



Investor Presentation for the June 2015 (16th) Period



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1. Executive Summary

Highlights for the June 2015 (16th) fiscal period

Enhanced unitholders' value by implementing continuous initiatives

External growth

Enhancing unitholders' value through new acquisitions

■ Acquired 6 new properties, 21.7 bn. yen

- Av. NOI yield 5.7%
- Av. NOI yield after depr. 5.1%
- Unrealized gain 1,758 mn. yen
(Av. ratio of unrealized gain) +8.1%

➡ Total acquisition price reached ¥203.8 bn.

Existing portfolio

Striving for internal growth

■ The first building extension project for IIF

The extension of the Nishinomiya LC building to meet the needs of tenants

■ Enhanced profitability by re-tenanting

Noda LC's strategic leasing methods

■ Installed LED lighting systems to save costs

Utilization of IIF's established LED installation program to Shinonome LC and Haneda MC

Financial strategy

Improving financial stability over the long term

■ Raised 11.3 bn. yen equity through PO

■ Borrowed 11.8 bn. yen with PO

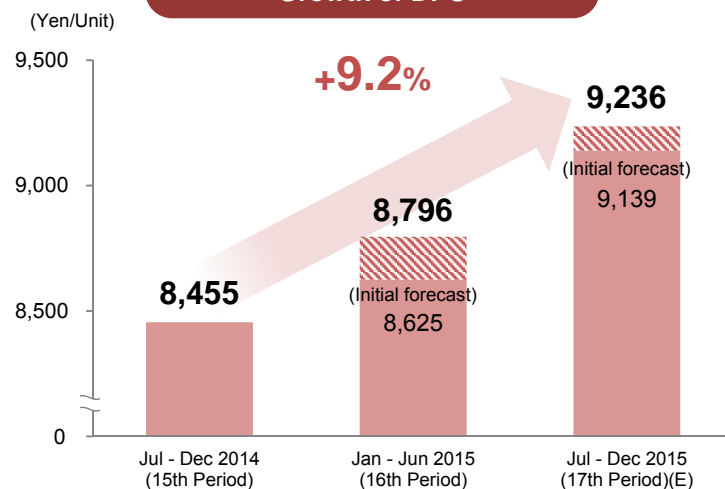
- Av. interest rate 0.98%
- Av. loan period 9.9 years
- Fixed debt ratio 100.0%

■ Obtained a new commitment line facility

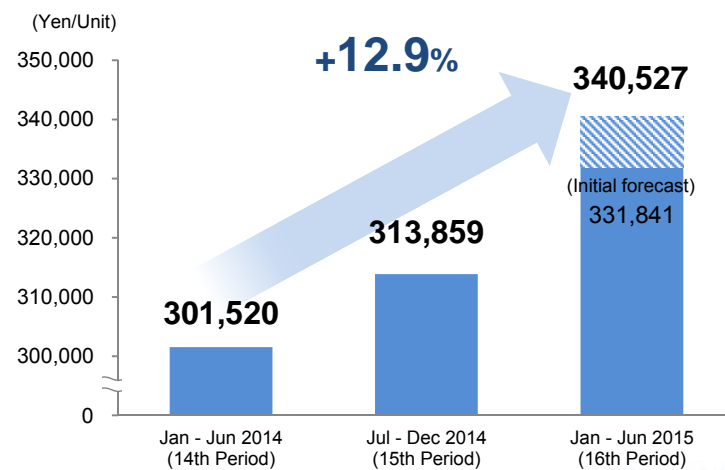
- Maximum amount 10 bn. yen
- Borrowing period 3 years

Realizing continuous growth of unitholders' value

Growth of DPU



Growth of NAV per unit



Overview of March 2015 public offering

Assets

– Steady growth by providing CRE solution proposals –

6 properties

JPY21.7 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 Sagamiara
R&D Center



Acquisition Price :
JPY 3,100 mn.

IIF Shinagawa
IT Solution Center



Acquisition Price :
JPY 7,200 mn.

IIF Izumisano Food
Processing and Logistics
Center



Acquisition Price :
JPY 860 mn.

IIF Kyotanabe Logistics
Center



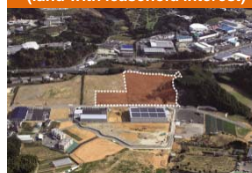
Acquisition Price :
JPY 5,730 mn.

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



Acquisition Price :
JPY 4,000 mn.

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



Acquisition Price :
JPY 860 mn.

Debt

– Solid balance sheet through continued ALM strategy –

New Debt Financing

JPY11.8 bn.

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

Deposits received and cash on hand

Equity

– Pursuit of long-term unitholders' value –

Net Proceeds of the Offering

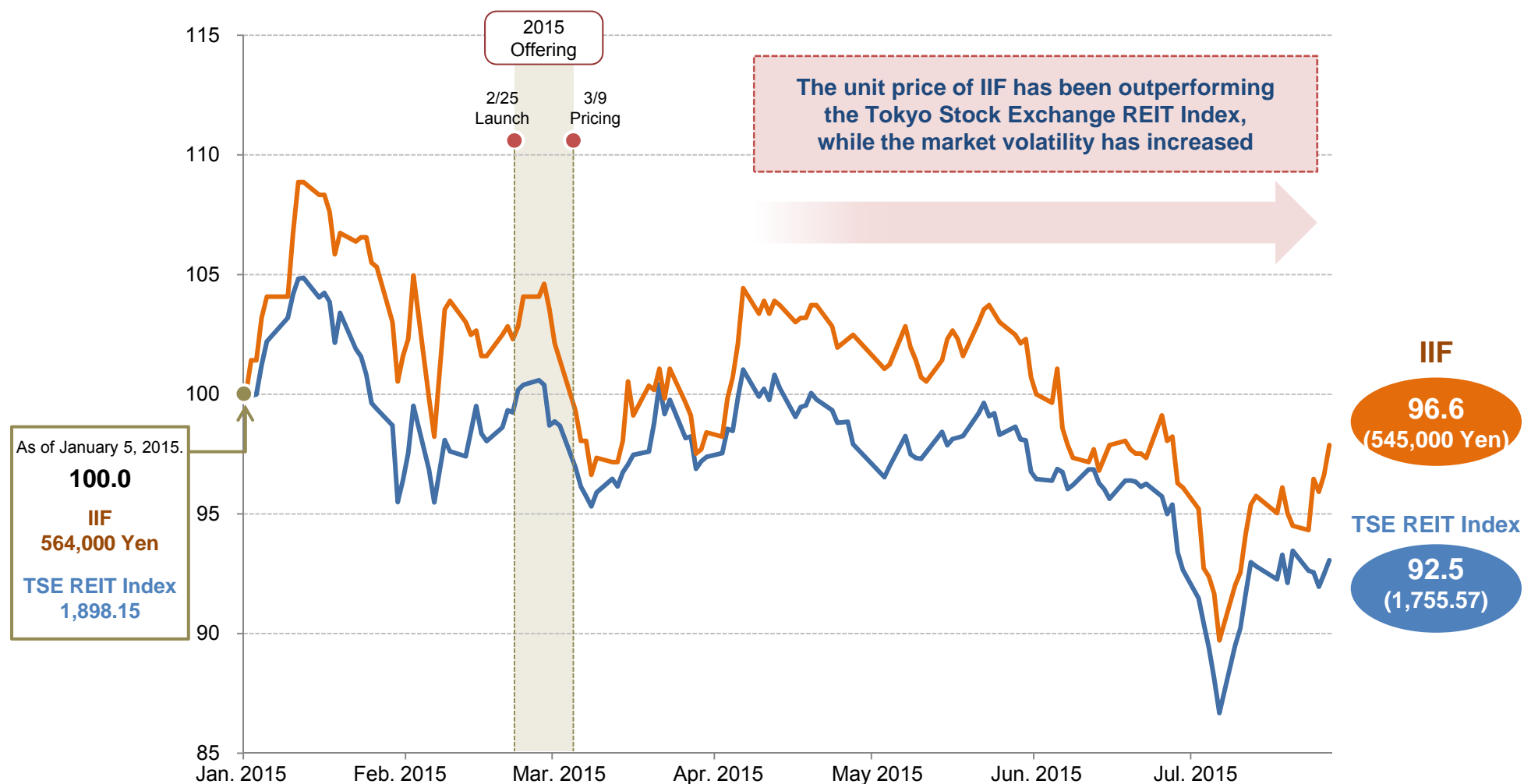
JPY11.3 bn.

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

Unit price performance since Jan. 5, 2015

Successful PO and steady unit price performance in volatile market

Historical unit price (Jan. 5, 2015 – Jul. 31, 2015)

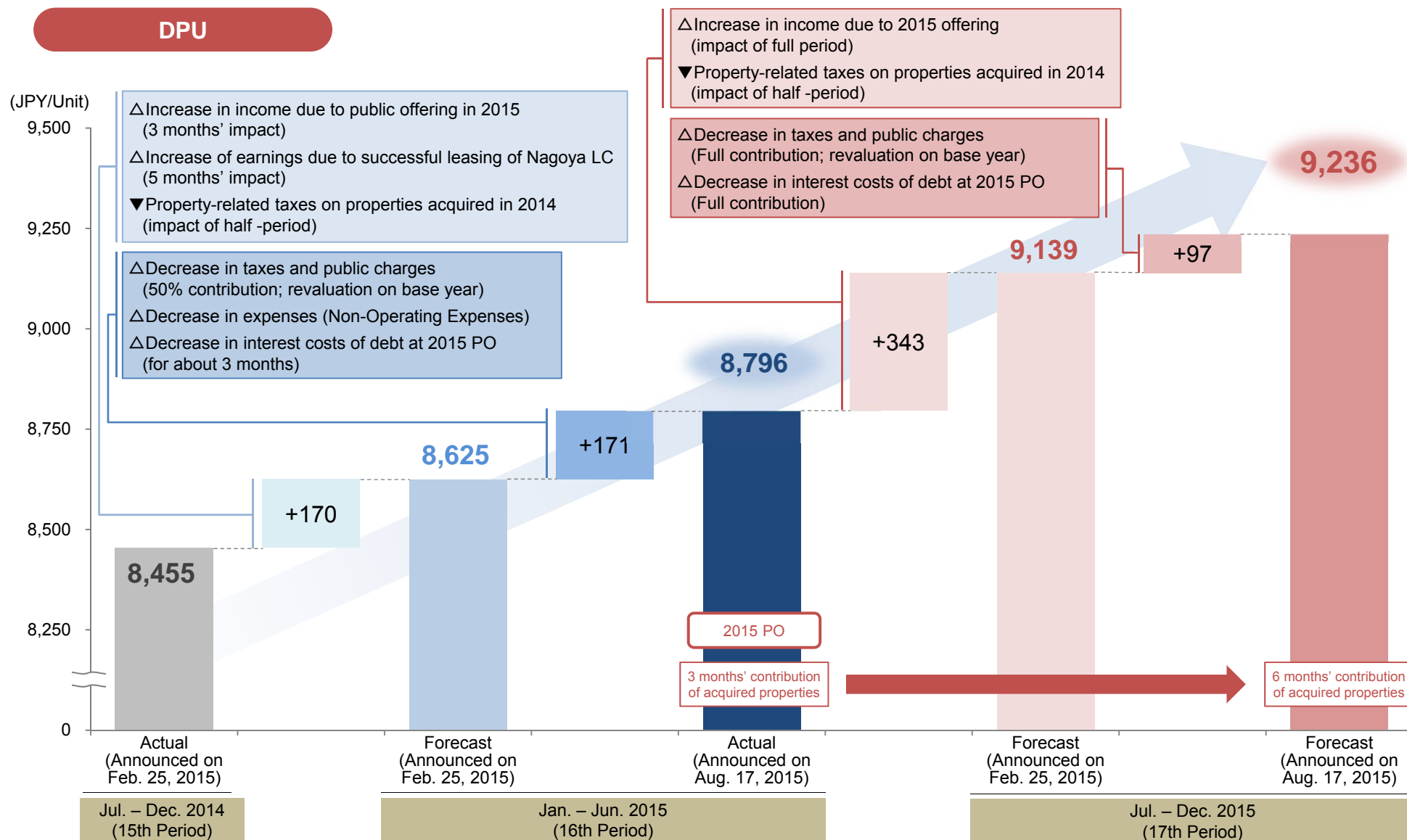


(Note) Using the relative ratio of the closing price of IIF units on the TSE as of January 5, 2015.

