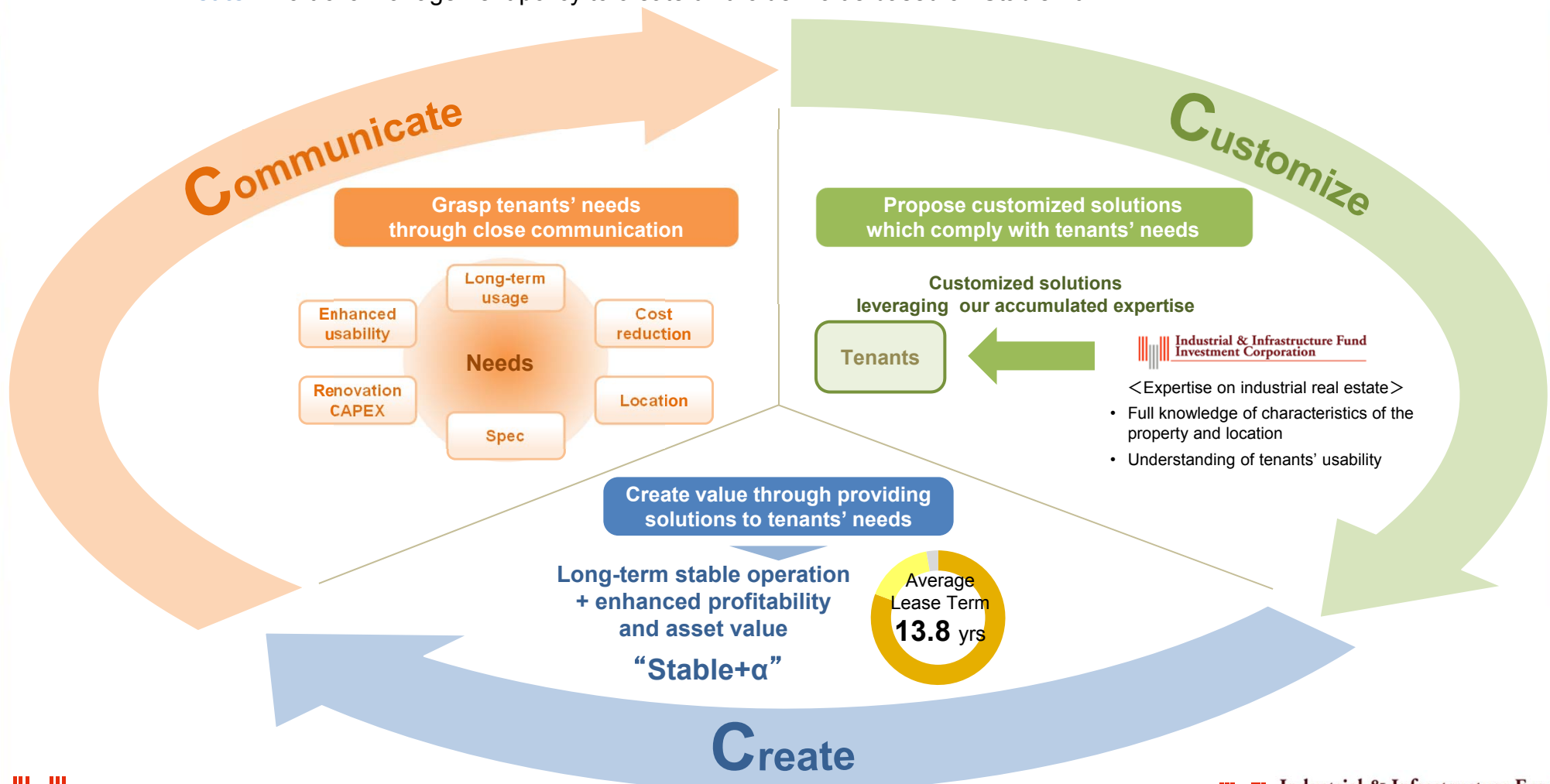
① Management of Our Existing Portfolio

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

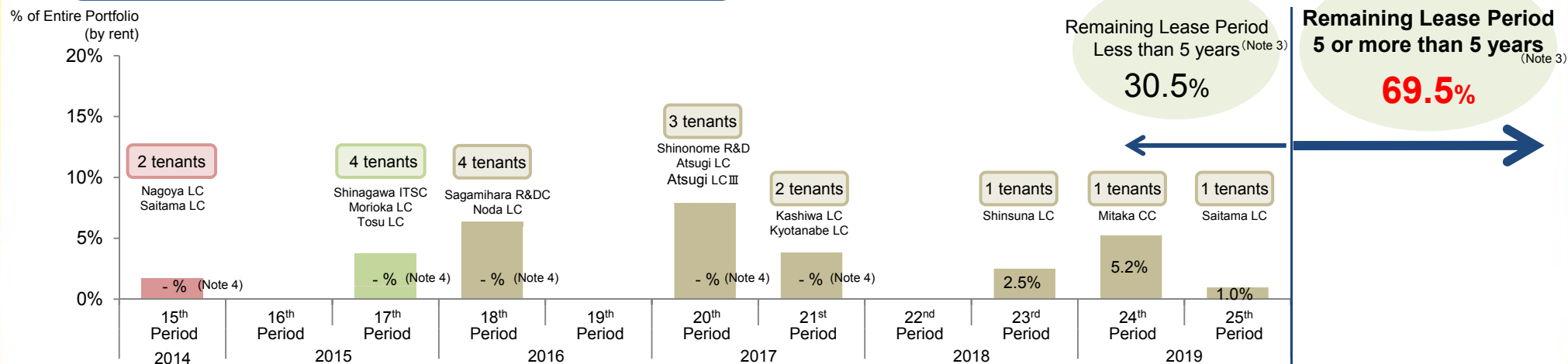
- ✓ **Communicate**: Grasp our tenants' true needs through close communication
- ✓ **Customize**: Propose customized solution to tenants' individual needs
- ✓ **Create**: Portfolio management policy to create unitholder value based on Stable +α



Operate a stable portfolio over a long period

Customized solution for tenants leading to a strong and stable revenue basis

Lease Expiration Schedule (annual rent based) (Note 1,2)



Management Strategy for Tenant Leases Expiring in 15th and 17th Fiscal Periods

	Lease Expiry	Property Name	Tenant	% of Entire Portfolio (by rent)	Achievements/Action Plans
Period ending Dec 2014 (15th Period)	Jun. 13, 2014	Nagoya LC	Old DHL Supply Chain New Japan Airways	0.8%	Signed a new fixed-term lease contract that is effective from Feb. 1, 2015 "Adequate rent level" "A lease contract of 5 years"
	Nov. 30, 2014	Saitama LC	Cont. MM Corporation	1.1%	Signed a new fixed-term 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"
Period ending Dec 2015 (17th Period)	Aug. 31, 2015	Shinagawa ITSC	IT subsidiary of large domestic telecom company	- % (Note 4)	Tenant prefers long-term usage. Renewed contract of 2 years automatically with no negotiation
	Sep. 15, 2015	Morioka LC	Old Kao System Logistics New NIPPON ACCESS	- % (Note 4)	Changed 3PL operator according to shipper's request. Extended lease contract of existing tenant to Oct. 20, 2015 to ensure smooth transition to the new tenant. New tenant started new lease contract from Oct. 21, 2015. "Longer lease-term from 3 years to 7 years" "Maintain equal rent level"
	Sep. 30, 2015	Tosu LC	Sagawa Express	- % (Note 4)	Under discussions to renew lease contract

(Note 1) The lease expiry of Hitachi Systems, Ltd., which is a tenant of Shinagawa TSC, is omitted from the above table of tenant lease expirations, since we have not obtained the consent of the lessee and it is non-disclosure.

