



Investor Presentation for the December 2015 (17th) Period



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1. Executive Summary

Executive summary

Achieving 8.6% DPU growth by new acquisitions and internal growth. Take actions against Shinonome R&DC

New property acquisition

Steadily proceeding with pioneering new asset categories

- Acquisition of 3 new properties and assurance of a preferential negotiation right for 1 property

- Total acquisition price of JPY 7,900 m



Existing portfolio

While internal growth is proceeding, take actions against tenant leave

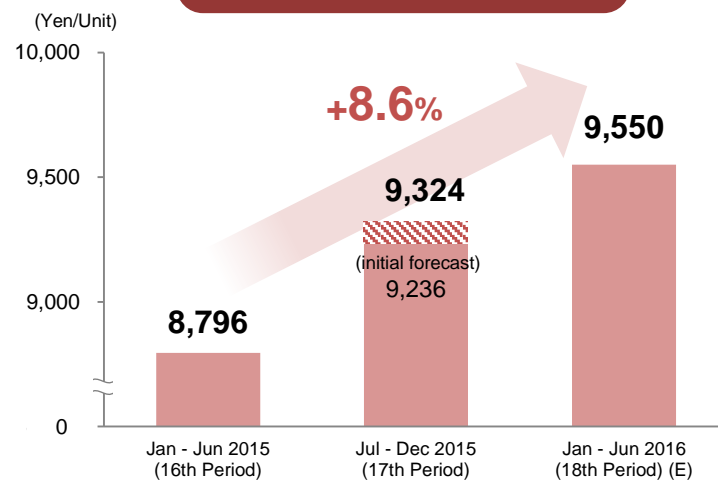
- Nishinomiya LC extension project
- Rent increase/revision at Haneda MC
- Received a notice of lease cancellation from the major tenant at the Shinonome R&DC Center

Financial strategy

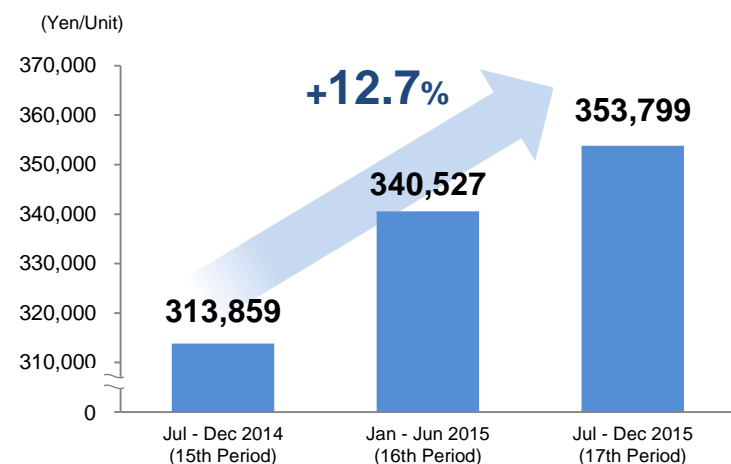
Maintained stable financial status

- Maintain financial stability through ALM strategy
- Enhance stability through further increase in unrealized gains
- Unrealized gains; JPY 29.2 bn. → JPY 33.9 bn.
- Ratio of unrealized gains; 14.4% → 16.7%
- Market value LTV; 44.3% → 43.3%

DPU Growth

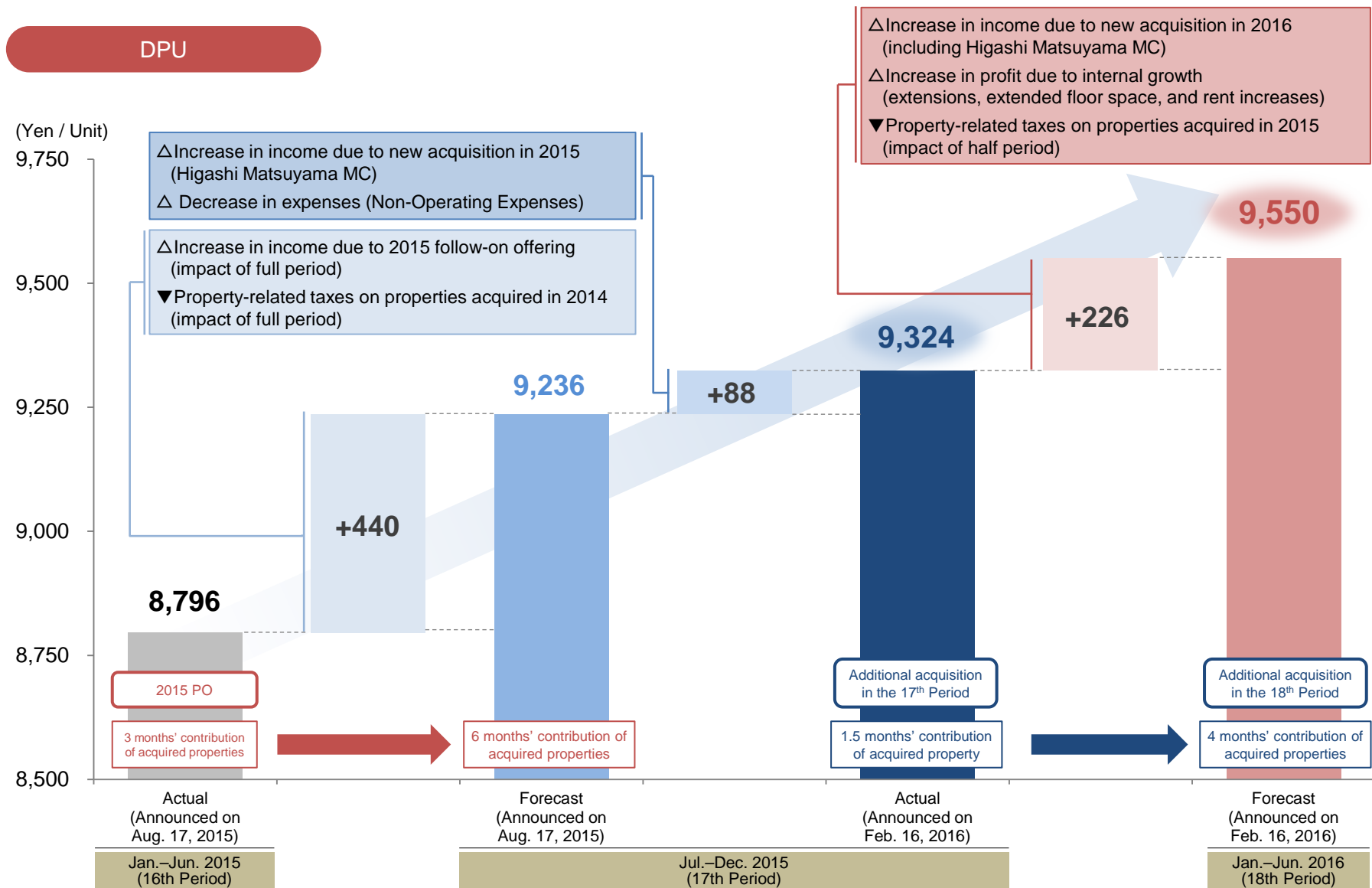


NAV per unit Growth



DPU for the Dec. 2015 Period(actual) and the Jun. 2016 Period(forecast)