DPU track record and forecast

Achieve steady DPU growth by internal growth and external growth

DPU



2. Our Growth Strategy

Our unique investment management strategy

Unique strategy

Key word

First Mover

Exploring new asset categories for enhancing unitholders' value

“Growth”

“Acquisition enhancing unitholders' value” + “Striving for internal growth”

“Stability”

“Solid balance sheet through promoting ALM strategy”

External Growth

CRE Beyond

- Growing acquisition opportunities through evolving CRE Strategy
- Focusing on less competitive categories
– Manufacturing, R&D and Infrastructure facilities
- Aiming to explore huge potential in CRE/PRE markets

Existing Portfolio

3C Management

- Stable and long-term lease agreements
- Pursuing the possibilities for internal growth
- Environmental activities

Financial Strategy

ALM

- Long-term issuer rating – AA (Stable)
- Promoting ALM strategy – Long-term and fixed debt ratio: 100.0%
- Securing unrealized gain by utilizing first-mover advantage

“CRE” is the term often used to describe a relatively new strategic approach increasingly employed by Japanese corporations to re-evaluate the benefits of owning real estate and to manage their real estate needs more efficiently so as to maximize corporate value.

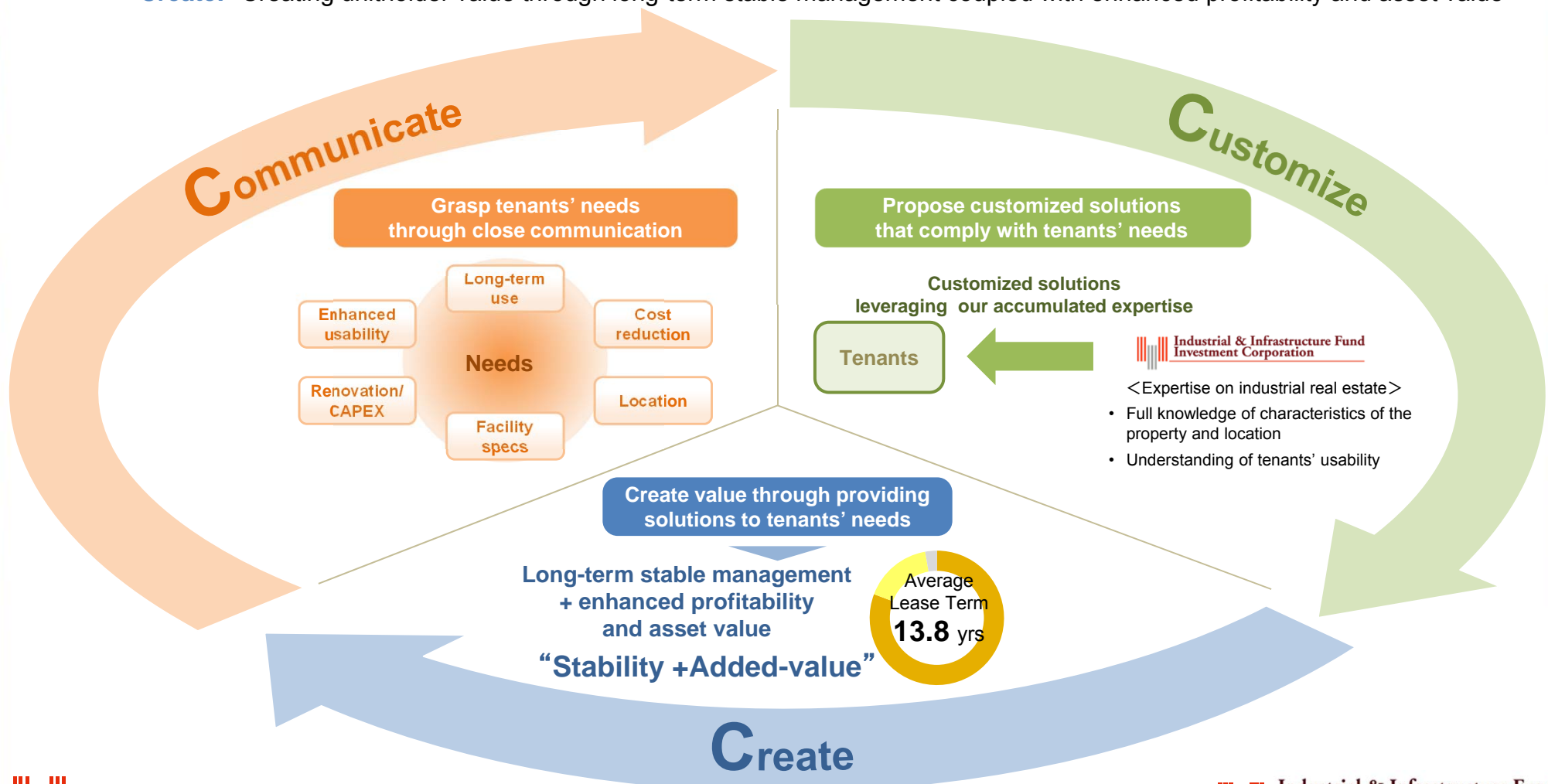
“ALM” stands for “Asset Liability Management,” an approach to managing both assets and liabilities comprehensively.

Portfolio management through 3C Management Cycle

“Stability +Added-value”: Aim for long-term stable management and internal growth

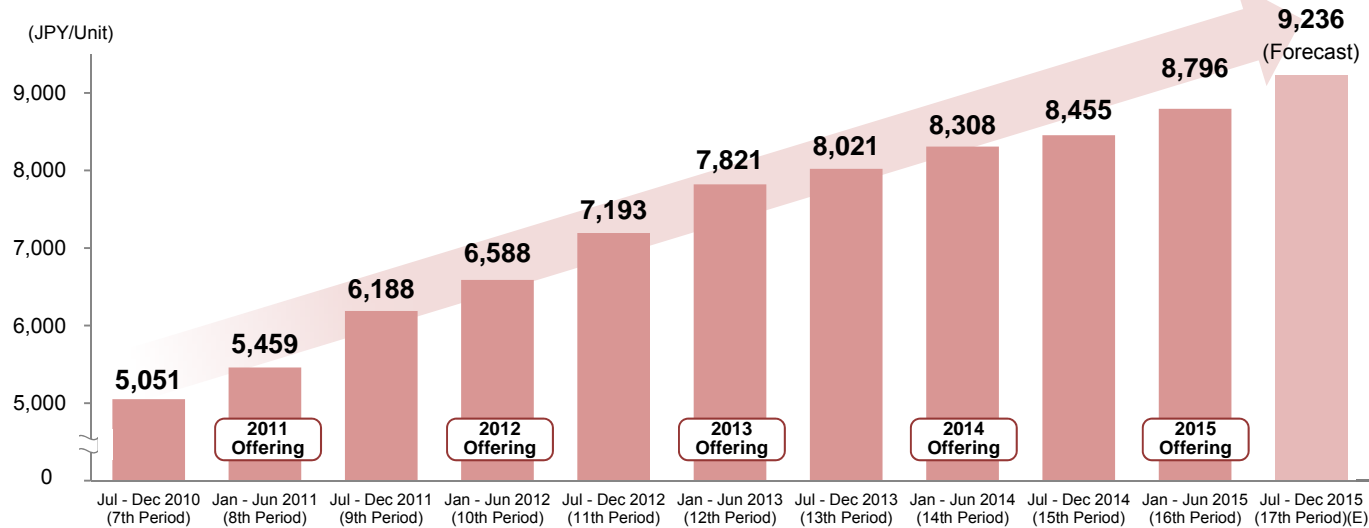
3C Management Cycle

- ✓ **Communicate:** Grasp tenants’ true needs through close communication
- ✓ **Customize:** Propose customized solutions to tenants’ individual needs
- ✓ **Create:** Creating unitholder value through long-term stable management coupled with enhanced profitability and asset value



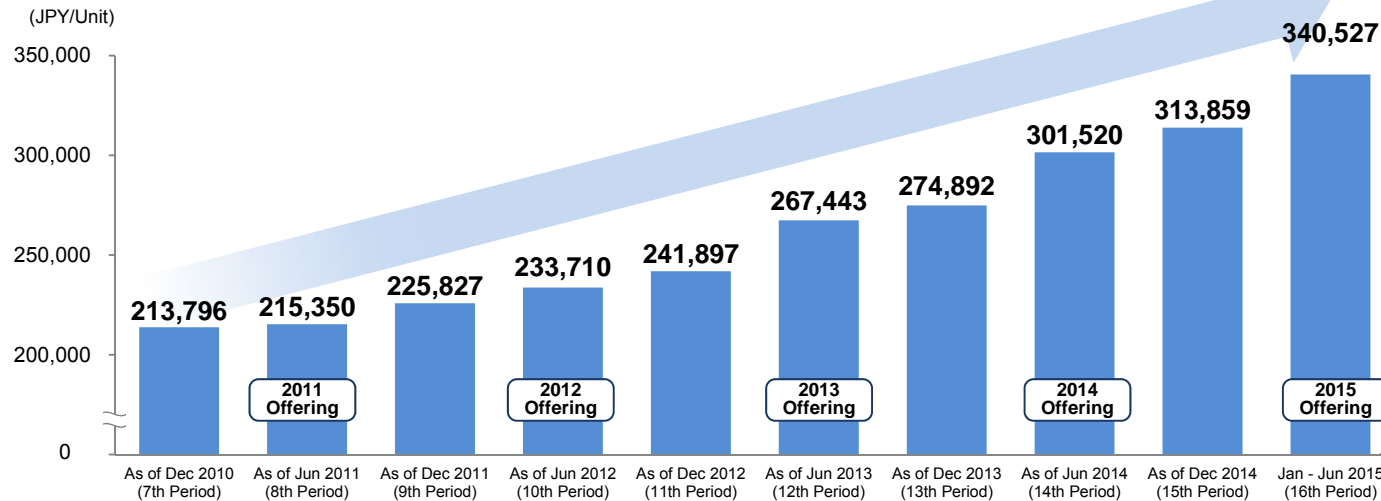
Our track record - Continuous growth of unitholders' value