(Note 2) Tenants whose lease pertains to part of their property and for whom the rent percentage of their total portfolio is less than 0.05% are omitted from above graph of the rent revision schedule.

(Note 3) Based on the period from May 29, 2015 until the lease expiration date prescribed in each lease agreement.

(Note 4) Tenant has not agreed to the disclosure of the information.

Leasing activity regarding IIF Nagoya LC

Achieved an early execution of a new lease by matching the tenant's needs with property characteristics

- Identified a new tenant with needs consistent with the characteristics of the facility

Point

- ✓ Best utilization consistent with property characteristics at a suitable rent level
- ✓ Long-term stable income (5 year fixed term lease contract)

Communicate + Customize

Matching new tenant's need with characteristics of this facility

New tenant's needs	Match	Characteristics of the facility
<ul style="list-style-type: none"> ➢ Location within 6 km from Nagoya station ➢ Consolidating hub in Greater Nagoya area ➢ Ample truck berths and waiting space ➢ Hydrothermal control (air conditioning) ➢ Comfortable working environment for employees 		<ul style="list-style-type: none"> ➢ Close to Nagoya city ➢ Warehouse space over 2,500 <i>tsubo</i> ➢ Equipped 33 truck berths and a wide waiting space ➢ Air-conditioned specification adaptable for quality control and classification ➢ Enhancement of amenities for employees

Create

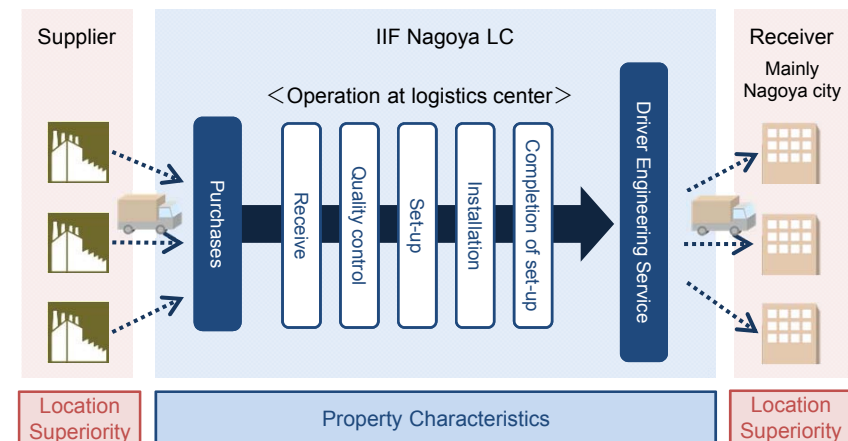
- ✓ Achieved long-term stable income at a suitable rent level

Description of new lease contract	
Tenant Name	Japan Airways Co., Ltd.
Annual Rent	Not disclosed (note) Tenant has not agreed to the disclosure of the information.
Term of Contract	5 years (February 1, 2015 – January 31, 2020)
Type of Contract	Fixed term lease contract
Early Termination/ Rent Revision	No / No

- The facility positioning in the tenant's business

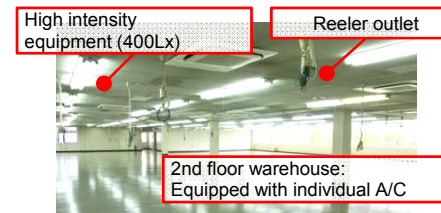
«An example of the tenant's business at this facility»

Transporting parts of precision equipment under 24/7 operation
(High-value added service business)



«Property Characteristics»

- ✓ Suitable for distributive processing business

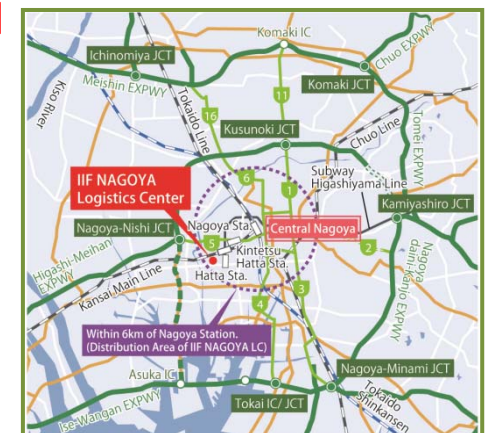


- ✓ Ample truck berths and waiting space



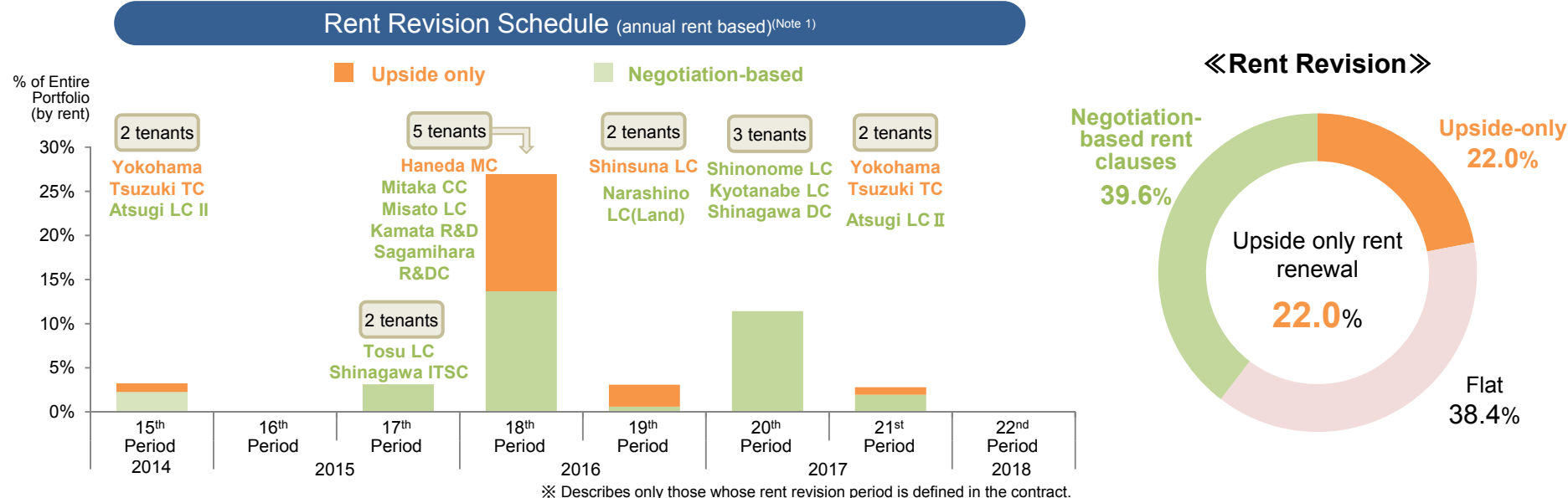
«Location Characteristics»