Achieve continuous DPU growth through steady internal growth and flexible new acquisitions



Our focus on actions to be taken

Back to further growth track by taking actions for Shinonome R&DC and expanding future pipeline

Actions for IIF Shinonome R&D Center

Pursue to resolve the issue quickly through various options



IIF Shinonome R&DC

Option1: Leasing to a new tenant

Promote leases by leveraging the property's characteristics and favorable market conditions

Option2: Asset replacement

Consider in parallel a backup option

Expansion of acquisition pipeline

Pursue to pioneer new categories through CRE strategy leveraging our acquisition track record

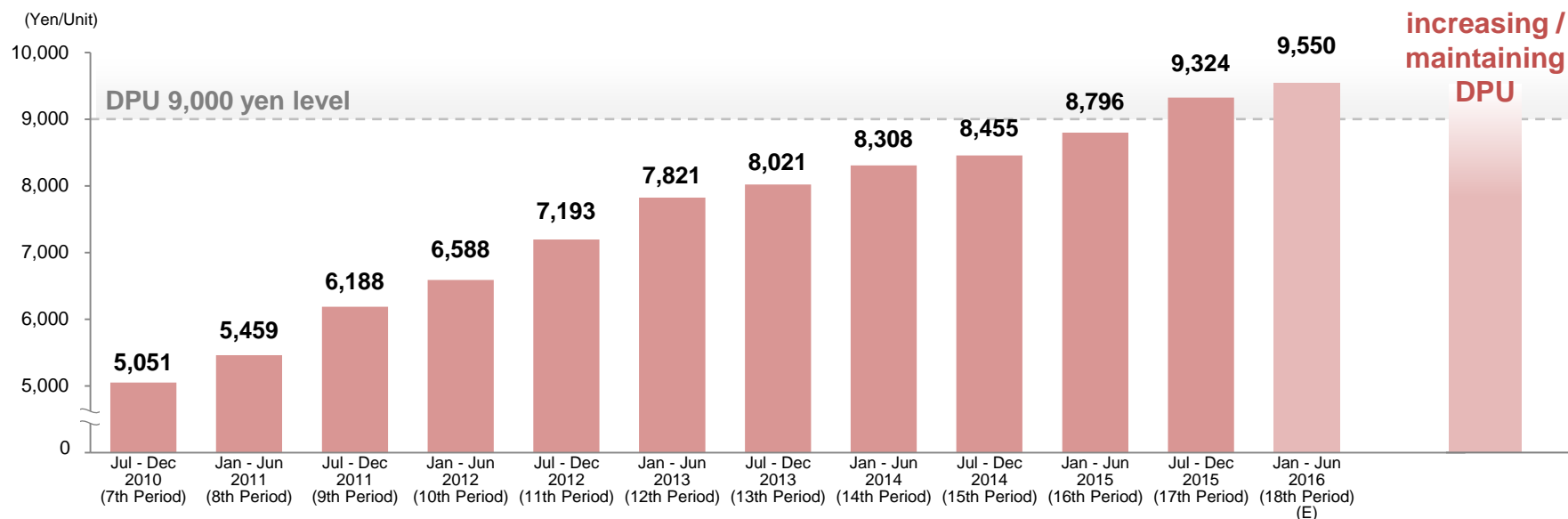


IIF Kakegawa MC
(land with leasehold interest)

First acquisition of manufacturing facilities in the history of JREIT

Strive to gain first-mover advantage by focusing on less competitive new asset categories

DPU track record



2. Details regarding IIF Shinonome R&D Center

IIF Shinonome R&D Center: Next actions

Start taking actions to mitigate negative impact of a lease cancellation

Summary of IIF Shinonome R&D Center



Property name	IIF Shinonome R&D Center
Location	1-14-5, Shinonome, Koto-Ward, Tokyo
Land area	10,735.60m ²
Construction date	March 31, 1989
Building area	21,903.15m ²
Structure/stories	6-story, steel-framed reinforced concrete building with steel flat roof and one basement floor
Type of building	Office, parking lots

Summary of the lease contract to be cancelled

Tenant Name	Nihon Unisys, Ltd.
Lease Contract	Old type lease contract
Leased Area	17,045.30m ²
Rent / Security Deposit	Not disclosed (Note)
Scheduled Date of Cancellation	September 30, 2016

(Note) Tenant approval for disclosure was not granted

Options to consider

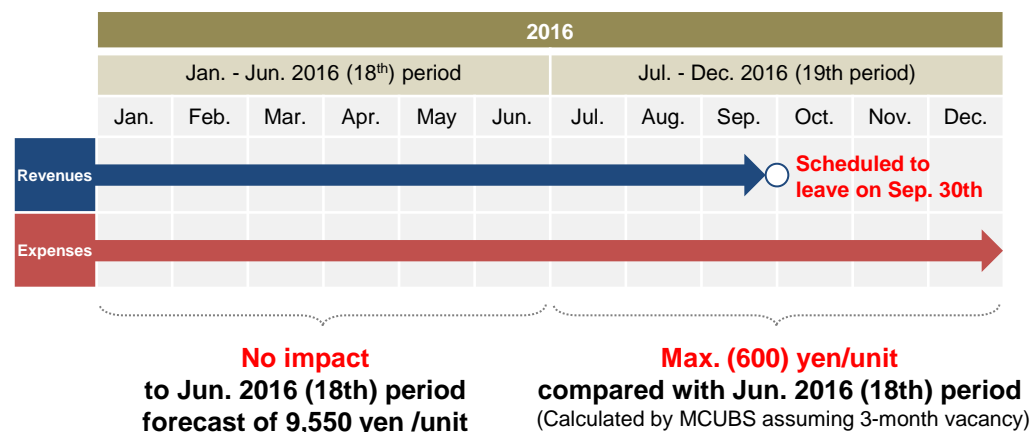
Option1 : Leasing to a new tenant

- ✓ Assume leasing-up by single tenant to take advantage of the characteristics of the facility, not limiting to use for R&D purposes

Option2 : Asset replacement

- ✓ Consider in parallel as an backup option

Simulation of impact on DPU



To avoid negative impact on DPU, manage the time frame of action

IIF Shinonome R&D Center: Characteristics and market environment

Tenant demand looks promising, but should take lease-up period into account

Characteristics of IIF Shinonome R&D Center

<Location>



- ✓ Toyosu/Shinonome area is surrounded by sizable buildings (within 4.5 km straight-line distance from Tokyo Station)
- ✓ Appealing location not only for R&D purposes but also for back office functions of corporations with headquarters