Distributions per Unit



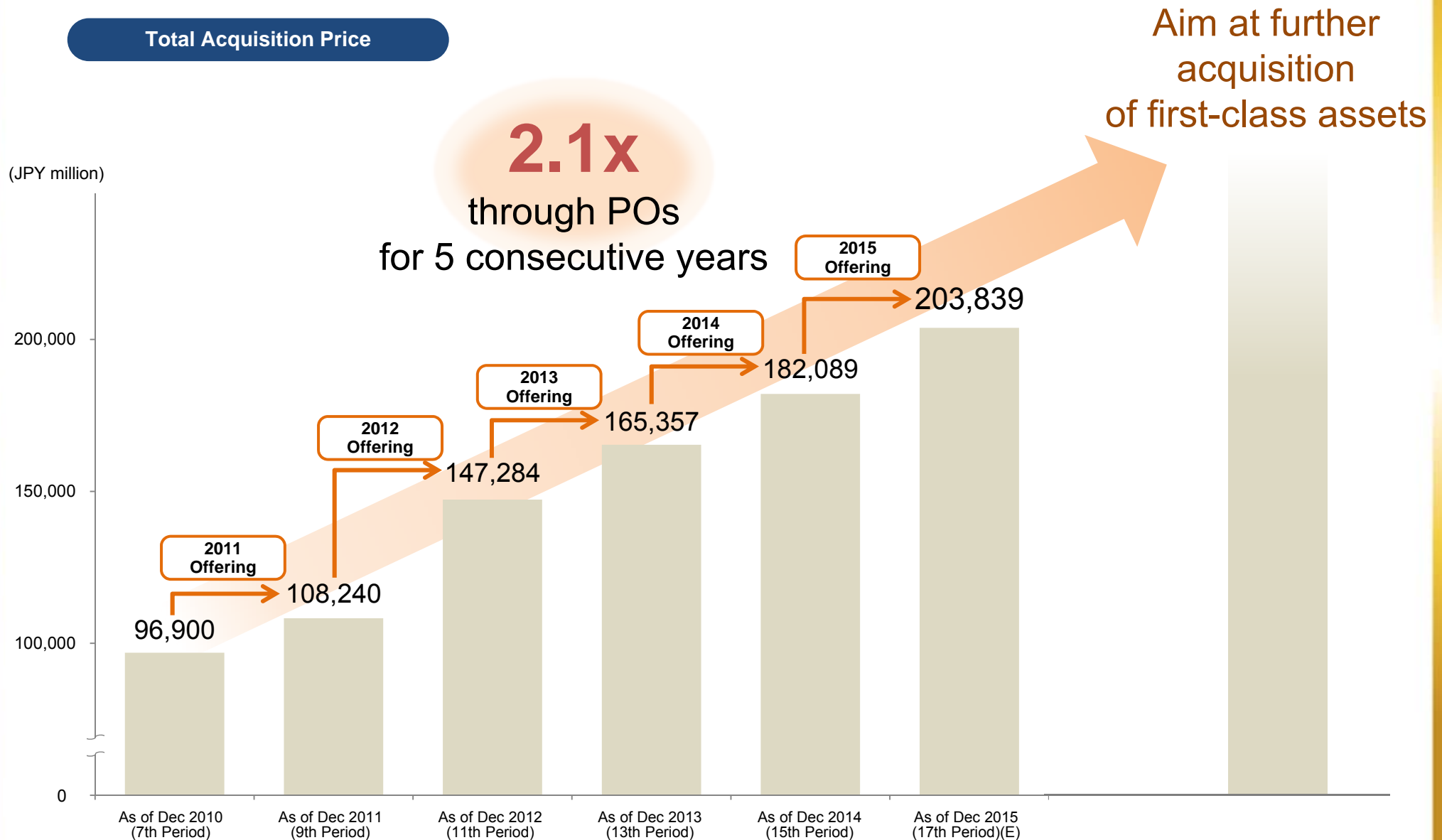
1.8x
in five years

Appraisal NAV per Unit



1.6x
in five years

Our track record - Growth of the asset size



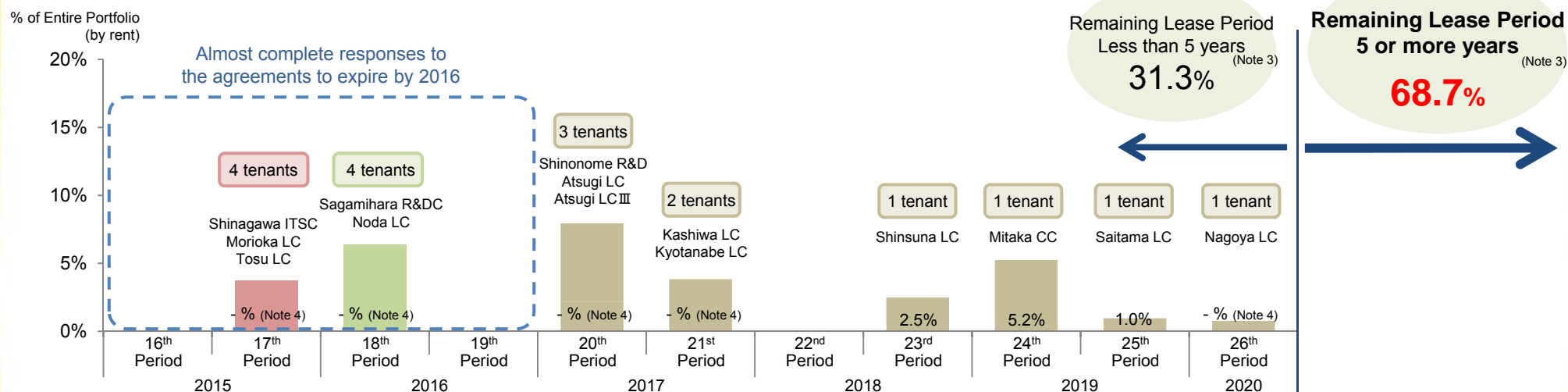
3. Our Approach to Current and Upcoming Issues

① Management of Existing Portfolio — “3C Management”

Response to expiration of leasing agreements

Establish a long-term stable profit base against significant supply of logistics facilities

Lease Expiration Schedule (annual rent based) (Note1,2)



Management Strategy for Tenant Leases Expiring in 17th and 18th Fiscal Periods

	Lease Expiry	Property Name	Tenant	% of Entire Portfolio (by rent)	Achievements/Action Plans
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. Renewed (automatically)
	Sep. 15, 2015	Morioka LC	New NIPPON ACCESS Old Kao System Logistics	- % (Note 4)	Changed 3PL operator according to shipper's request. Concluded the lease contract without downtime. "Longer lease-term from 3 years to 7 years" "Maintain equal rent level" Signed
	Sep. 30, 2015	Tosu LC	Sagawa Express	- % (Note 4)	Tenant prefers long-term usage. Renewed contract of 2 years automatically. Renewed (automatically)
Period ending Jun. 2016 (18th Period)	Mar. 31, 2016	Sagamihara R&DC	Micron Memory Japan	- % (Note 4)	The tenant plans an automatic renewal due to intention to use the property as its main R&D center over the long term. Signed
	Apr. 30, 2016	Noda LC	Mitsubishi Electric Logistics Corporation New Japan Logistic Systems Corp. Old Mitsubishi Corporation LT, Inc.	- % (Note 4)	IIF was successful in concluding leasing agreements with the existing tenant and the new tenant at a suitable rent level. "No vacant period" "enhancement of profitability" "securing stable revenue over the long term (5-year fixed-term lease contracts)" Signed

(Note 1) The lease expiry of Hitachi Systems, Ltd., which is a tenant of Shinagawa ITSC, is omitted from the above graph and table, since we have not obtained the consent of the lessee for 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.

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

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

3C Management : Leasing activity of IIF Noda Logistics Center

Achieved frontloaded leasing without downtime by capturing strong tenant demand

Key Points

- ✓ No downtime because of frontloaded leasing efforts
- ✓ Increase revenue by ensuring a suitable rent level
- ✓ Ensuring long-term stability (5-year fixed-term lease contract)

Communicate + Customize

Matching new tenant's needs and characteristics of the facility

New tenant's needs

- Logistics center covering a wide range near Tokyo metropolitan area
- Workability in loading/unloading large cargo
- Layout to ensure efficiency of storage

Match

Characteristics of the facility

- Prime location: Close to National Route 16 and approx. 5 km from Kashiwa IC
- 15 m long truck berth to enhance work efficiency
- Large space with wide intervals between pillars and high ceiling height

Create “stability + Added-value”

Achieved long-term stable income at a suitable rent level

	Before leasing		After leasing
Annual NOI (Note1)	¥398mn.	+ ¥14mn. +3.5%	¥412mn.

Description of new lease contract

Tenant Name	Japan Logistic Systems Corp.	Mitsubishi Electric Logistic Corp.
Leasing area (% of entire leasing area)	19,414.05 m ² 50.0%	19,414.05 m ² 50.0%
Annual Rent	Not disclosed (Note 2)	
Term of Contract	5 years (May 1, 2016 - April 30, 2021)	
Type of Contract	Fixed term lease contract	
Early Termination/Rent Revision	Not disclosed (Note 2)	

(Note1) Annual NOI is calculated based on the following: (Before leasing) Annualized actual NOI of 16th period, (After leasing) Annualized actual NOI of 16th period considering the influence of leasing. NOI after leasing is the forecast figure as of now, and the actual figure may be different from the current estimation

(Note2) The tenants have not agreed to the disclosure of the information.