- ✓ Ideal location for delivery to Nagoya city



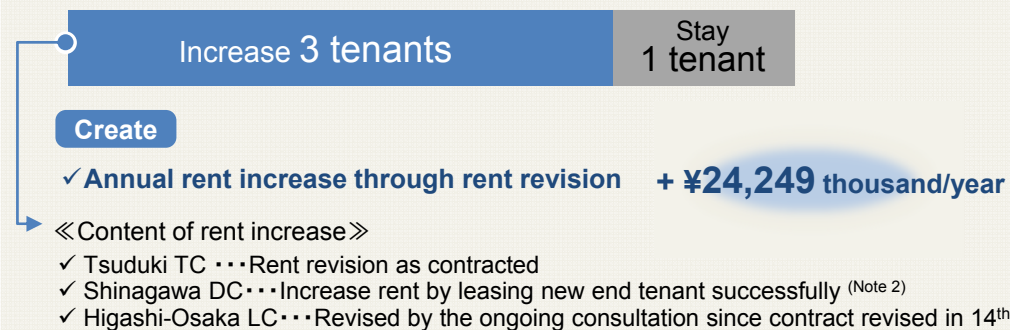
Rent revisions going forward

Steadily enhancing profitability of the existing portfolio



Rent revisions in 15th period

We have 4 cases of rent revision in this period. Two cases are described in chart above, and other two cases are not defined those rent revision periods in the contracts



Upside-only rent revision schedule and Its Impact on Distributions

	Rent Revision Date	Property Name	Annual Rent Increase (Impact on distributions) ^(Note 3)
Period ending Jun. 2016 (18 th Period)	Jan. 1, 2016	Haneda MC	¥38,934 thousand DPU +¥55/period
Period ending Dec. 2016 (19 th Period)	Jul. 15, 2016	Shinsuna LC	¥10,430 thousand DPU +¥14/period
Period ending Dec. 2017 (21 st Period)	Oct. 1, 2017	Yokohama Tsuzuki TC	¥1,774 thousand DPU +¥2/period

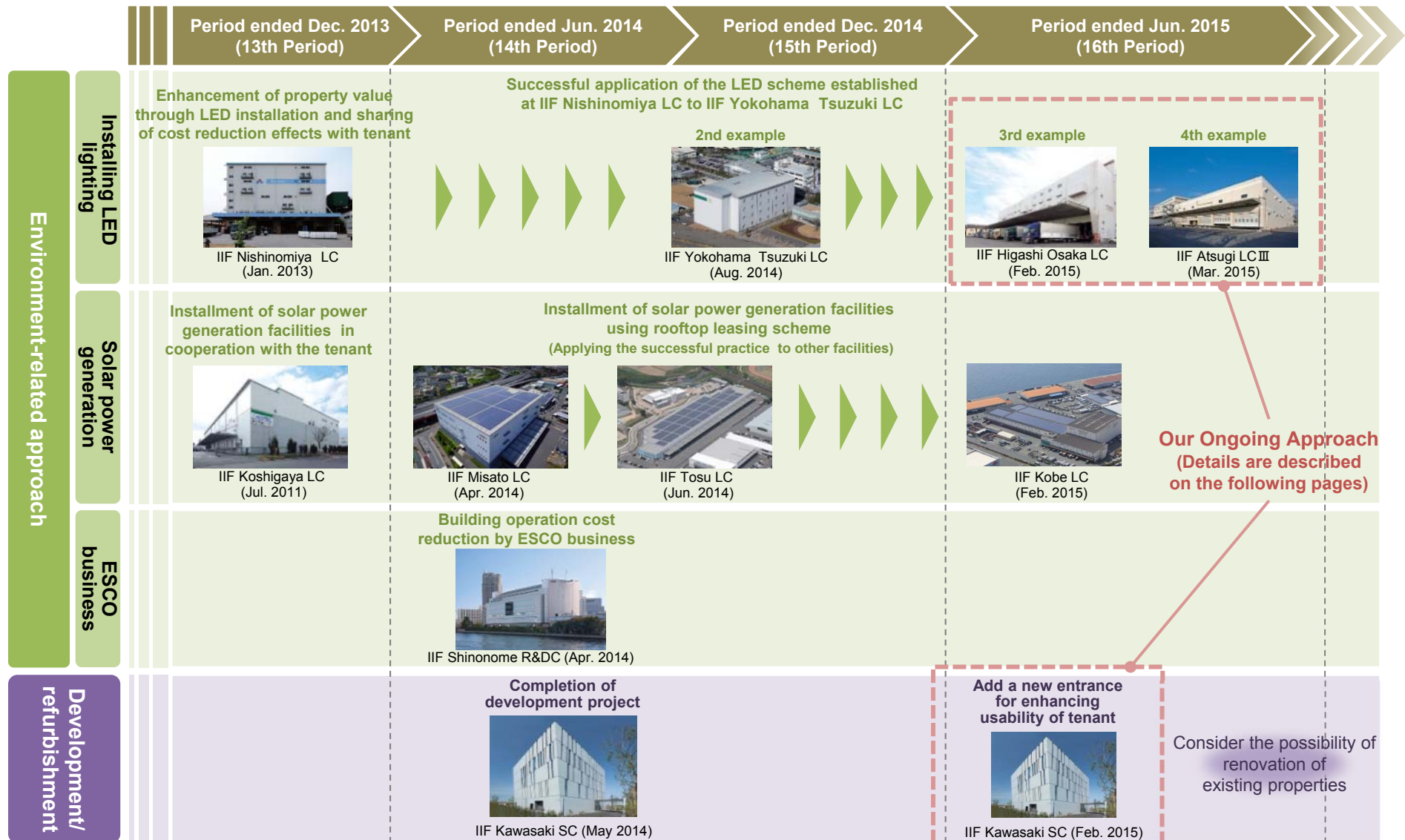
(Note 1) Tenants whose lease pertains to part of their property and for whom the rent percentage of their total portfolio is less than 0.05% are omitted from above graph of the rent revision schedule.

(Note 2) Term of Shinagawa DC contract (digest): Negotiate rent revision if the lessee signs a sublease contract with the end tenant.

(Note 3) The impact on distribution per unit is based on the assumption of 352,564 outstanding units, with distribution per unit of less than one being rounded down.