<Building>

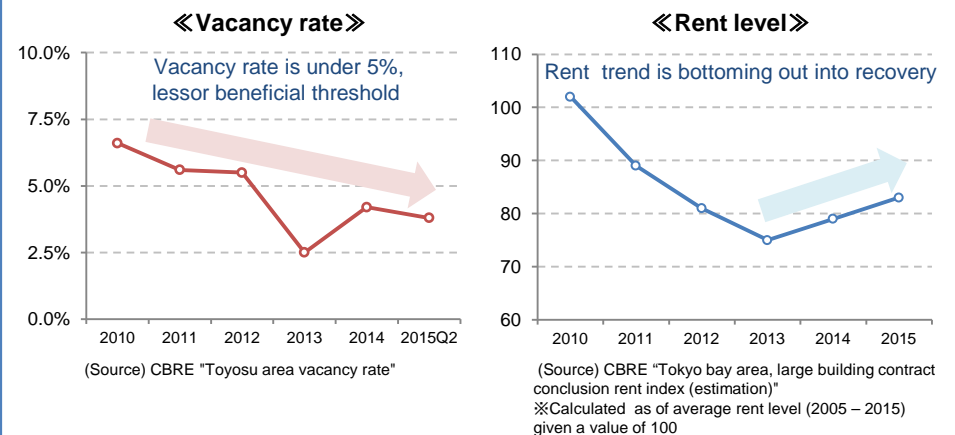


- ✓ Large scale building with 17,045.30 sqm of aggregate exclusive area
- ✓ High spec as intelligent building equipped with independent air conditioning, 2.6m ceiling height and multi-layered security systems

Market environment of surrounding area

Real-estate rental market

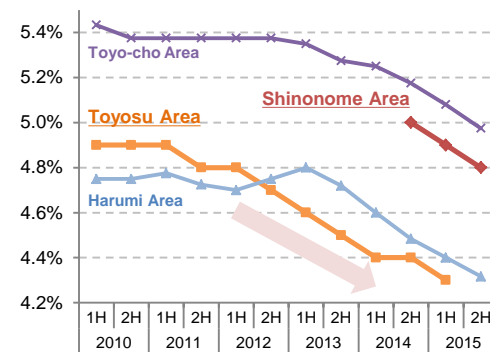
➤ Recovering rental market



Real-estate transaction market

«Average cap rate in appraisal reports»

(Note)



(Note) Calculated by MCUBS based on information from ARES J-REIT Property Database

➤ Downward trend in cap rate of surrounding area, below 5%

(Reference)
Property information as of Dec. 2015

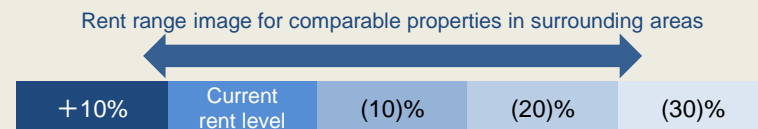
- Appraisal value JPY 12.1 bn.
(Net income JPY 644 mn., Cap rate 5.3%)
- ※Based on direct capitalization method
- Book value JPY 9.0 bn.
(Actual NOI JPY 680 mn., NOI yield 7.5%)

IIF Shinonome R&D Center: Effect on DPU for each of the options

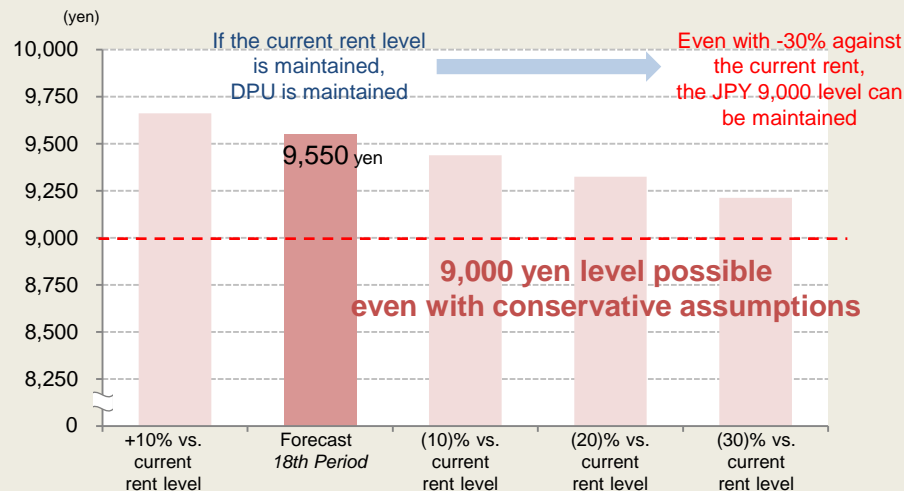
Minimize downtime by considering both lease-up and asset replacement

Option 1 : Leasing to a new tenant

- ✓ Lease-up by taking advantage of its high specs and favorable market conditions
- ✓ Higher priority, but act with timeline in consideration

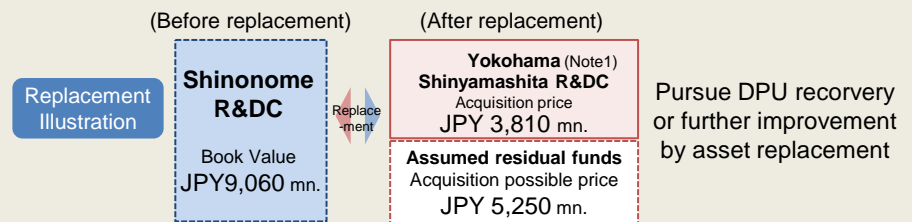


(Reference) Impact on DPU (Calculated by MCUBS)^(note 2)

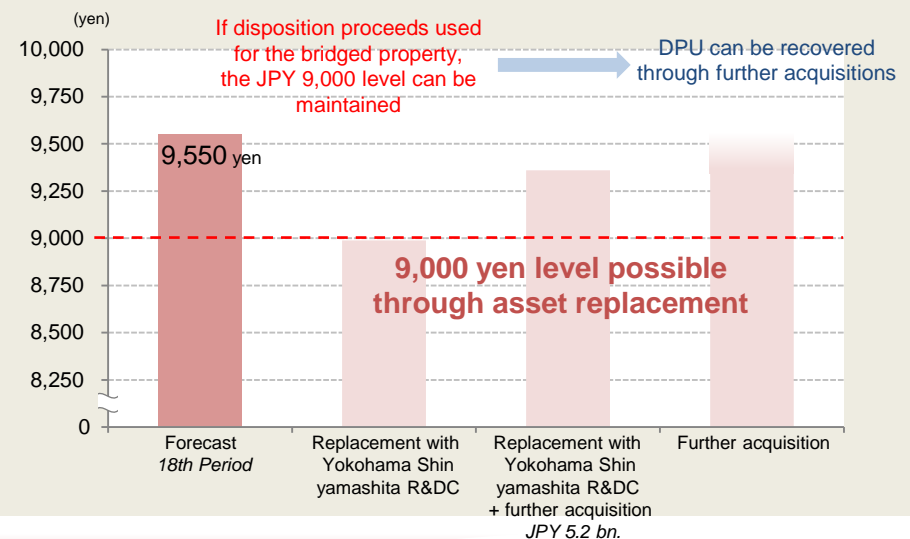


Option 2 : Asset replacement

- ✓ Consider in parallel as an backup option



(Reference) Impact on DPU (Calculated by MCUBS)^(Note 2)



Resolve the IIF Shinonome R&D Center issue and return to further growth track

(Note1) IIF concluded an ownership contract regarding 0.3% co-ownership interest (11,430K yen) of the property, and has been given preferential purchase right to acquisition of remaining 99.7% interest.