Property Characteristics

A unique large scale logistics center located in the “Noda area”

«Location»

Convenient location covering a wide range near Tokyo metropolitan area

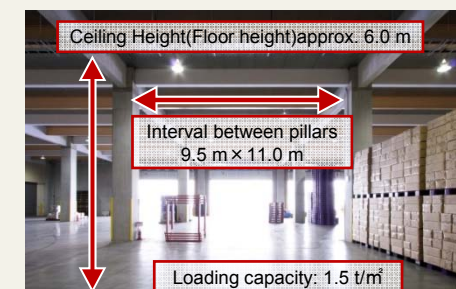
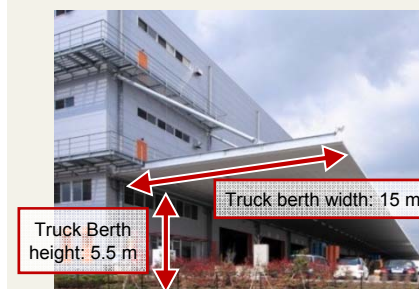
- ✓ Close to National Route 16, major loop line of Tokyo metropolitan area
- ✓ Superior access: Approx. 5 km from Kashiwa IC on Joban EXPWY



«Facility»

Large-scale logistics center with high basic specifications

- ✓ 15 m truck berth for improving work efficiency
- ✓ Building adaptable for versatile use



3C Management : Efforts to achieve internal growth in addition to stability

Further measures to improve profitability



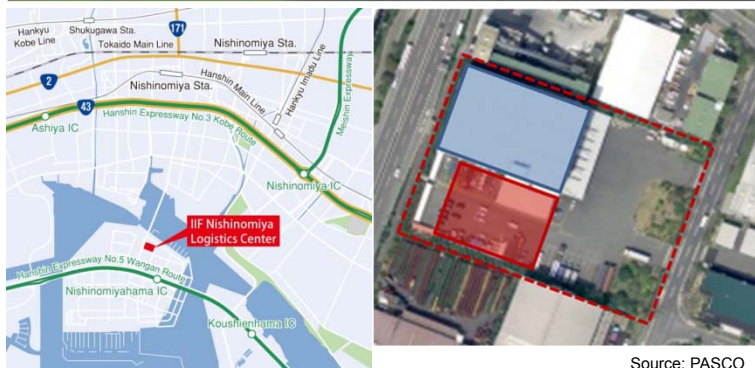
3C Management : IIF Nishinomiya Logistics Center Extension Project-1

Start the IIF's first extension project to meet tenants' needs

Capturing the tenant's needs for expanding business

Key Points

- ✓ Secure new sources of revenue by capturing the tenants' needs
- ✓ Enhance stability by concluding a long-term agreement (20-year fixed-term lease reservation agreement)
- ✓ Utilize the scheme to obtain development benefits (unrealized gains) while limiting risks



3C Management Cycle realized IIF's first extension project

Communicate

Grasp tenant's needs through close communication

- Meeting the needs of Suzuyo for expanding business operation
- Business continuity needs of Suzuyo, at the only logistic base in the Kansai area

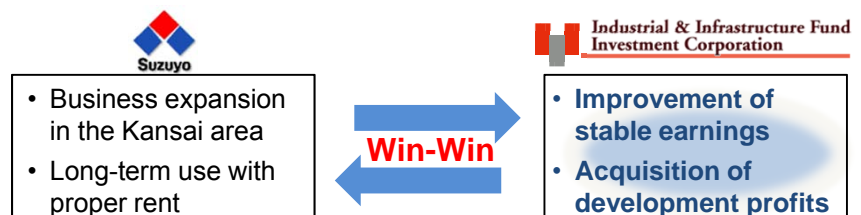
Customize

Customized proposals to meet individual needs

- Proposed extension building construction plan while continuing operation in the existing building
- Signed a long-term contract to meet the tenant's needs for long-term use

Create

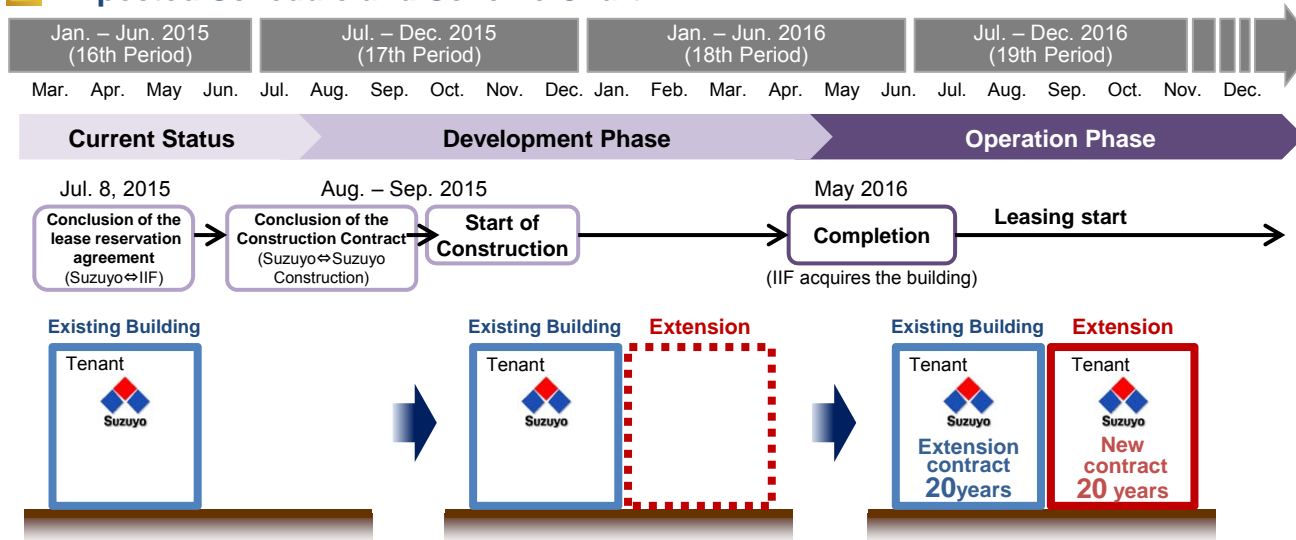
Provide additional value to tenants through meeting their needs and unitholders' value



3C Management : IIF Nishinomiya Logistics Center Extension Project-2

Customized extension project contributing to an increase in unitholders' value

Expected Schedule and Scheme Chart



Overview of the Extension to be Built

Structure / stories	Steel-framed 4 stories
Type	Logistic facility
Total floor area	6,080.00 m ²
Anticipated Acquisition Price	861 million yen

Overview of Lease Contract

Tenant	Suzuyo & Co., Ltd.
Annual Rent	Not disclosed (Note)
Period of contract	20 years (May 16, 2016 – May 15, 2036)
Type of contract	Fixed-term building lease reservation agreement
Early termination / Rent revision	No / No

(Note) The tenants have not agreed to the disclosure of the information.

Increasing in unitholders' value by extension project

DPU increase

Contribution to DPU (Note) **+61 yen/unit**

To ensure the profitability by setting the rent in proportional to construction costs

Yield of Extension Building (Note) **7.1%** **NOI Yield** **5.0%** (after depreciation)

NAV increase

Before Extension (At the end of June 2015)
Unrealized gain (ratio) **+JPY410mn.** **+31.5%**

After Extension (Expected)
+JPY279mn **+JPY689mn.** **+31.9%**

Stability increase

Before Extension (At the end of June 2015)
Remaining lease period **10.2 years**

After Extension (After acquisition of extension building)
Prolong contract period **20.0 years**

Effects of the project

	Existing Building (Actual)		Extension (Expected)		Existing Building & Extension (Expected)
(Anticipated) Acquisition Price	JPY1,300 mn.	+	JPY861 mn.	=	JPY2,161 mn.
NOI Yield	7.5%		7.1%	⇒	7.5%
NOI Yield After Depreciation	5.9%		5.0%	⇒	5.6%
Appraisal Value or Researched Value	JPY1,710 mn.		JPY1,080 mn.	⇒	JPY2,850 mn.
Unrealized Gain (Unrealized Gain Ratio)	JPY +410 mn. +31.5%		JPY +219 mn. +25.4%	⇒	JPY +689 mn. +31.9%
Capitalization Rate (Based on Appraisal)	5.6%		Decreasing capitalization rate by extension		5.5%
Remaining Lease Term	10.2 years		20.0 years	⇒	20.0 years

3C Management : Series of projects to install LED lighting

Achieved internal growth by addressing tenant needs

LED installation program to construct long-term win-win relationships with tenants

Communicate

Grasp tenant's needs through close communication

- **Secure illuminance** for indoor working etc.
- **Energy saving and cost cutting** subject to ordinances and social needs

Customize

Customized proposals to meet individual needs

- Propose cost reduction program by installing LED lighting
- Formulate a construction plan that will not disrupt tenant's business

Create

Provide additional value to tenants through meeting their needs and unitholders' value

Tenant

- Enhance lighting equipment function
- Reduce energy consumption and electricity cost



Industrial & Infrastructure Fund Investment Corporation

- Receive 50% worth of electricity cost reduction effect
- Increase asset value

Recent track record and future plans

Utilization of LED installation program : 5th case

IIF Shinonome LC
(Completed in June 2015)



- ✓ Ensure illuminance for working in storage

<Before replacement>



<After replacement>



Utilization of LED installation program : 6th case

IIF Haneda MC (Scheduled in 2016 and 2017)

- ✓ Aim for secured illuminance for aircraft inspection



(Mercury lamp before replacement by LED lighting)

- ✓ Replace lighting facilities of two Maintenance Centers and Office building (81,995.81 m² in total) with LED lighting

Maintenance Center 1 (M1)

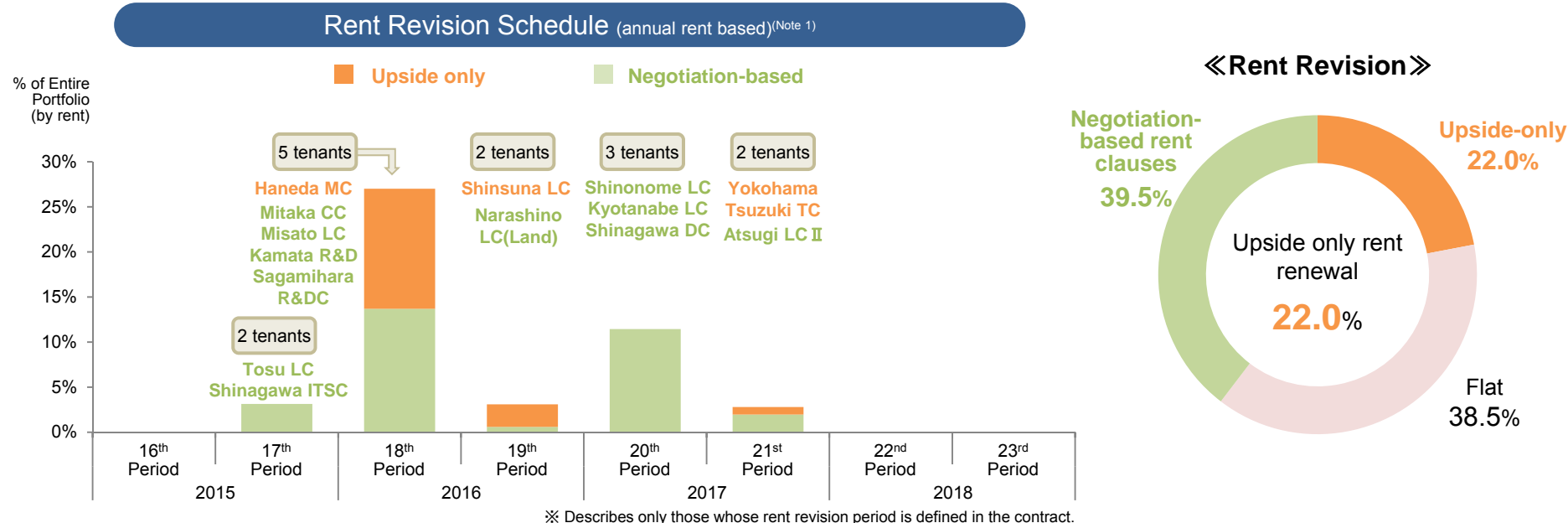


Maintenance Center 2 (M2)