Approach through 3C Management Cycle

“stable + α ” approaches to add new values and improve profitability simultaneously



Our Ongoing Approach
(Details are described on the following pages)

Actions to achieve internal growth at “Stable + α ”

Realized internal growth by the 3C Management Cycle

Installed LED lighting to save costs (IIF Higashi Osaka LC / IIF Atsugi LC III)

Communicate

<Tenant needs>
Cost reduction / Longer-term usage

Customize

<Proposal>
Installing LED lighting to improve the functions of the property
and save costs simultaneously

Create

“stable + α ”

Tenant

- Improve lighting quality
- Save energy cost

Win-Win

Industrial & Infrastructure Fund
Investment Corporation

- Receive 50% of the saved energy cost as rent

IIF Higashi Osaka LC
(Feb. 2015)



<Before LED lighting>



<After LED lighting>



IIF Atsugi LC III
(Mar. 2015)



<Before LED lighting>



<After LED lighting>



Constructed a new road to improve convenience for tenants (IIF Kawasaki SC)

Communicate

<Tenant needs>
Solution for traffic problem of entrance area due to a lot of shuttle buses
※Need to manage many visitors for seminars

Customize

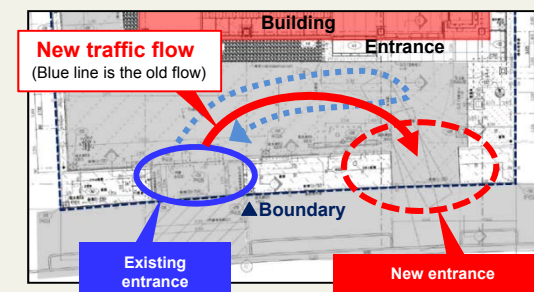
<Proposal>
Add a new entrance to improve traffic flows

Create

“stable + α ”

Receive part of the construction cost as rent

[Plan after the construction]



4. Our Approach to Current and Upcoming Issues

② Financial Strategy

Further development of financial stability

Further improve financial stability in accordance with a long-term stable portfolio

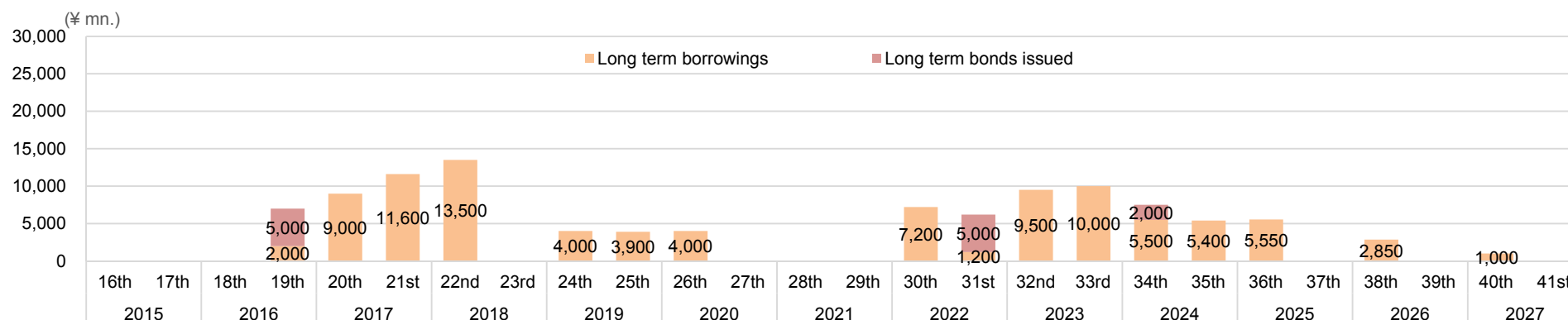
■ Measures undertaken in 2015 PO All debt financing procured at fixed long term loan

	Origination Date	Amount	Period	Fixed/Floating	Estimated Interest Rate (A)	Determined Interest Rate (B)	Difference (A)-(B)
Measure ①	Mar. 16, 2015	JPY 7.3bn	9.5 years	Fixed	Ave. 1.1%	Ave. 0.93%	Ave. Δ0.19pt
Measure ②	Mar. 31, 2015	JPY 4.5bn	10.5 years	Fixed	Ave. 1.2%	Ave. 1.07%	Ave. Δ0.09pt
Total	Mar. 16, 2015 Mar. 31, 2015	JPY 11.8bn	Ave. 9.9 years	Fixed	Ave. 1.1%	Ave. 0.98%	Ave. Δ0.15pt

■ Key indices after PO Average period remaining to maturity extended to 5.7 years to hedge interest rate risk

■ Fixed debt ratio	100%	■ Average period remaining to maturity	5.7 years	Issuer credit rating AA (Stable)
■ Weighted average interest rate	1.32%	■ LTV	50.3%	

Debt Maturity Ladder No refinancing until the 19th fiscal period : maintaining financial stability