(Note2) Impact on DPU (Calculated by MCUBS) : Calculated that the impact from the action against Shinonome R&DC is considered to be reflected in the disclosed 18th period DPU forecast.

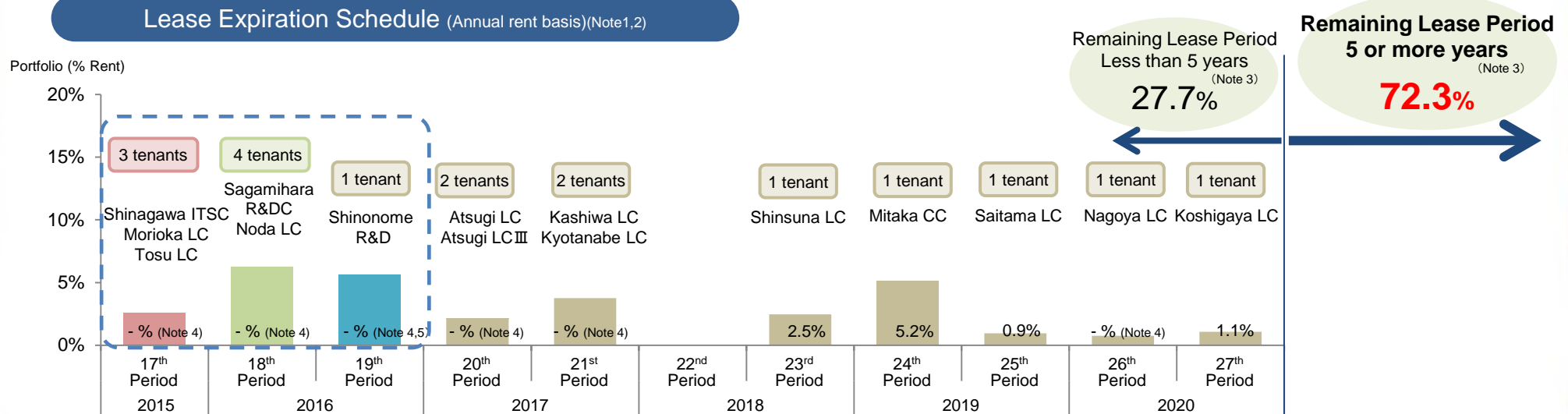
These calculations are based on certain assumptions; they do not represent the future DPU of IIF. Also, there are no guarantee that these actions would be realized in the future. Actual results may vary due to factors other than the ones mentioned above.

3. Current Status of Operations and Initiatives Going Forward

① Existing Portfolio Management - "3C Management"

Measures regarding lease contract expirations

Establish a long-term stable revenue base through careful actions toward lease expirations



Management Strategy for Tenant Leases Expiring in the Dec.2015(17th) and Jun.2016(18th) Periods

	Lease Expiry	Property Name	Tenant	Portfolio (% Rent)	Achievements / Action Plans
Period ended Dec. 2015 (17 th Period)	Aug. 31, 2015	IIF Shinagawa ITSC	IT subsidiary of domestic telecom major	- % (Note 4)	Tenant prefers continuous usage. Contract automatically renewed 2 years. Renewed (automatically)
	Oct. 20, 2015	IIF Morioka LC	New NIPPON ACCESS Old Kao System Logistics	- % (Note 4)	Changed 3PL operator by shipper's request. Signed the lease contract without downtime. “Extend lease-term from 3 to 7 years” “Maintain equal rent level” Signed
	Sep. 30, 2015	IIF Tosu LC	Sagawa Express	- % (Note 4)	Tenant prefers continuous usage. Contract automatically renewed 2 years. Renewed (automatically)
Period ending June. 2016 (18 th Period)	Mar. 31, 2016	IIF Sagamihara R&DC	Micron Memory Japan	- % (Note 4)	Tenant prefers continuous usage. Contract automatically renewed 1 years. Renewed (automatically)
	Apr. 30, 2016	IIF Noda LC	New Mitsubishi Electric Logistics Corporation Old Japan Logistic Systems Corp. Mitsubishi Corporation LT, Inc.	- % (Note 4)	Signed leasing agreements with existing and new tenants at suitable rent level. “No vacancy period” “Enhance profitability” “Secure stable revenue (5-year fixed)” Signed
Period ending Dec. 2016 (19 th Period)	Sep. 30, 2016	IIF Shinonome R&DC	Nihon Unisys, Ltd.	- % (Note 4)	To avoid negative impact on DPU, manage the time frame of action.

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

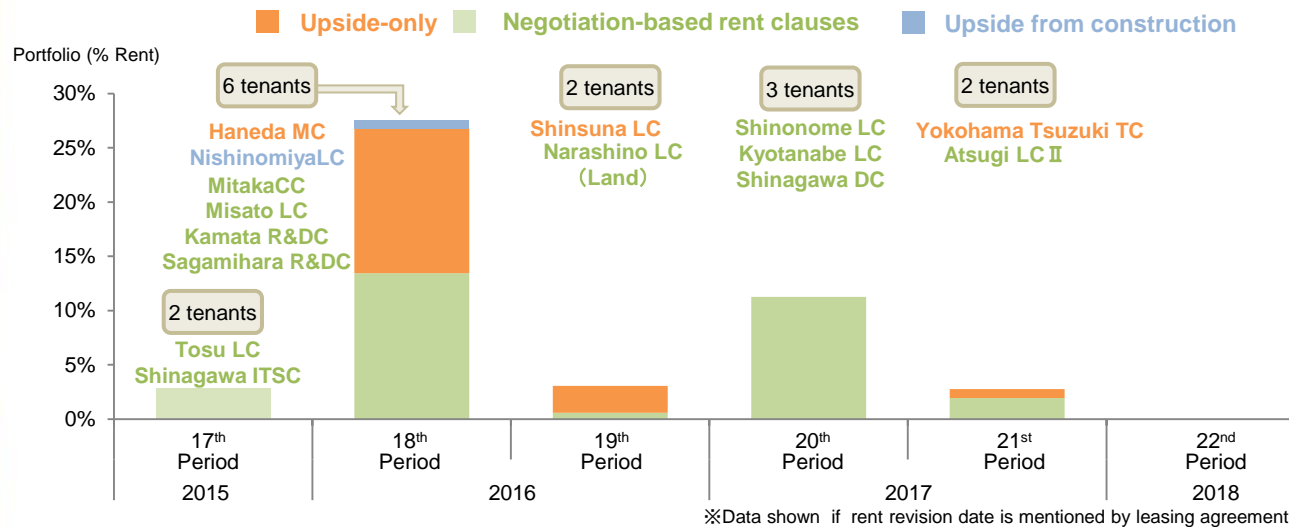
(Note 4) Tenants have not agreed to the disclosure of the information