Rent revisions going forward

Aim to enhance profitability by appropriately handling rent review opportunities



Upside-only rent revision schedule and its impact on distributions

	Rent Revision Date	Property Name	Tenant Name	Terms of Rent Revision	Annual Rent Increase ^(Note 2) (Impact on distributions)
Period ending Jun. 2016 (18 th Period)	Jan. 1, 2016	Haneda MC	Japan Airlines Co., Ltd.	From 2016/1/1 to 2020/12/31 increase by approx. 2% (Ref. inf.) From 2021/1/1 increase by approx. 3%	¥38,934 thousand DPU +¥55/period
Period ending Dec. 2016 (19 th Period)	Jul. 15, 2016	Shinsuna LC	SAGAWA EXPRESS CO., LTD.	3% increase in every three year	¥10,430 thousand DPU +¥14/period
Period ending Dec. 2017 (21 st Period)	Oct. 1, 2017	Yokohama Tsuzuki TC	TÜV Rheinland Japan Ltd.	2% increase in every three year (until September 30, 2020)	¥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.

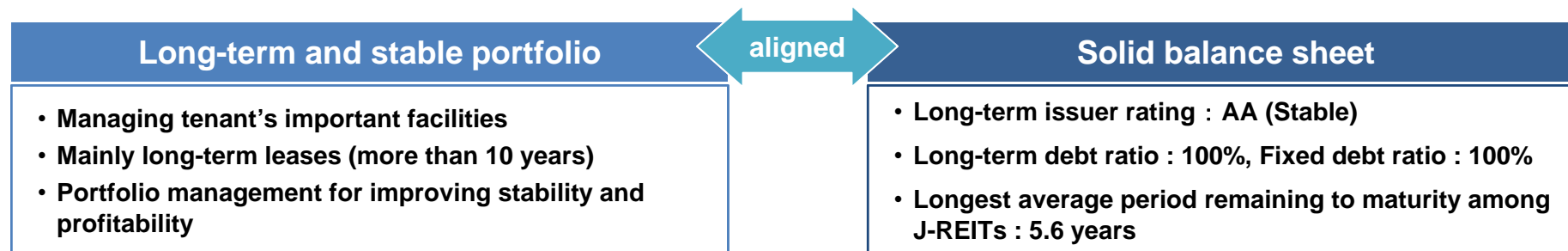
(Note 2) The impact on distribution per unit is based on the assumption of 352,564 outstanding units, with distribution per unit of less than one being rounded down.

3. Our Approach to Current and Upcoming Issues

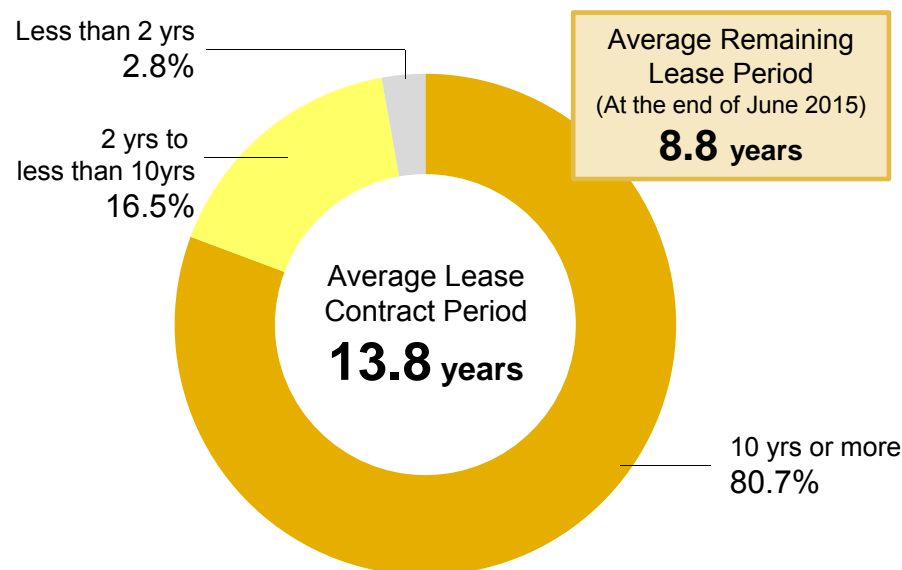
②Financial Strategy — “ALM”

Financial management based on the ALM (Asset Liability Management) method

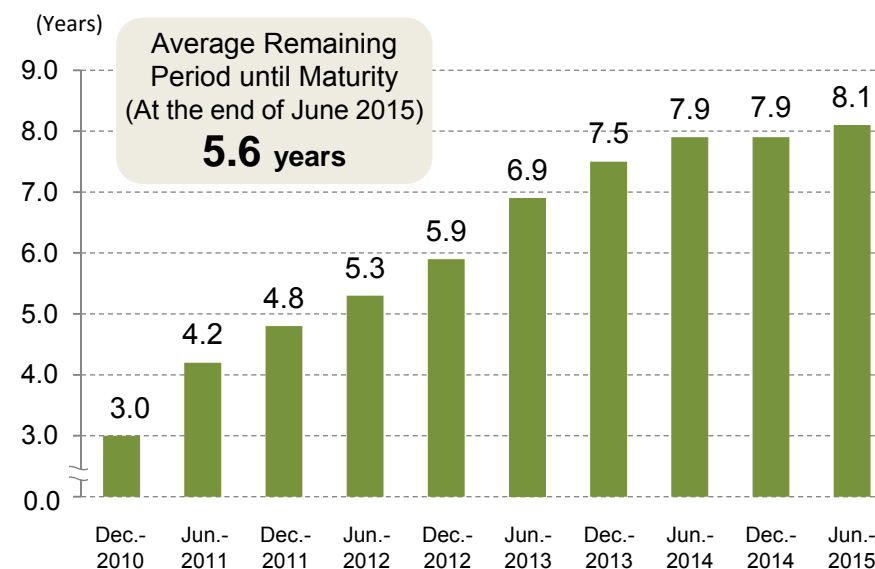
Further improve financial stability in accordance with a long-term stable portfolio



► Lease Term



► Average Borrowing Period



Solid balance sheet

Improved financial stability including additional commitment line

Further improvement of the financial structure

Key indices	Dec. 2014 (as of end 15th Period)		Jun. 2015 (as of end 16th Period)
Average period remaining to maturity	5.6 years	→	Longest among J-REITs 5.6 years (Note 1)
Fixed debt ratio	100%	→	100%
Weighted average interest rate	1.36%	(0.04) pt. →	1.32%
LTV Ratio (based on Book Value)	50.5%	(0.1) pt. →	50.4%
LTV Ratio (based on appraisal Value)	44.8%	(0.5) pt. →	44.3%
Issuer credit rating	AA(Stable)		
Not in use commitment line	JPY 10 bn.	+JPY10 bn. →	JPY 20 bn.

(Note 1) As of Jun. 30, 2015

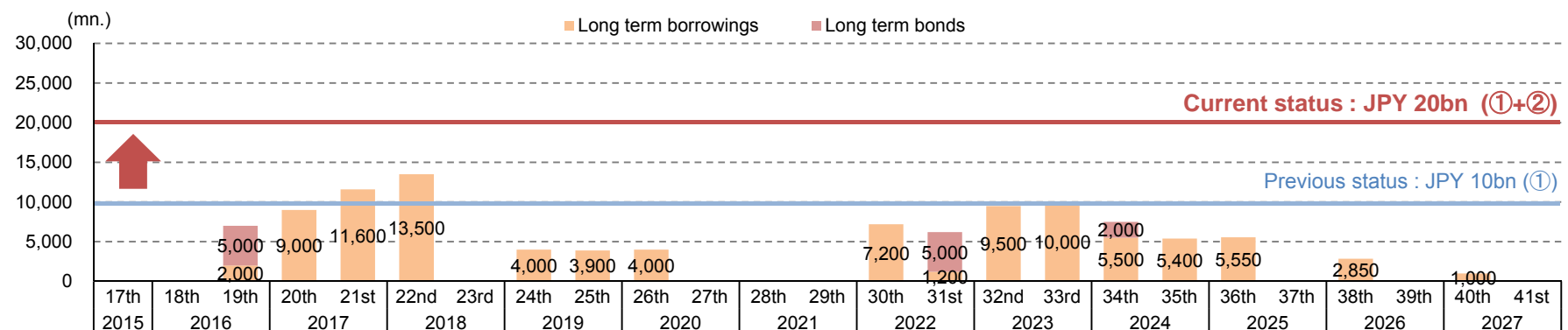
Improved stability through long-term commitment-line

	Lender	Maximum amount	Contract period	Borrowing period
①	Development Bank of Japan Inc.	JPY10 bn.	4 years	7 years
②	NEW Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited.	JPY10 bn.	3 years	max. 3 years (Note 2)
	Total	JPY20 bn.	—	—

(Note 2) Selectable from 1 month to 3 years (by month)

Secures commitment line exceeding the total repayment amount in each term by spreading the maturity dates over an extended period