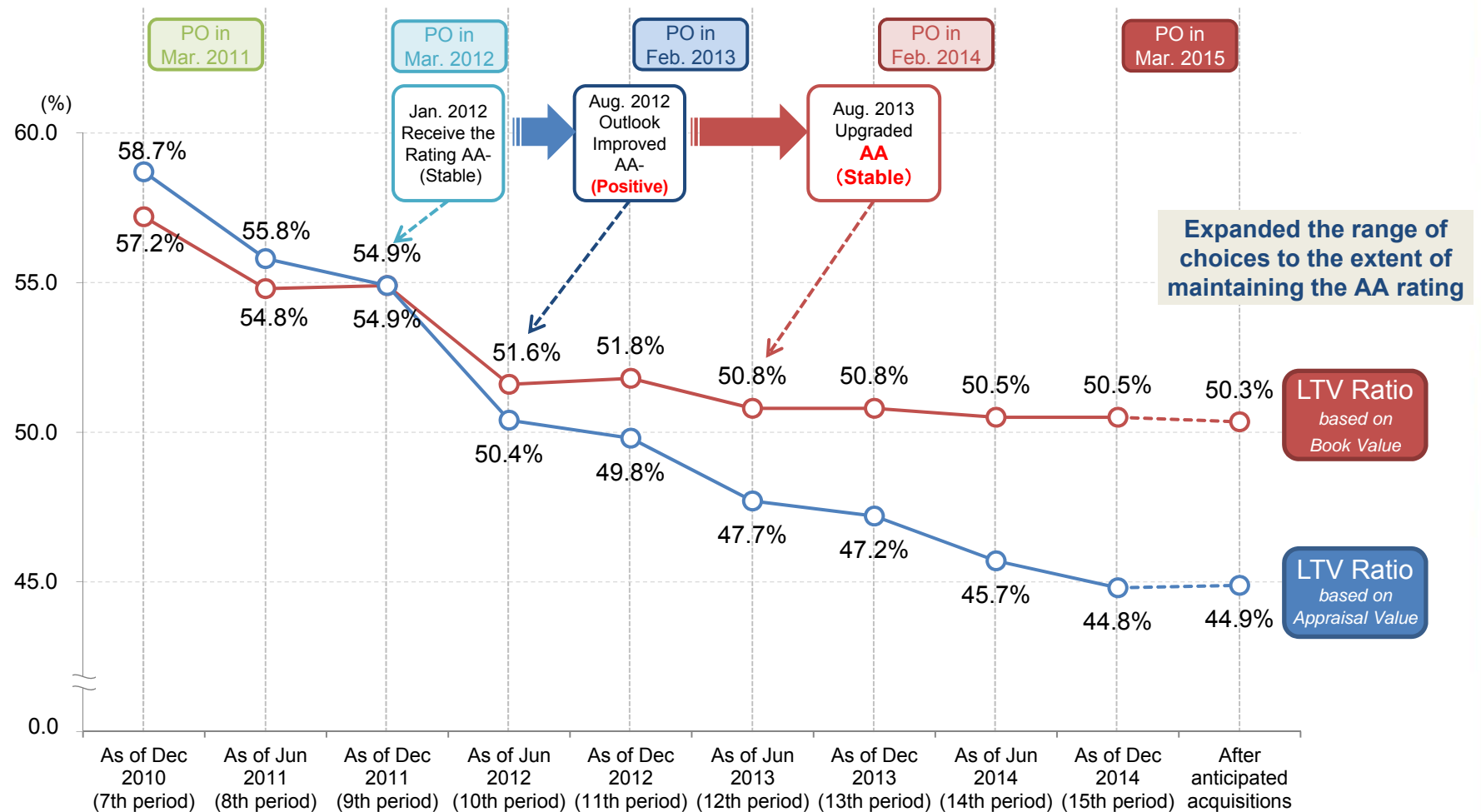


Appropriate LTV control

Lowered appraisal LTV allows us to have a higher risk tolerance

■ Increased unrealized gain and lowered Appraisal LTV below 45%

Trends of LTV

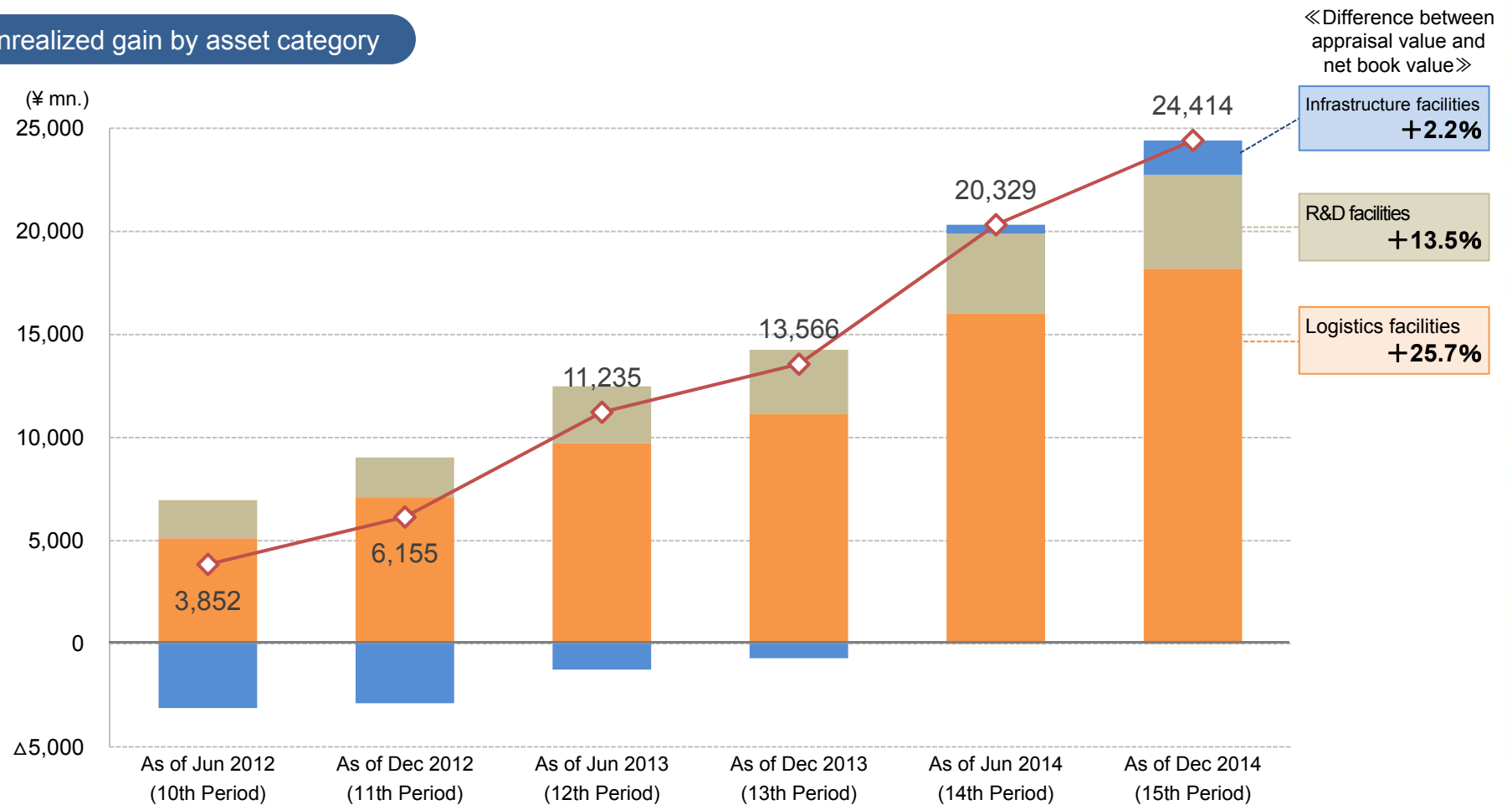


(Reference) Trend of unrealized gain

Secured unrealized gain across all asset categories and the total is now ¥24.4 bn

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

Unrealized gain by asset category



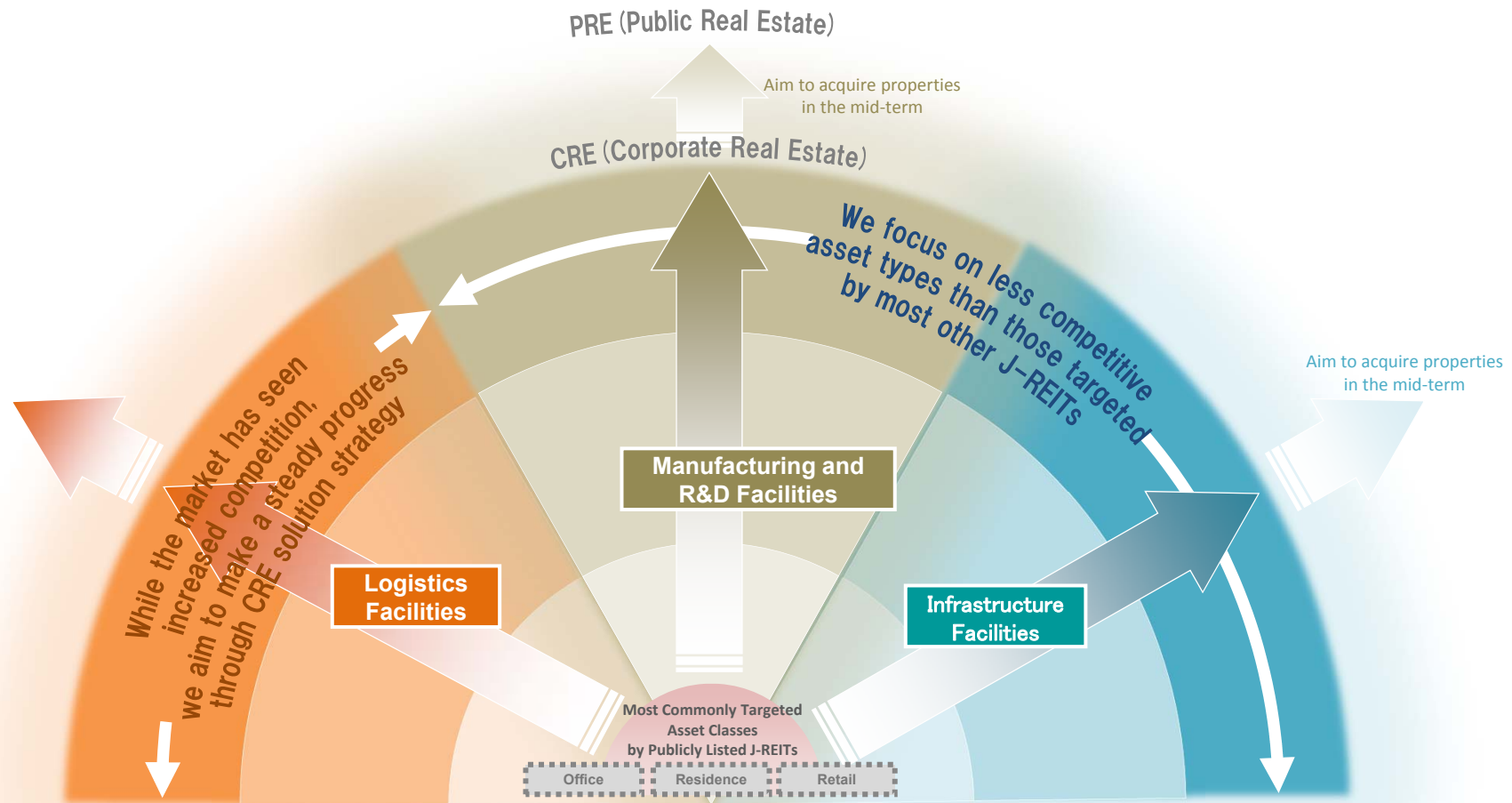
- ✓ It has become easier to put more weight on other asset categories with the improved liquidity of logistics facilities
- ✓ Aim to gain the first-mover advantage by focusing on investments in Manufacturing and Research facilities and Infrastructure facilities