(Note 5) We received the cancellation notice on 18 Jan. 2016 from Nihon Unisys

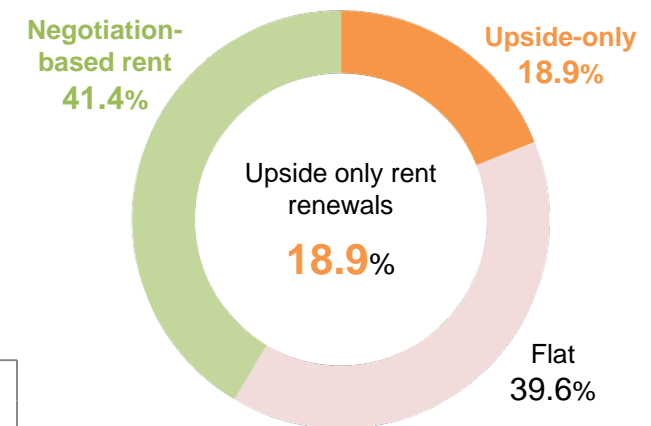
Status of rent revisions

Seize opportunities to renew rent to achieve stability as well as profitability

Rent Revision Schedule (annual rent based)^(Note 1)



«Rent Revision»



Upside-only rent revision schedule and its impact on distributions

	Rent Revision Date	Property Name	Tenant Name	Terms of Rent Revision	Annual Rent Increase Impact on distributions (Note 2)
Period ending Jun.2016 (18th Period)	Jan. 1, 2016	Haneda MC	Japan Airlines Co., Ltd.	From 2016/1/1 to 2020/12/31 increase by approx. 2% (Ref.) From 2021/1/1 increase by approx. 3%	¥38,934 thousand DPU +¥55/period Increased
Period ending Jun.2016 (18th Period)	May, 2016	Nishinomiya LC	Suzuyo Co., Ltd	Rent calculated based on contract amount of construction and fixed profit of extended buildings	¥21,810 thousand (Note 3) DPU +¥61/period
Period ending Dec.2016 (19th 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 (21st 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

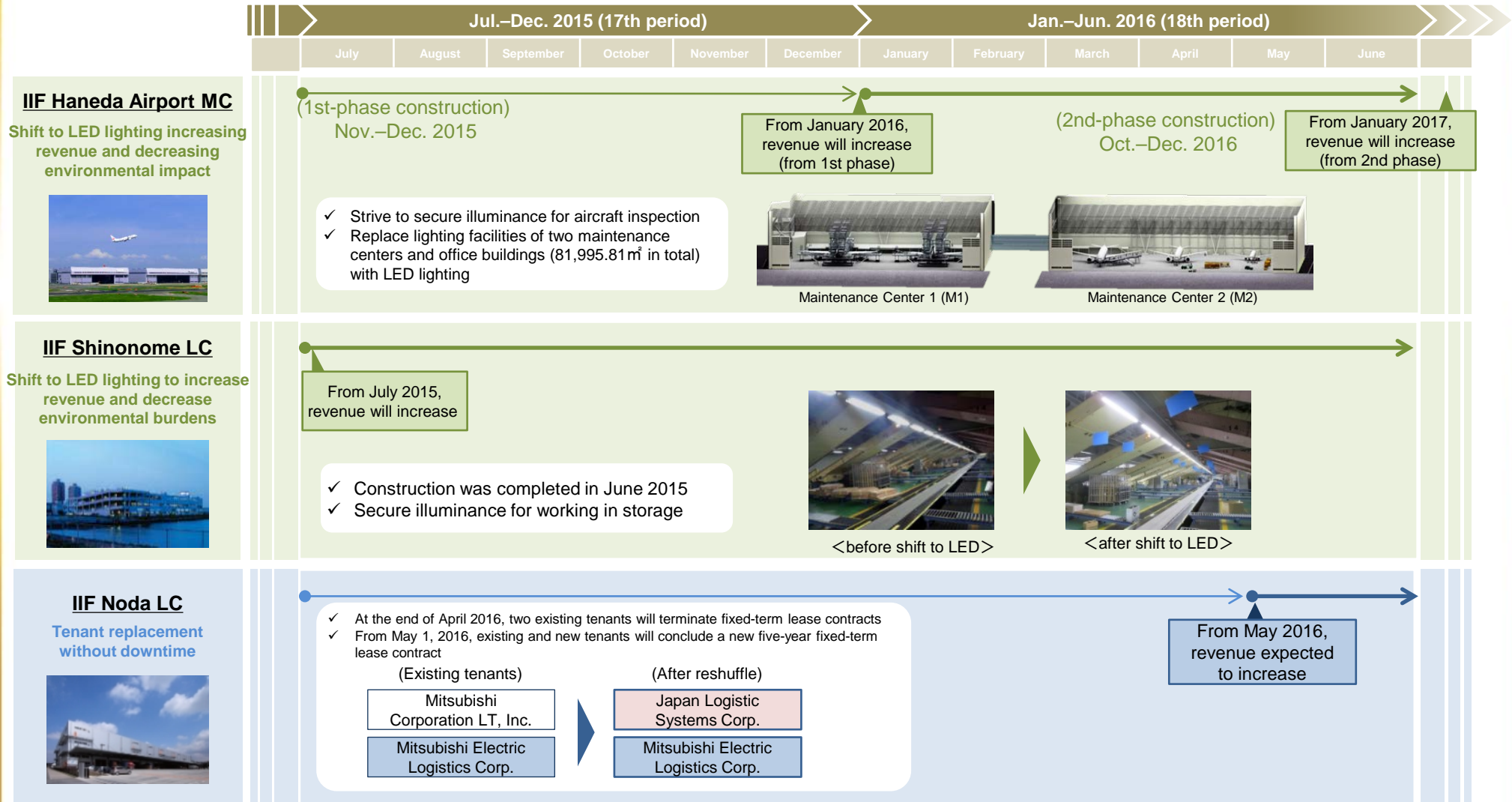
(Note 2) Impact on distributions is calculated assuming of outstanding shares of 352,564 units and is rounded down to a nearest unit