Diversification of Debt Maturities

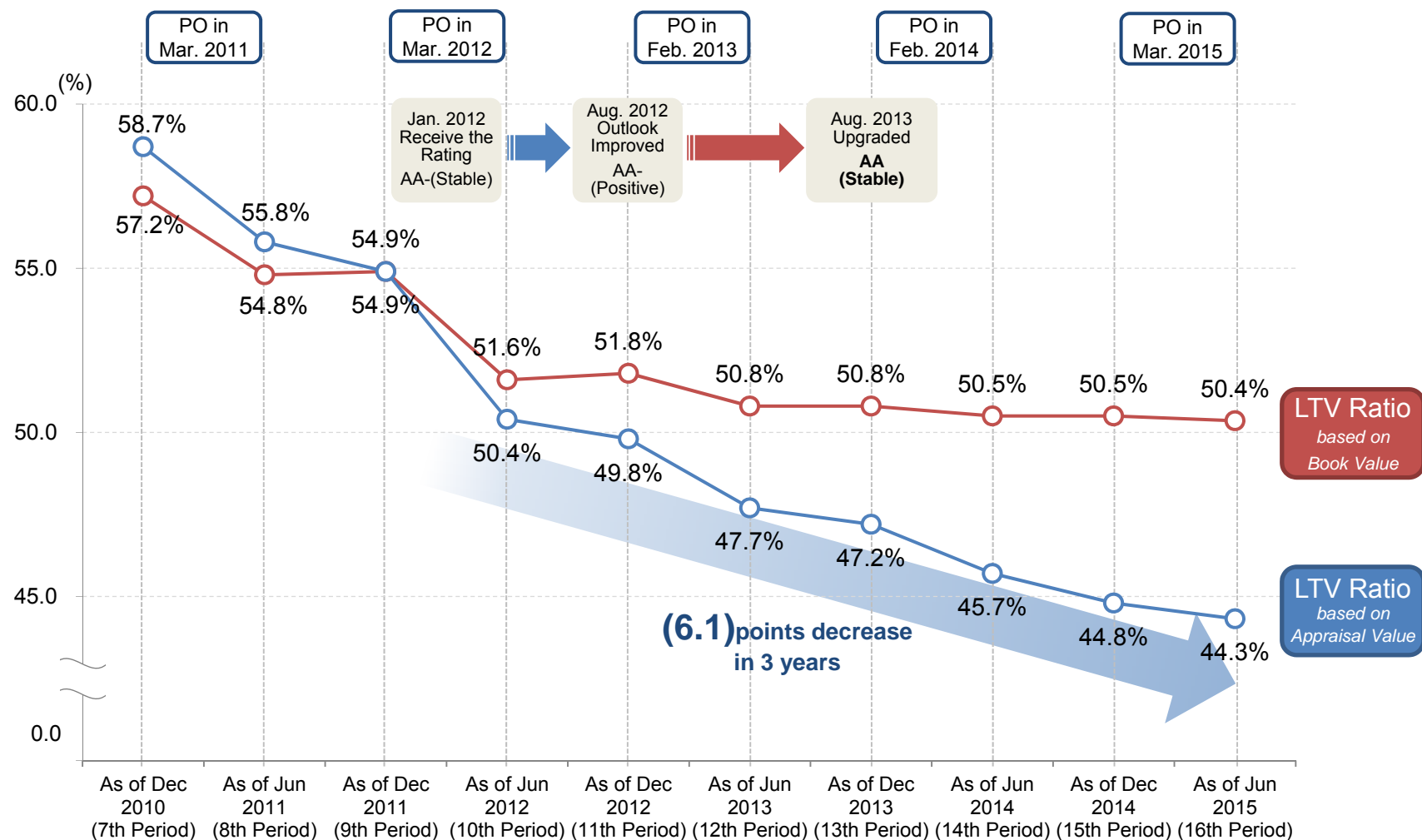


Appropriate LTV control

LTV ratio (based on appraisal value) decreased by 6.1 points in the last three years

■ Increased unrealized gain and lowered appraisal LTV below 45%

Historical LTV

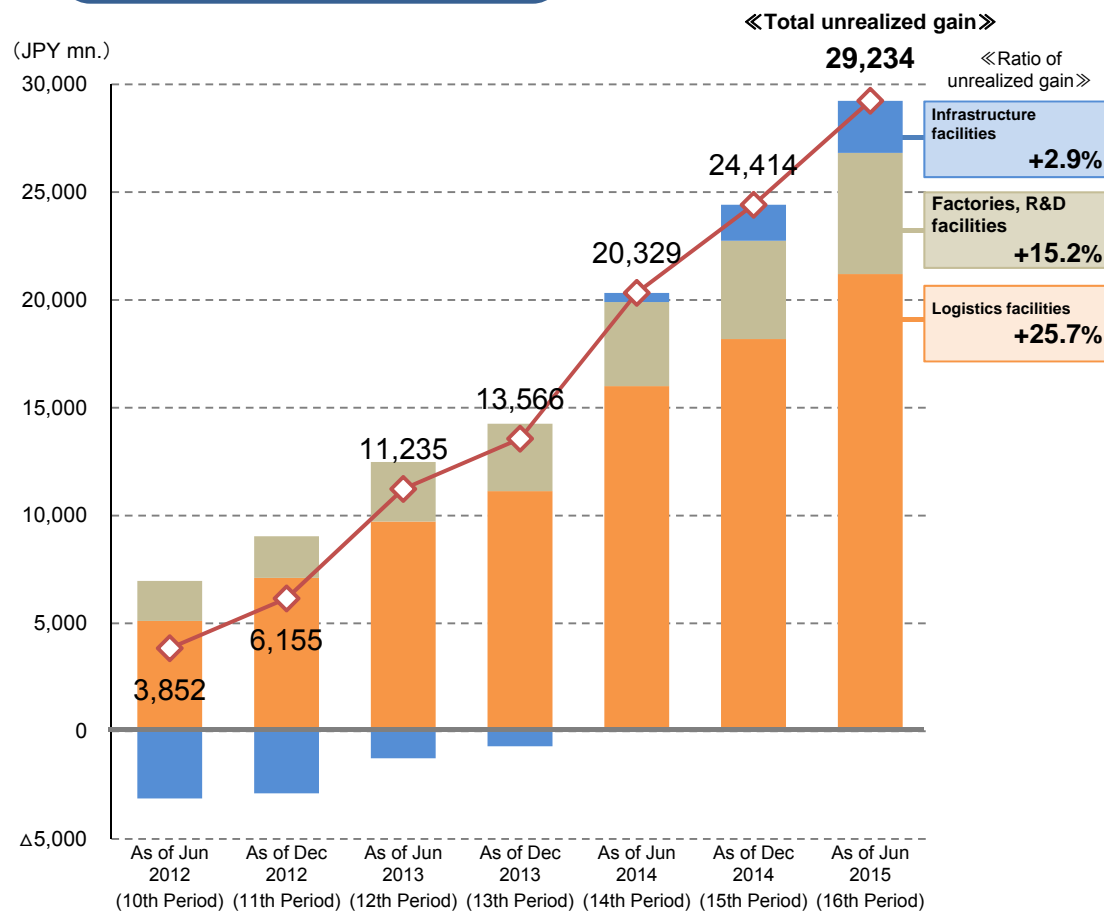


Increasing unrealized gain

Securing a long-term competitive edge by leveraging first-mover advantages

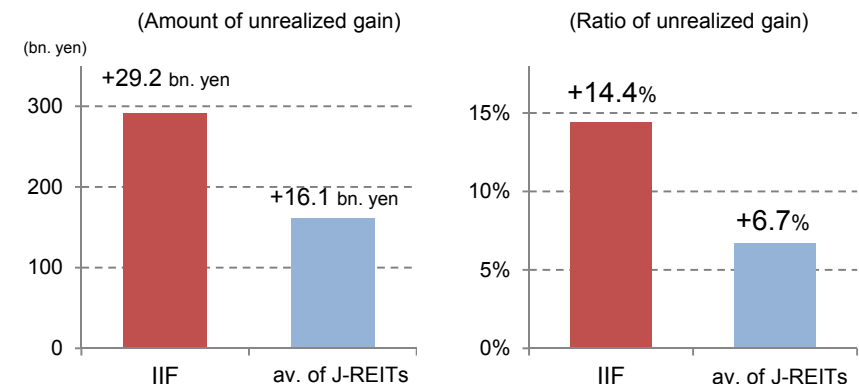
- Sharp increase in unrealized gain of logistics facilities due to improvement of liquidity materializes first-mover advantage.
⇒ Make it easier for IIF to focus on new asset classes.

Unrealized gain by asset category



(Reference) Comparison of unrealized gain between IIF and average of J-REITs

Greater unrealized gain than other J-REITs



Trends of each asset class

A) R&D facilities, data centers

⇒ Markets' liquidity is expected to improve as some competitors enter and the asset class is established.

B) Manufacturing facilities, infrastructure facilities

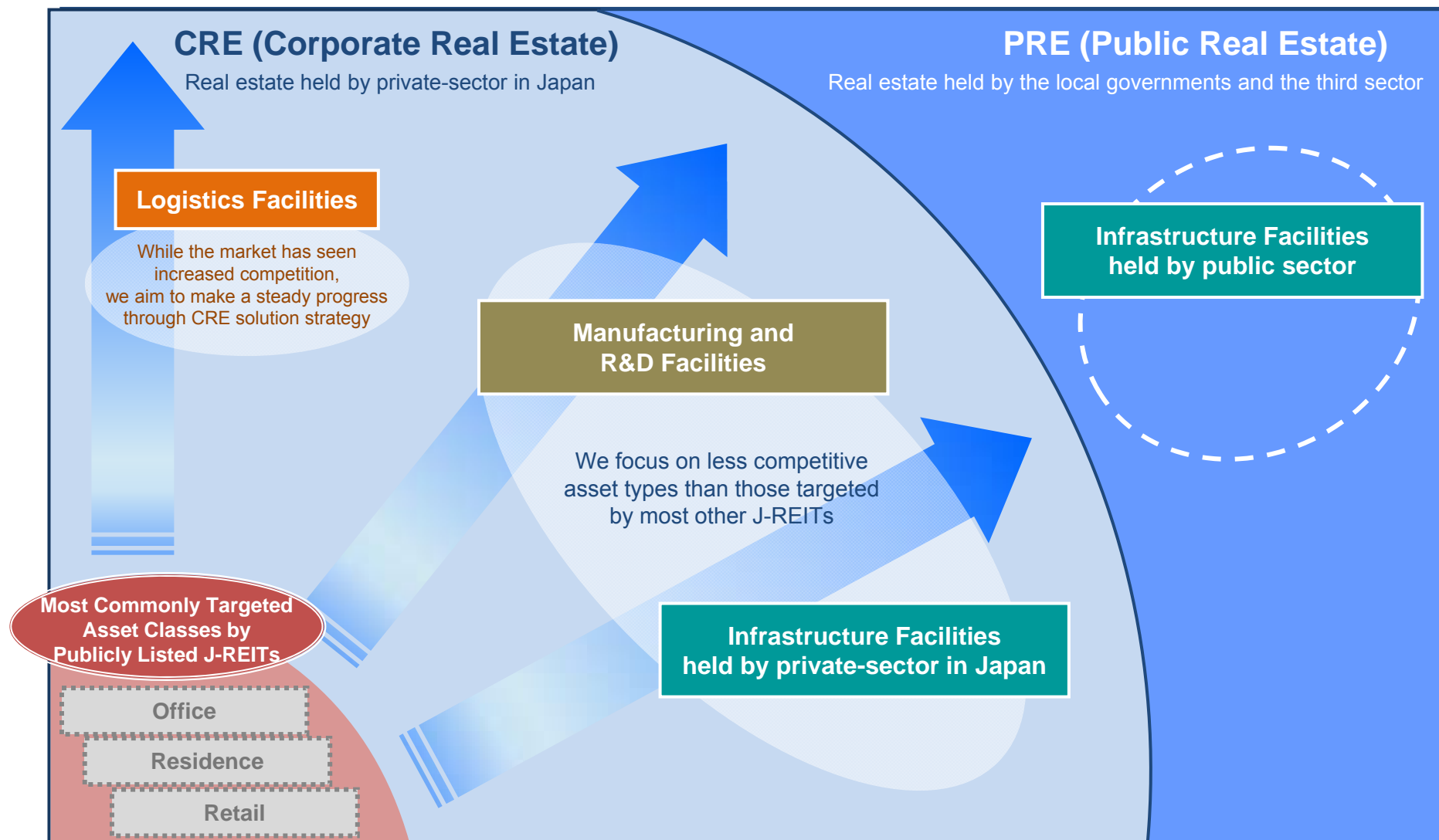
⇒ Aim to acquire properties of this asset class proactively as only a limited number of competitors enter.