4. Our Approach to Current and Upcoming Issues

③ External Growth

Focus on less competitive asset types

Aim to explore new asset categories by leveraging first mover advantages



First-Mover Advantages

Expertise in Providing CRE Solutions


















- Customized solutions to meet CRE and PRE needs
- Established track record, expertise and unique network
- Positive reputational and market momentum by accumulating expertise to facilitate future transactions

Asset Management Capability

- Strong track record of operating industrial properties since the initial public offering
- Developed asset management capabilities through long-term relationships with tenants
- Use of know-how to operate a diverse range of properties, including logistics facilities, manufacturing and R&D facilities and infrastructure facilities

Shifting CRE needs

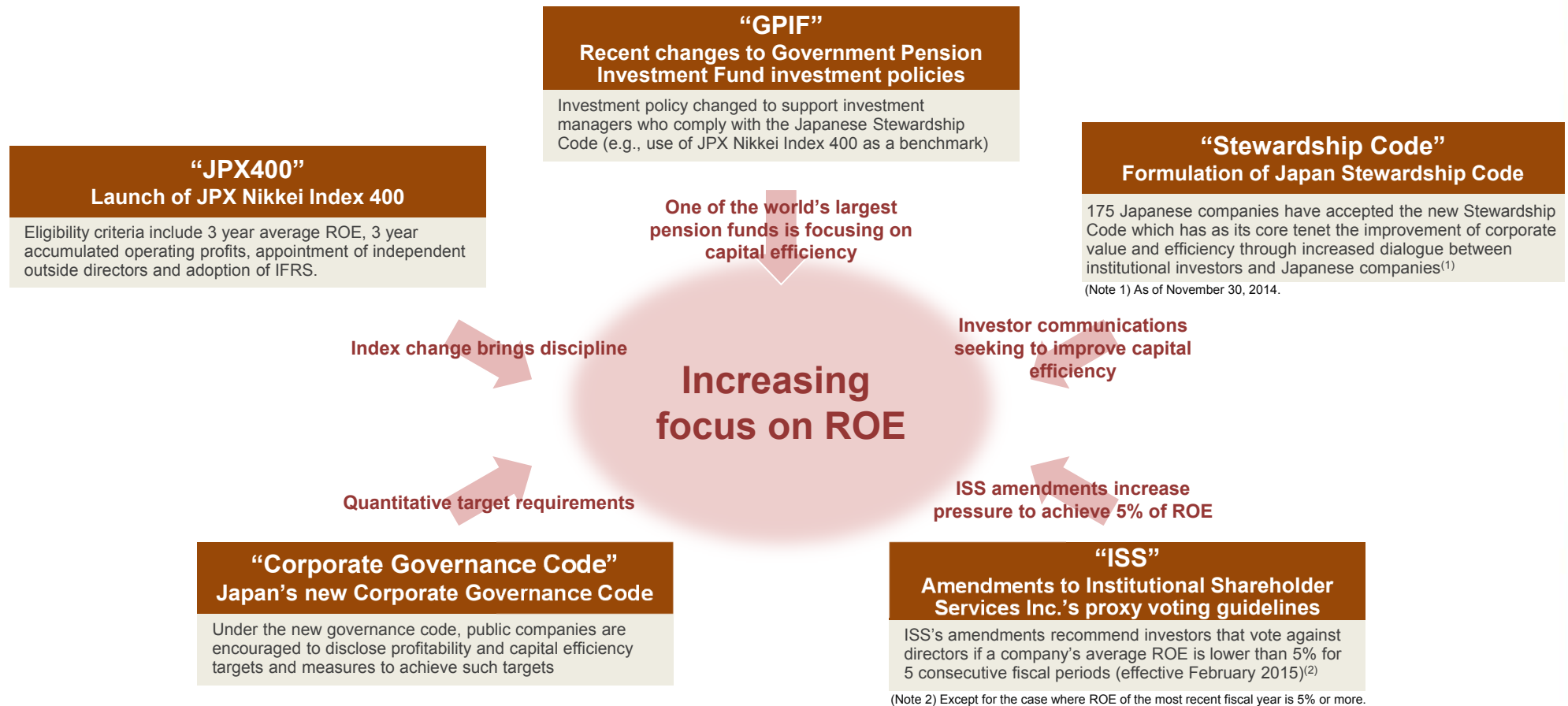
Flexible approach to capture shifting CRE needs

CRE Needs	Jan - Dec 2010	Jan - Dec 2011	Jan - Dec 2012	Jan - Dec 2013	Jan - Dec 2014	(Anticipated Acquisitions)	
New investments in core businesses	CRE needs shifting with economic trends			Increasing financing needs for new investments based on outlook for economic recovery	 IIF Nagoya Port TT <i>(land with leasehold interest)</i>	 IIF Kyotanabe LC	
					 IIF Hiroshima LC	 IIF Fukuoka Koga LC <i>(land with leasehold interest)</i>	
					 IIF Narashino LC II <i>(building with leasehold interest)</i>		
Increase capital efficiency of core businesses	Increased activity to reinforce core businesses due to gradual economic recovery			 IIF Zama ITSC	 IIF Kobe LC	 IIF Izumisano LC	
	Increased needs to divest non-core assets and realize profits due to the global financial crisis			 IIF Osaka Nanko ITSC			
Divestment of non-core assets		 IIF Atsugi LC II	 IIF Kawaguchi LC	 IIF Higashi-Osaka LC		 IIF Sagamihara R&DC	
		 IIF Nagoya LC					
Income statement control	 IIF Totsuka TC <i>(land with leasehold interest)</i>	 IIF Narashino LC II <i>(land with leasehold interest)</i>	 IIF Shinagawa DC				