(Note 3) Estimated profit after depreciation and amortization including JPY 861 mn. of estimated contract amount for extended buildings construction

3C Management: Progress in internal growth

Steadily executed internal growth projects contributing to profit since 17th/18th period

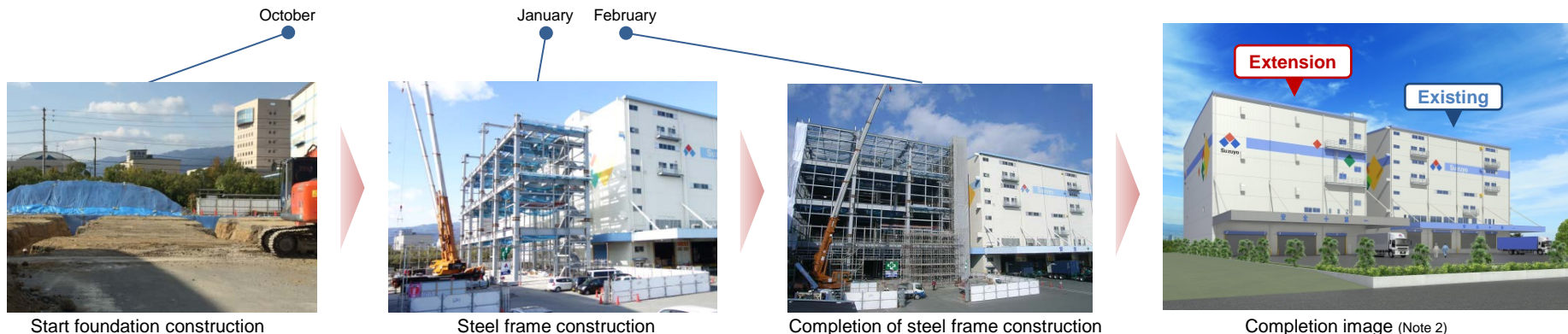
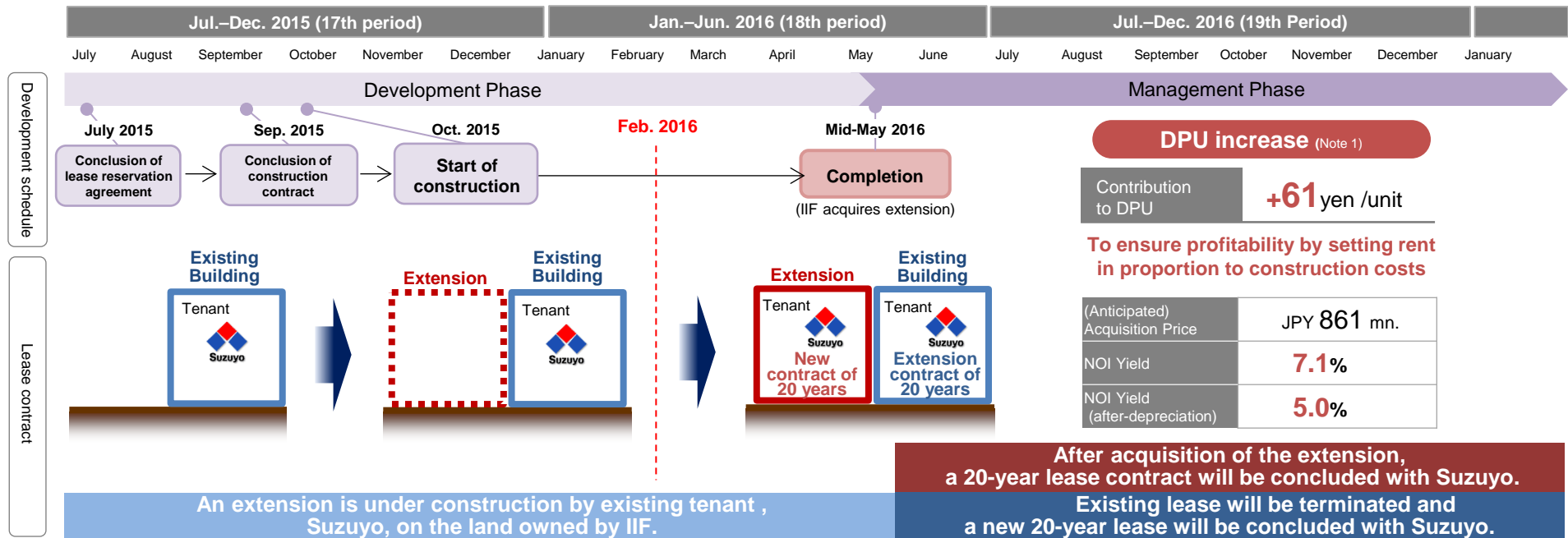
Progress of internal growth projects based on 3C Management and their effects



3C Management: IIF Nishinomiya Logistics Center extension project

IIF's first extension project proceeding on schedule toward the acquisition in May 2016

Expected schedule and scheme chart



(Note 1) The impact on distribution per unit for a fiscal period (six months), the NOI yield, and the NOI yield after depreciation are based on the assumption of 352,564 outstanding units and an anticipated acquisition price of JPY861 mn.
 (Note 2) This is a conceptual image of completion, which may differ in some aspects from the actual building.

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3. Current Status of Operations and Initiatives Going Forward

② Financial Strategy - "ALM"