3. Our Approach to Current and Upcoming Issues

③ External Growth — “CRE Beyond”

External growth strategy : Investing in less competitive new asset classes

Exploring new asset categories avoiding competitive real estate acquisition markets

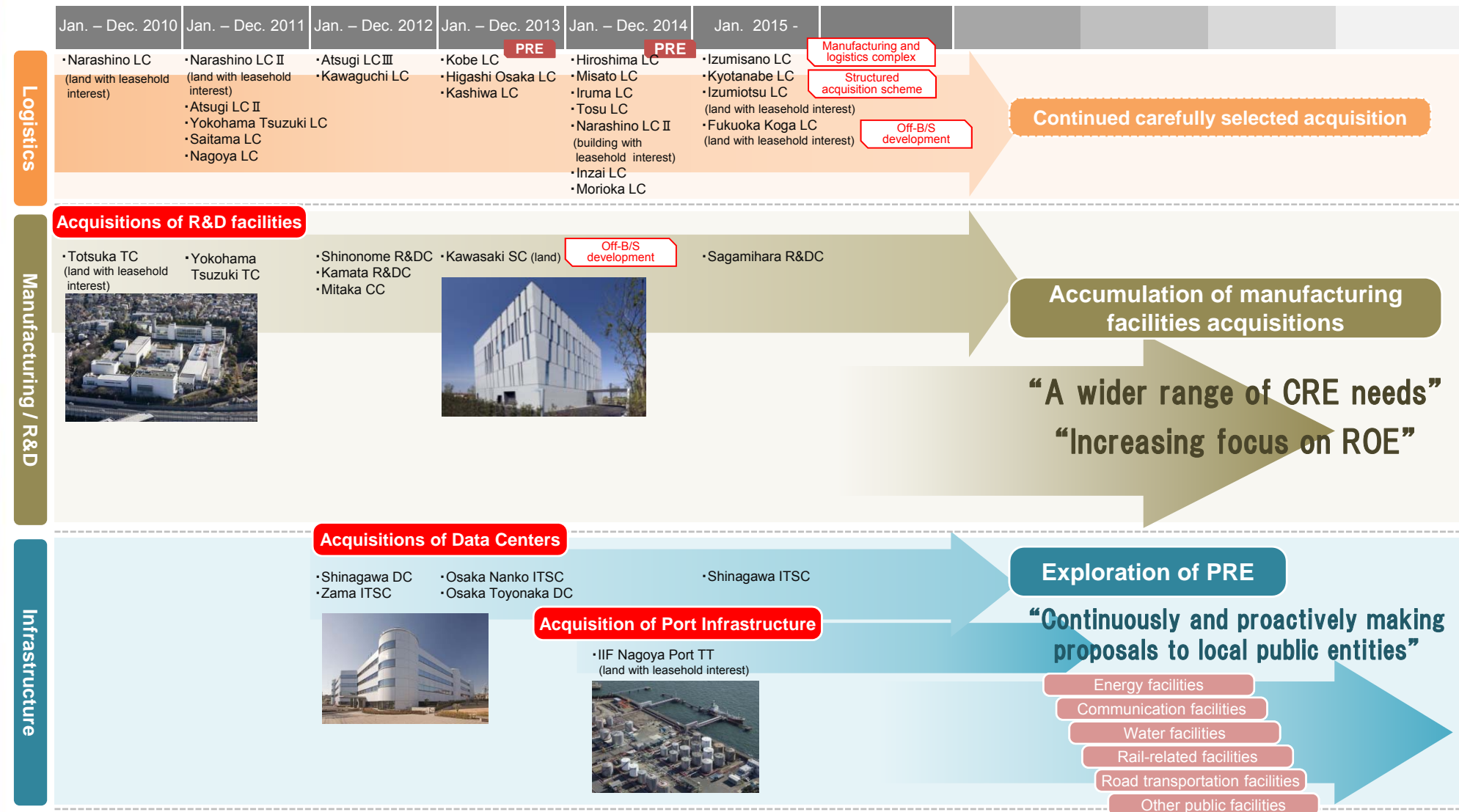


“CRE Strategy” is a term often used to describe the relatively new strategic approach increasingly employed by Japanese corporations of re-evaluating the benefits of owning real estate and managing their real estate needs more efficiently so as to maximize corporate value.

Evolving CRE solution strategy and our next target

Focus on the acquisition of Manufacturing / R&D and Infrastructure facilities

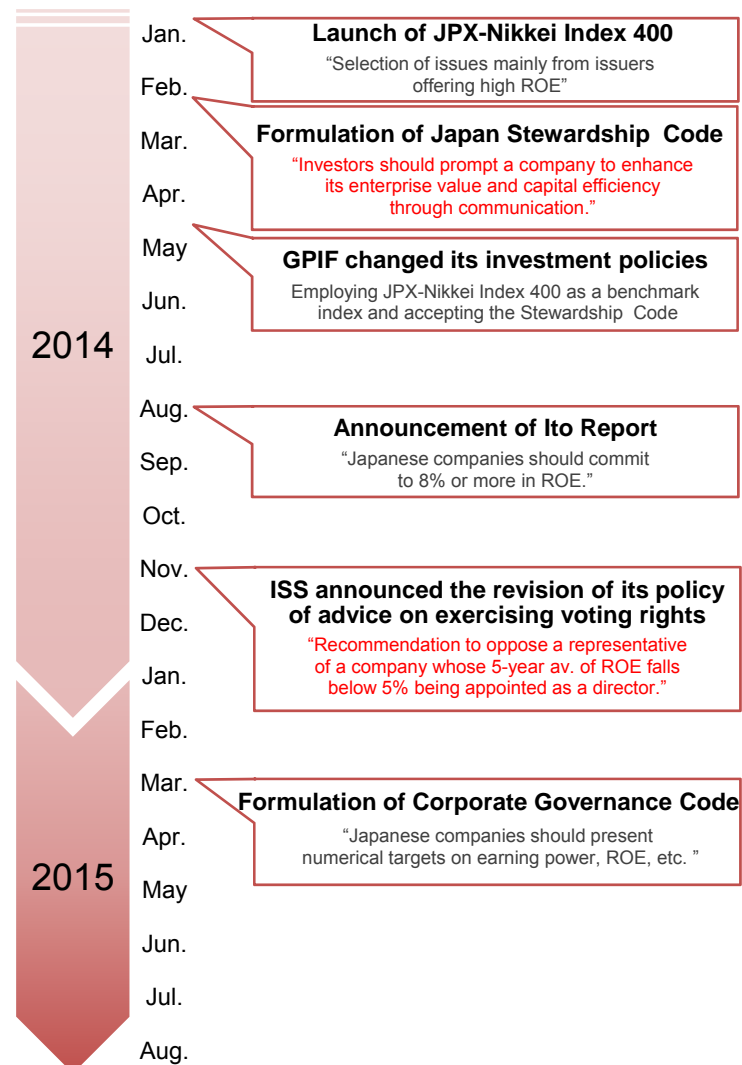
Track record of exploring new asset categories



Increasing trend to put emphasis on ROE

Increasing opportunities of “CRE proposals” as a solution provider

Changes in social background surrounding ROE



Number of investors who accepted the Stewardship Code

Growing awareness of encouraging companies to enhance EV or capital efficiency

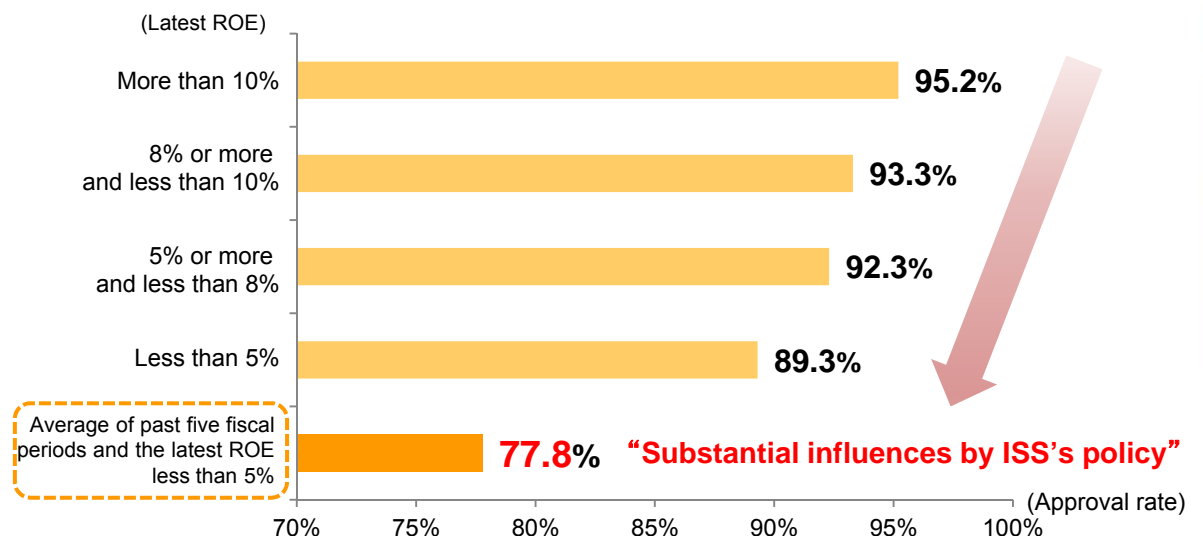
as of the end of May 2014
127 investors

1.5 times

as of the end of May 2015
191 investors

Approval rate of company representatives at shareholders meetings held in March 2015

Increasing pressure on companies through exercised voting rights



Source : Ernst & Young Institute Co., Ltd.