Increase in potential need for CRE solutions

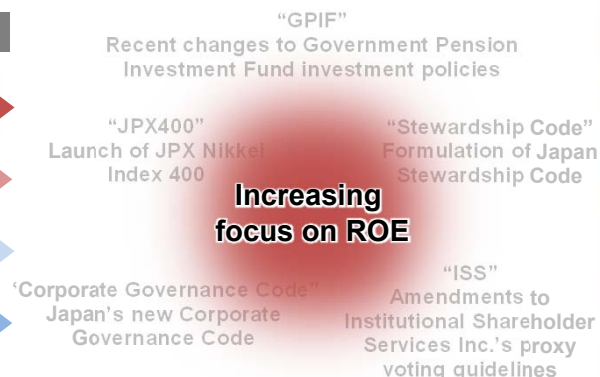
Initiatives to grasp growing needs for improvement in capital efficiency

We believe growing awareness of the importance of ROE will create opportunities for us to acquire new properties by providing CRE solutions.



**Capture acquisition opportunities through CRE proposals
which take advantage of the increasing awareness regarding capital efficiency**

CRE needs shifting with economic trends



<Share by asset category>

Infrastructure facilities
Approx. 10%

« As of Mar. 30, 2015 »

Approx. 70 properties, ¥ 360bn

5. Operating Results for December 2014 (15th) Fiscal Period and Earnings Forecast for June 2015 (16th) and December 2015 (17th) Fiscal Periods

Operating results for December 2014 (15th) fiscal period

DPU of ¥16,911 and unrealized gain ¥24.4bn owing to full-period impact of 2014 PO

(JPY MM)

	Jun.2014 (14th Period Actual)	Dec.2014(15th Period Actual)		Period-over-period		Dec.2014 (Original Estimation)	Dec.2014(15th Period Actual)		Difference with estimation	
P/L Main Information	Operation Revenue	6,576	6,775	+199	+3.0%	6,798	6,775	(22)	(0.3)%	
	Operating Expense	2,936	3,071	+134	+4.6%	3,101	3,071	(30)	(1.0)%	
	Operating Income	3,640	3,704	+64	+1.8%	3,696	3,704	+7	+0.2%	
	Non-Operating Inco	1	2	+1	+84.4%	0	2	+2	+100.0%	
	Non-Operating Expē	907	906	0	(0.1)%	906	906	0	+0.0%	
	Ordinary Income	2,733	2,800	+66	+2.4%	2,790	2,800	+10	+0.4%	
	Extraordinary Incom	17	0	(17)	(100.0)%	0	0	0	-	
	Net Income	2,750	2,799	+48	+1.8%	2,789	2,799	+10	+0.4%	
	Distributions per Unit (16,617	16,911	+294	+1.8%	16,850	16,911	+61	+0.4%	
Others	Capital Expenditure	287	356 (Note 1)	+68	+23.9%	370	356	(14)	(3.9)%	
	Repair Expense	55	58 (Note 2)	+2	4.4 %	61	58	(3)	(5.0)%	
	Total	343	414	+71	+20.8%	431	414	(17)	(4.0)%	
	Depreciation	955	996	+40	+4.3%	997	996	0	(0.1)%	
	FFO	3,706	3,795	+89	+2.4%	3,786	3,795	+9	+0.2%	
	AFFO	3,418	3,439	+20	+0.6%	3,415	3,439	+23	+0.7%	
	Number of Properties	36	36	0	-	36	36	0	-	
	Occupancy Rate	98.8%	98.8%	0	-	98.8%	98.8%	0	-	
	Total Book Value	181,626	180,996	(630)	(0.3)%					
	Total Appraisal Value	201,956	205,411	+3,455	+1.7%					
	Unrealized Gain	20,329	24,414	+4,085	+20.1%					
	Total Debt	96,400	96,400	0	-					
	LTV	50.5%	50.5%	0	-					
	Total Net Asset	82,004	82,001	(2)	(0.0)%					
	Net Asset per Unit	495,397	247,690	(247,707)	(50.0)% ^(Note 3)					

(Note 1) Kawaguchi LC: 97 mn. yen for renovation in accordance with leasing to a new tenant; Osaka Toyonaka DC: :27 mn. yen for renewal of the automatic fire alarm; Mitaka CC: 25 mn. yen for renewal of protection relays; Yokohama Tsuzuki LC: 14 mn. yen for replacement of lighting facilities with LED lights

(Note 2) Mitaka CC: 4 mn. yen for repair of atrium top lights on the roof; Osaka Toyonaka DC: 3 mn. yen for replacement of guidance lights; Nagoya LC: 3 mn. yen for repair work

(Note 3) Effective as of January 1, 2015, we conducted a two-for-one split of our units. Net Assets per Unit have been calculated on the assumption that the split was conducted at the beginning of the 15th period.

■ Major Changes (Period over Period)

(Period ended December 2014 vs. Period ended June 2014) (¥ mn.)

Operating Revenue **+199**

- ✓ Full contribution from properties acquired at 2014 PO **+165**
- ✓ Decreasing of return action for penalty payment in relation to retraction of Nagoya LC **(68)**
- ✓ Full contribution from completion of Kawasaki SC building **+48**
- ✓ Full contribution from new occupancy of Kawaguchi LC **+44**
- ✓ Increase in receipt of utilities costs (existing portfolio) **+3**

Operating Expenses **+134**

- ✓ Increase in rent expense **+27**
- (full contribution from properties acquired at 2014 PO)
- ✓ Increase in property-related taxes **+59**
- (full contribution of properties acquired at 2013 PO)
- ✓ Increase in depreciation (existing portfolio) **+21**
- ✓ Decreasing impact of brokerage fees for Kawaguchi LC **(19)**
- ✓ Increase in utilities costs (existing portfolio) **+16**
- ✓ Increase in asset management fees **+8**
- ✓ Increase in other operating expenses (research costs, shareholders' meeting costs, etc.) **+13**

Non-Operating Expenses **0**

- ✓ Increase in interest costs through full contribution of new debt at 2014 PO **+17**
- ✓ Decrease in interest costs through early repayment in 14th period **(30)**

Extraordinary income **(17)**

- ✓ Decreasing impact of 14th period insurance income (Koshigaya LC, Noda LC) **(17)**

■ Major Changes (Difference with Estimation)

Operating Revenue **(22)**

- ✓ Decrease in receipt of utilities costs **(22)**

Operating Expenses **(30)**

- ✓ Decrease in payment of utilities costs **(17)**
- ✓ Decrease in other operating expenses (shareholders' meeting costs, advertisement expenses, etc.) **(10)**

Earnings forecast for June 2015 (16th) and December 2015 (17th) fiscal periods

DPU expected to increase for 10 consecutive periods by 2015 PO for 5th consecutive year