Stable and long-term financial base

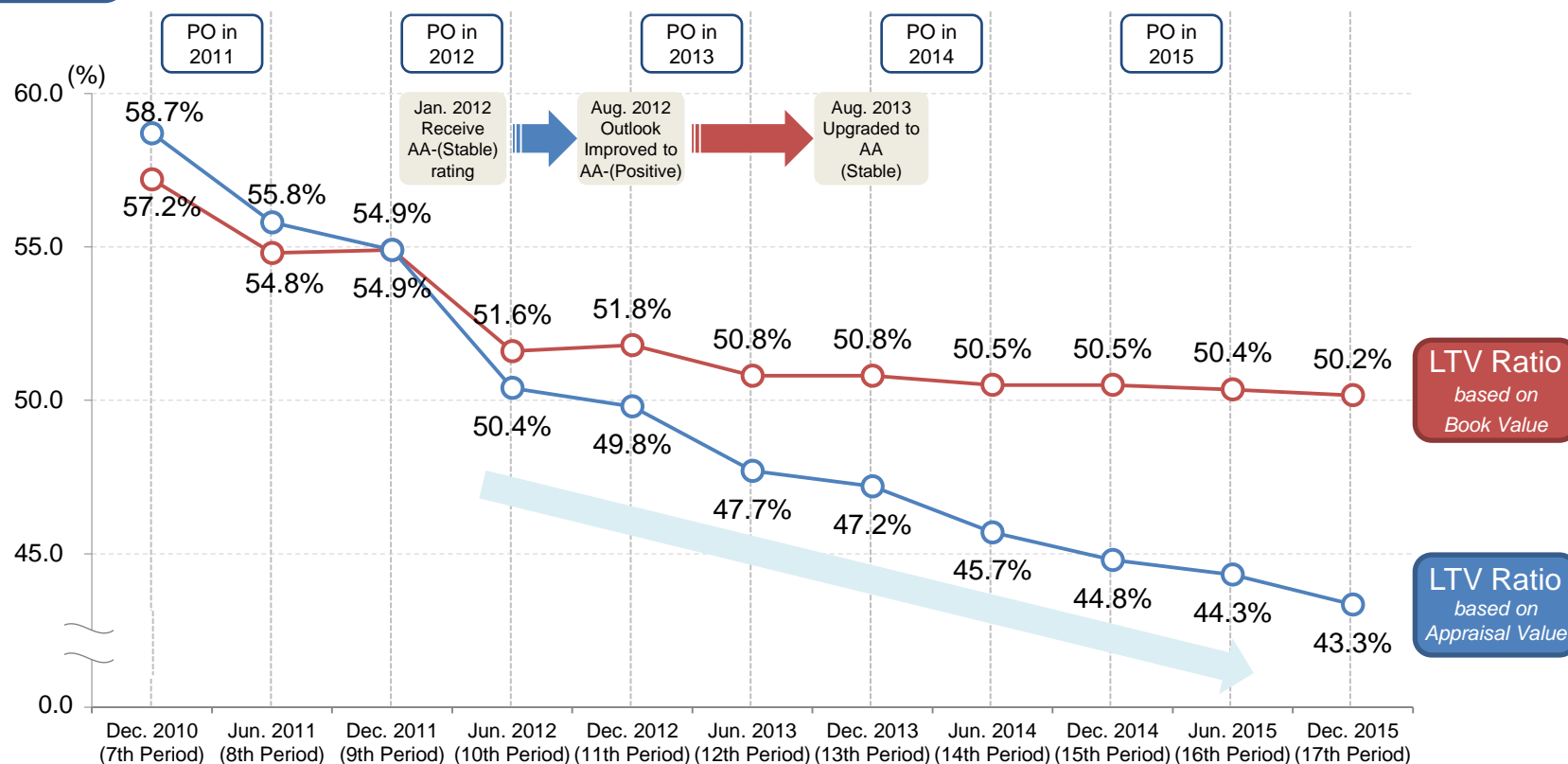
Maintaining long-term financial stability to secure flexibility of financial strategy

Maintain a long-term stable financial structure

Key indices as of the end of Dec. 2015(17th) Period

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

Historical LTV

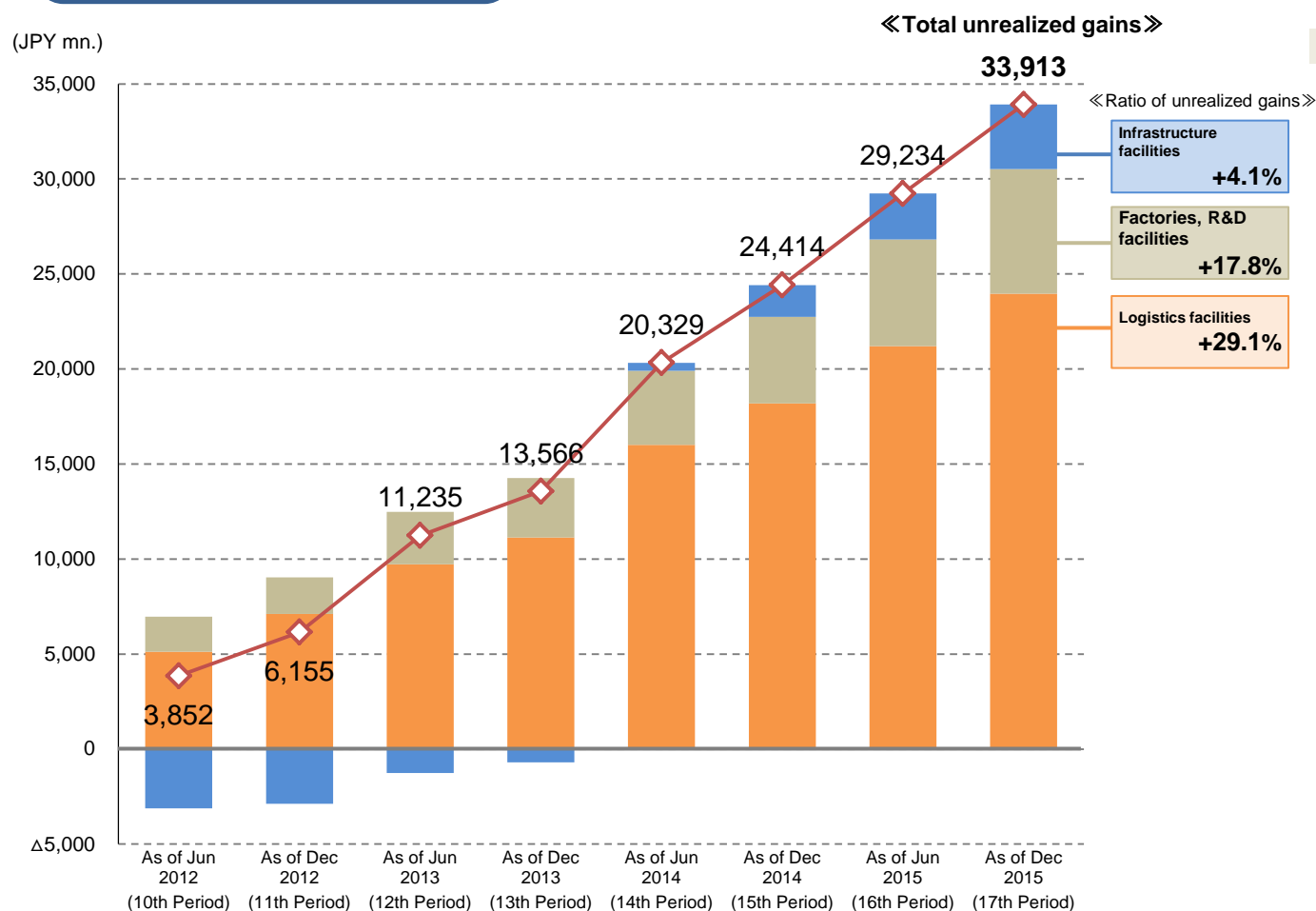


Unrealized gains continuously grows

Unrealized gains increase further to a total of JPY 33.9bn. (ratio of unrealized gains: +16.7%)