Our approach for further external growth

Aim for further external growth by capturing increasing opportunities

A wider range of CRE needs

P/L Control

Downsizing B/S

Focus on core business

Generating funds for new business

Sale and leaseback

Off-balance sheet development

Continual use after disposition

Reliable long-term partner

Emphasis on ROE

**More opportunities to acquire properties as a result of
“a wider range of CRE needs” and “increasing tendency to emphasize ROE”**

“Increasing acquisition opportunities”

<Properties Under Consideration as of Aug. 18, 2015>

App. 80 properties, about 370 bn. yen

Properties Under Review in Detail

app. 20 projects

(Share by asset category)

Logistics facilities
app. 20%

Manufacturing and R&D facilities
app. 70%

Infrastructure facilities
app. 10%

Accelerated acquisition through unique CRE proposals

Strengths of IIF

Sponsor's expertise and network

Unique “CRE solution-based” acquisition method

Proven track record of acquisition from various industries

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

Operating results for June 2015 (16th) fiscal period

DPU of ¥8,796 and unrealized gain of ¥ 29.2 bn., owing to 3 months' impact of 2015 PO

(JPY MM)

	Dec.2014 (15th Period Actual)	Jun.2015(16th Period Actual)		Period-over-period		Jun.2015 (Original Estimation)	Jun.2015(16th Period Actual)		Difference with estimation	
P/L Main Information	Operation Revenue	6,775	7,357	+581	+8.6%	7,347	7,357	9	0.1 %	
	Operating Expense	3,071	3,320	249	8.1 %	3,363	3,320	(42)	(1.3)%	
	Operating Income	3,704	4,036	+332	+9.0%	3,983	4,036	+52	+1.3%	
	Non-Operating Inco	2	1	(1)	(60.8)%	0	1	+1	+100.0%	
	Non-Operating Exp	906	935	28	3.2 %	941	935	(6)	(0.7)%	
	Ordinary Income	2,800	3,102	+301	+10.8%	3,042	3,102	+60	+2.0%	
	Extraordinary Incom	0	0	0	-	0	0	0	-	
	Net Income	2,799	3,101	+301	+10.8%	3,041	3,101	+60	+2.0%	
	Distributions per Unit (8,455	8,796	+341	+4.0%	8,625	8,796	+171	+2.0%	
Others	Capital Expenditure	356	282(Note 1)	(74)	(20.8)%	357	282	(75)	(21.2)%	
	Repair Expense	58	69(Note 2)	+11	19.5 %	70	69	0	(1.2)%	
	Total	414	351	(62)	(15.1)%	428	351	(76)	(17.9)%	
	Depreciation	996	1,046	+50	+5.1%	1,047	1,046	0	(0.1)%	
	FFO	3,795	4,148	+352	+9.3%	4,088	4,148	+59	+1.4%	
	AFFO	3,439	3,866	+426	+12.4%	3,731	3,866	+134	+3.6%	
	Number of Properties	36	42	+6	-	42	42	0	-	
	Occupancy Rate	98.8%	99.8%	+1.0	-	99.8%	99.8%	0	-	
	Total Book Value	180,996	202,998	+22,001	+12.2%					
	Total Appraisal Value	205,411	232,233	+26,822	+13.1%					
	Unrealized Gain	24,414	29,234	+4,820	+19.7%					
	Total Debt	96,400	108,200	+11,800	+12.2%					
	LTV	50.5%	50.4%	(0.1)	-					
	Total Net Asset	82,001	93,677	+11,675	+14.2%					
	Net Asset per Unit	247,690	265,703	+18,013	+7.3% (Note 3)					

Major Changes (Period over Period)

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

Operating Revenue	+581
✓ Approx. 3 months' contribution from properties acquired at 2015 PO	+ 537
✓ 5 months' contribution from successful lease in Nagoya LC	+ 41
✓ Decrease in receipt of utilities costs	(7)
Operating Expenses	+249
✓ Increase in rent expense	
(approx. 3 months' contribution from properties acquired at 2015 PO)	+ 186
✓ Increase in property-related taxes	
(50% contribution of properties acquired at 2014 PO)	+ 26
✓ Increase in asset management fees through PO	+ 58
✓ Decrease in utilities costs	(16)
Non-Operating Expenses	+ 28
✓ Increase in interest costs due to approx. 3 months contribution of debt at 2015 PO	+ 38
✓ Adjustment of the no. of business days (finance-related)	(11)

Major Changes (Difference with Estimation)

Operating Revenue	+9
✓ Increase in receipt of utilities costs	+8
Operating Expenses	(42)
✓ Decrease in payment of utilities costs	(7)
✓ Decrease in taxes and public charges	
(50% contribution; revaluation on base year)	(18)
✓ Decrease in other operating expenses	
(advertising expenses, etc.)	(12)
Non-Operating Expenses	(6)
✓ Decrease in interest costs of debt at 2015 PO	
(for about 3 months)	(5)

(Note 1) Shinonome LC: 37 mn. yen for replacement of lighting facilities with LED lights; Nagoya LC: facility renovation 27 mn. yen; Koshigaya LC: elevator renewal 25 mn. yen; Higashiosaka LC: 22 mn. yen for replacement of lighting facilities with LED lights

(Note 2) Shinagawa ITSC: emergency generator maintenance 3 mn. yen; Atsugi LC III: asphalt-paving repair 3 mn. yen; Nagoya LC: battery exchange for emergency lights 3 mn. yen; Osaka Toyonaka DC: electric anticorrosion for water tanks 3 mn. yen

(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.

Earnings forecast for December 2015 (17th) fiscal period

DPU is expected to increase for 10 consecutive periods

(JPY MM)									
		Jun.2015 (15th Period Actual)	Dec.2015 (17th Period Estimated)			Dec.2015 (Estimation)	Dec.2015 (17th Period Estimated)		
				Period-over-period				Difference with original estimation	
P/L Main Information	Operation Revenue	7,357	7,849	+492	+6.7%	7,817	7,849	+32	+0.4%
	Operating Expense	3,320	3,601	281	8.5 %	3,606	3,601	(4)	(0.1)%
	Operating Income	4,036	4,248	+211	+5.2%	4,211	4,248	+36	+0.9%
	Non-Operating Inco	1	2	0	+93.6%	0	2	2	100.0 %
	Non-Operating Exp	935	992	57	6.1 %	988	992	4	0.5 %
	Ordinary Income	3,102	3,257	+155	+5.0%	3,223	3,257	+34	+1.1%
	Extraordinary Incom	0	0	0	-	0	0	0	-
	Net Income	3,101	3,256	+155	+5.0%	3,222	3,256	+34	+1.1%
	Distributions per Unit (y	8,796	9,236	+440	+5.0%	9,139	9,236	+97	+1.1%
Others	Capital Expenditure	282	356 (Note 1)	+74	+26.4%	389	356	(33)	(8.5)%
	Repair Expense	69	67 (Note 2)	(1)	(2.8)%	70	67	(3)	(4.4)%
	Total	351	424	+72	+20.6%	460	424	(36)	(7.9)%
	Depreciation	1,046	1,076	+29	+2.8%	1,077	1,076	0	(0.1)%
	FFO	4,148	4,332	+184	+4.4%	4,299	4,332	+33	+0.8%
	AFFO	3,866	3,976	+110	2.9 %	3,909	3,976	+66	1.7 %
	Number of Properties	42	42	0	-	42	42	0	-
	Occupancy Rate	99.8%	99.8%	0	-	99.8%	99.8%	0	-

Major changes (compared to 16th period)

(Period ending Dec. 2015 vs. Period ended June 2015) (¥ mn.)

Operating Revenue + 492

- ✓ Full contribution from properties acquired at 2015 PO +463
- ✓ Full contribution of increase in earnings due to successful lease of Nagoya LC +8
- ✓ Increase in receipt of utilities costs +10

Operating Expenses + 281

- ✓ Increase in rent expenses +165
- (full contribution from properties acquired at 2015 PO)
- ✓ Increase in property-related taxes +26
- (full contribution of properties acquired at 2014 PO)
- ✓ Full contribution of increase in asset management fees due to PO +13
- ✓ Increase in utilities costs +39
- ✓ Increase in other operating expenses (advertising expenses, etc.) +14

Non-Operating Expenses + 57

- ✓ Increase in interest costs of additional measures and debt at 2015 PO (full contribution) +49
- ✓ Adjustment of the no. of business days (finance-related) +11

Major changes (difference from budget)

(Period ending Dec. 2015 vs. Period ended June 2015) (¥ mn.)

Operating Revenue +32

- ✓ Increase in receipt of utilities costs +17
- ✓ Facility fees of Sagamihara RD (expenses offset against revenues) +11

Operating Expenses (4)

- ✓ Facility fees of Sagamihara RD (expenses offset against revenues) +11
- ✓ Increase in payment of utilities costs +7
- ✓ Decrease in taxes and public charges (full contribution; revaluation on base year) (28)

Non-Operating Expenses + 4

- ✓ Increase in interest costs of additional measures and debt at 2015 PO (full contribution) +9
- ✓ Decrease in issue expenses of 2015 PO (full contribution) (3)

(Note 1) Haneda MC: 37 mn. yen for replacement of lighting facilities with LED lights; Shinagawa DC: VCB renewal 28 mn. yen; Osaka Toyonaka DC: DC-section air-conditioner renewal (2 units) 21 mn. yen; Haneda MC: facility renovation excluding kitchen 20 mn. yen

(Note 2) Shinagawa DC: cleaning of heat storage tank for freezer 6 mn. yen; Mitaka CC: top light for roof-atrium renovation 4 mn. yen; Kobe LC: passenger EV maintenance 2 mn. yen; Osaka Toyonaka DC: sprinkler repair 1 mn. yen

5. 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 the 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 chairperson, 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 the 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 the 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 awarded the “Green Star” by the GRESB for two consecutive years, the highest ranking of four categories in the GRESB environmental responsiveness survey conducted in 2014.



GRESB

The GRESB (Global Real Estate Sustainability Benchmark) is a 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 ★★★



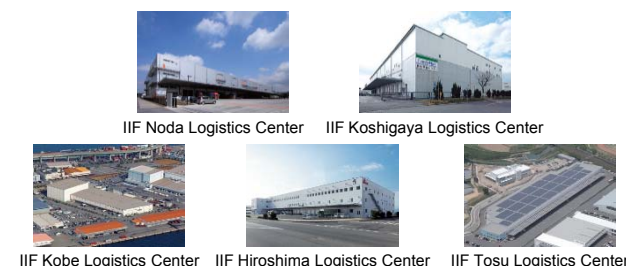
IIF Hiroshima Logistics Center

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. The 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, a total of five facilities including the above two facilities were awarded this certification (four stars).



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 the 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.

The BEI evaluation result of IIF Hiroshima Logistics Center was 0.55, which is worth four stars in the 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 the numerical valuation is 1 or less, it means the criteria of the energy conservation performance have been achieved.

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)