		(JPY MM)			
		Dec.2014 (15th Period Actual)	Jun.2015 (16th Period Estimated)	Period-over-period	
P/L Main Information	Operation Revenue	6,775	7,347	+571	+8.4%
	Operating Expense	3,071	3,363	+292	+9.5%
	Operating Income	3,704	3,983	+279	+7.5%
	Non-Operating Inco	2	0	(2)	(100.0)%
	Non-Operating Expense	906	941	+34	+3.9%
	Ordinary Income	2,800	3,042	+241	+8.6%
	Extraordinary Income	0	0	0	-
	Net Income	2,799	3,041	+241	+8.6%
Others	Distributions per Unit (yen)	8,455	8,625	+170	+2.0%
	Capital Expenditure	356	357 (Note 1)	+1	+0.5%
	Repair Expense	58	70 (Note 2)	+12	+21.0%
	Total	414	428	+13	+3.4%
	Depreciation	996	1,047	+51	+5.2%
	FFO	3,795	4,088	+293	+7.7%
	AFFO	3,439	3,731	+291	8.5 %
	Number of Properties	36	42	+6	-
	Occupancy Rate	98.8%	99.8%	+1.0point	-

(Note 1) Shinonome LC: 37 mn. yen for replacement of lighting facilities with LED lights; Koshigaya LC: 28 mn. yen for renewal of lifting equipment; Nagoya LC: 27 mn. yen for repair work; Higashi Osaka LC: 22 mn. yen for replacement of lighting facilities with LED lights

(Note 2) Nagoya LC: 3 mn. yen for repair work; Osaka Toyonaka DC: 2 mn. yen for galvanic protection maintenance cost of water storage tanks No. 1 & 2; Shinagawa DC: 2 mn. yen for overhaul of two water supply and drainage pumps, two general service water pumps, and two storage pumps and an exchange priming tank.

■Major changes (compared to 15th period)

(Period ending June 2015 vs. Period ended December 2014) (¥ mn.)

Operating Revenue	+571
✓ 3 months' contribution from properties acquired at 2015 PO	+535
✓ Increase in earnings due to successful lease of Nagoya LC (5 months contribution)	+41
✓ Decrease in receipt of utilities costs (existing portfolio)	(17)
Operating Expenses	+292
✓ Increase in rent expenses (3 months' contribution from properties acquired at 2015 PO)	+193
✓ Increase in property-related taxes (50% contribution of properties acquired at 2014 PO)	+29
✓ Decrease in utilities costs (existing portfolio)	(18)
✓ Increase in depreciation (existing portfolio)	+9
✓ Increase in asset management fees	+50
Non-Operating Expenses	+34
✓ Increase in interest cost by 3 month contribution of the new debt at 2015 PO	+46
✓ Started depreciation of 2015 PO	+21
✓ Expired depreciation of 2012 PO	(20)

■Major changes (compared to 16th period)

(Period ending December 2015 vs. Period ending June 2015) (¥ mn.)

Operating Revenue	+469
✓ Contribution from properties acquired at 2015 PO (full impact)	+445
✓ Increase in receipt of utilities costs (existing portfolio)	+11
Operating Expenses	+242
✓ Increase in rent expenses (full contribution from properties acquired at 2015 PO)	+153
✓ Increase in property-related taxes (full contribution of properties acquired at 2014 PO)	+29
✓ Increase in payment of utilities costs (existing portfolio)	+24
✓ Increase in asset management fees	+25
Non-Operating Expenses	+46
✓ Increase in interest cost through full contribution of new debt at 2015 PO	+32
✓ Increase in cost of depreciation of 2015 PO	+10
✓ Expired depreciation of 2012 PO (+2 months compared to 16th period)	(10)

6. Approach to Sustainability

Our point of view and approach to sustainability

IIF and AM company take environmental actions together under a shared sustainability policy

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

Signatory of:



ESG stands for **Environmental, Social and Governance**.

We believe that having corporations pay appropriate consideration and respond to ESG will lead to solutions to and improvement of environmental and social issues, as well as sound fostering and growth of the capital market.

Sustainability framework of an asset management company

■ Establishment of a Sustainability Committee

- ✓ The Sustainability Committee was formed in 2013 to promote organizational ESG efforts
- ✓ The Committee consists of the CEO as the chair person, key members of the Industrial Division responsible for the operation of IIF and members from other departments

Sustainability goal of an asset management company

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

Achievement in our sustainability & environment actions

Well-organized environmental initiatives and energy-efficient activities

“Green Star”, the highest evaluation of GRESB, for the second consecutive year

In September 2013 we were designated as a “Sector Leader” in the survey of over 500 real estate companies and funds conducted by GRESB (Global Real Estate Sustainability Benchmark) recognizing us as the most environmentally conscious business operator in the Asian industrial real estate sector.

In addition, we were designated by the GRESB for two consecutive years as “Green Star,” the highest ranking of four categories in GRESB environmental responsiveness survey conducted in 2014.



GRESB

GRESB (Global Real Estate Sustainability Benchmark) is the benchmark for evaluating the efforts of real estate companies and funds for sustainability which was established by APG, PGGM and European pension funds group. This benchmark is often used for deciding investment by Major institutional investors in Europe and the United States and Asia.

Evaluation by CASBEE

A CASBEE川崎
BEE=1.7 ★★★★★



IIF Kawasaki Science Center

B+ CASBEE広島
BEE=1.3 ★★★



IIF Hiroshima Logistics Center

CASBEE

CASBEE (Comprehensive Assessment System for Building Environmental Efficiency) is an evaluation system that ranks buildings and structures in terms of their environmental performance. In addition to each building's ability to reduce its environmental impact across a variety of areas including energy and resource conservation as well as recycling, this system undertakes to comprehensively evaluate the environmental performance of each building and structure including its aesthetic appeal. Properties listed above were awarded the certificate.

DBJ Green Building Certification

In October 2012, IIF Koshigaya Logistics Center and IIF Noda Logistics Center were awarded Gold certification by the DBJ Green Building Certification System. These were the first logistics facilities owned by a J-REIT to obtain such certification. After that, in October 2014, total 5 facilities including above two facilities were awarded this certification(four status).



DBJ Green Building

Under the DBJ Green Building system, the Development Bank of Japan (DBJ) certifies real estate properties with high environmental and social awareness, based on five evaluation ranks (one star to five stars), using a comprehensive scoring model developed independently by DBJ.

Received “Building Energy-efficiency Labeling System (BELS)” Certification as the First Logistics Property Owned by J-REIT

IIF Hiroshima Logistics Center received “Building Energy-efficiency Labeling System (BELS)” certification in November, 2014, and was the first logistics property owned by a J-REIT to receive such certification.

BEI evaluation result to IIF Hiroshima Logistics Center was 0.55 which is worth four stars for BELS rating.



BELS

BELS certification is provided under a public evaluation system, which evaluates the energy conservation performance of non-residential buildings. Third parties evaluate the performance of buildings from various points of view, regardless of whether a building is new or not, and the evaluation result is represented by a number of stars (from one star to five stars).

If numerical valuation is 1 or less, it means achieving criteria of the energy conservation performance.

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 vary significantly due to various factors.
- ▶ This material is prepared based on 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 financial instruments contracts. When investing, we ask investors to invest on their own responsibility and 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)