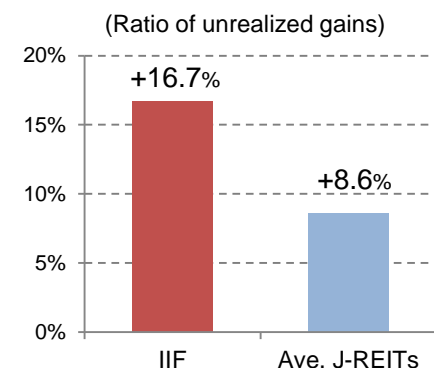
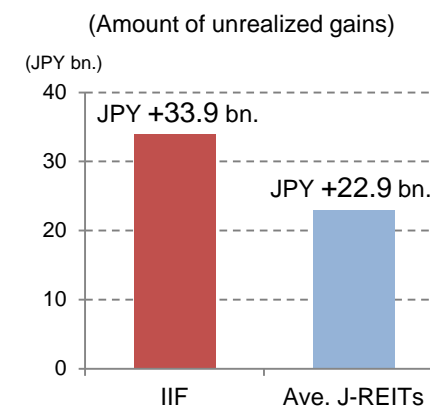
- Increase in unrealized gain of logistics facilities due to improvement of liquidity materializes first-mover advantage
⇒ Make it easier for IIF to focus on new asset classes

Unrealized gain by asset category



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

Greater unrealized gain than other J-REITs



(Note) J-REIT average calculated based on disclosures of J-REITs other than IIF until end of Jan. 2016

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3. Current Status of Operations and Initiatives Going Forward ③ External Growth - "CRE Beyond"

New acquisitions from Dec. 2015 (17th)Period

Pioneered new asset categories through first J-REIT acquisition of a manufacturing facility

New acquisitions
(Including property with preferential negotiation rights) **¥7,900 million** (Note)

Manufacturing and R&D Facilities

2 properties ¥5,350 million (note)

% of new acquisition **67.7%**

Pioneer less competitive asset types than those targeted by most other J-REITs

Infrastructure Facilities

1 property ¥690 million

% of new acquisition **8.7%**

Logistics Facilities

1 property ¥1,860 million

% of new acquisition **23.5%**

First case in J-REIT history



IIF Kakegawa MC
(Land with leasehold interest)

"Property with Preferential Purchase Rights"



IIF Yokohama
Shinyamashita R&DC (Note)



IIF Fukuoka Higashi LC






IIF Higashimatsuyama Gas Tank MC
(Land with leasehold interest)

Most Commonly Targeted Asset Classes by J-REITs

Office Residence Retail


(Note) IIF concluded a purchase agreement regarding 0.3% (11,430,000 yen) co-ownership interest of property and secured preferential negotiation rights for acquisition of the remaining 99.7% interest of the property. The following description represents the 100% interest case. Please see "-Appendix- page 7".

New acquisitions from Dec. 2015 (17th)Period

			Profitability		Unrealized gains		Stability		
Property			NOI Yield	NOI Yield (after depreciation)	Anticipated Acquisition Price (JPY mn.)	Appraisal Value (JPY mn.)	Tenant	Total Lease Term (Lease Type)	Termination Option --- (Rent revision)
					Unrealized gains (JPY mn.) (% acquisition value)				
Logistics	IIF Fukuoka Higashi LC		5.5%	5.0%	1,860	2,000	Toll Express Japan Co., Ltd.	15.0 years (Fixed term)	NA ---- (NA in principle)
					+140 (+7.5%)				
Infrastructure	IIF Higashimatsuyama Gas Tank Maintenance Center (Land with leasehold interest)		5.3%	5.3%	690	744	J Cylinder Service Co., Ltd.	30.0 years (Fixed term)	NA (for first 12 years) ---- (NA in principle)
					+54 (+7.8%)				
Manufacturing / R&D	IIF Kakegawa Manufacturing Center (Land with leasehold interest)		5.6%	5.6%	1,540	1,770	CxS Corporation	30.0 years (Fixed term)	NA(for first 10 years) ---- (NA in principle)
					+230 (+14.9%)				
		Total / Average	5.5%	5.3%	4,090	4,514	—	23.0 years	—
					+424 (+10.4%)				

Property with preferential negotiation rights (Exercise period: February 16, 2016 – March 31, 2017)

IIF concluded a purchase agreement regarding 0.3% (11,430,000 yen) co-ownership interest of property below, and secured preferential negotiation rights for acquisition of the remaining 99.7% interest of the property. The following description represents the 100% interest case. Please see "-Appendix- page 7".

Manufacturing / R&D	IIF Yokohama Shinyamashita R&D Center		5.4%	4.3%	3,810	4,170	TRW AUTOMOTIVE JAPAN CO., LTD	20.0 years (Fixed term)	NA (for first 10 years) ---- (Allowed)
					+360 (+9.4%)				

Anticipated Acquisitions in 17th Fiscal Period or later (including property with preferential purchase rights)

Total / Average	5.5%	4.8%	7,900	8,684	—	22.0 years	—
			+784 (+9.9%)				

Potentials of manufacturing facility investments

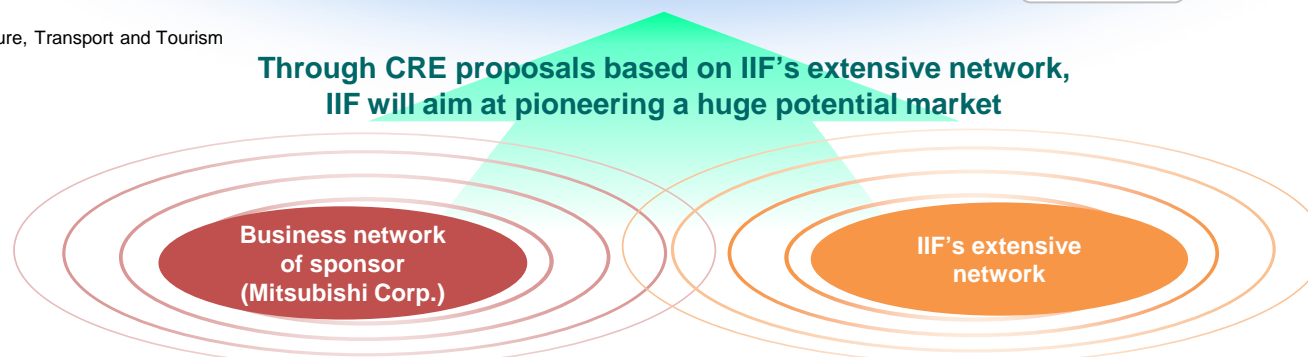
Continuously lead acquisition of the high potential manufacturing facility market

**Start of securitization of manufacturing-facility assets,
which presents a large potential market**



(Note) Source:
Ministry of Land, Infrastructure, Transport and Tourism

**Through CRE proposals based on IIF's extensive network,
IIF will aim at pioneering a huge potential market**



- Operating with over 200 bases and over 600 consolidated subsidiaries in Japan and overseas
- Leverage business network across various industries

- Rich network established through CRE propositions efforts
- Established trust with a wide range of industries, including the public sector

Potentials of manufacturing facility investments

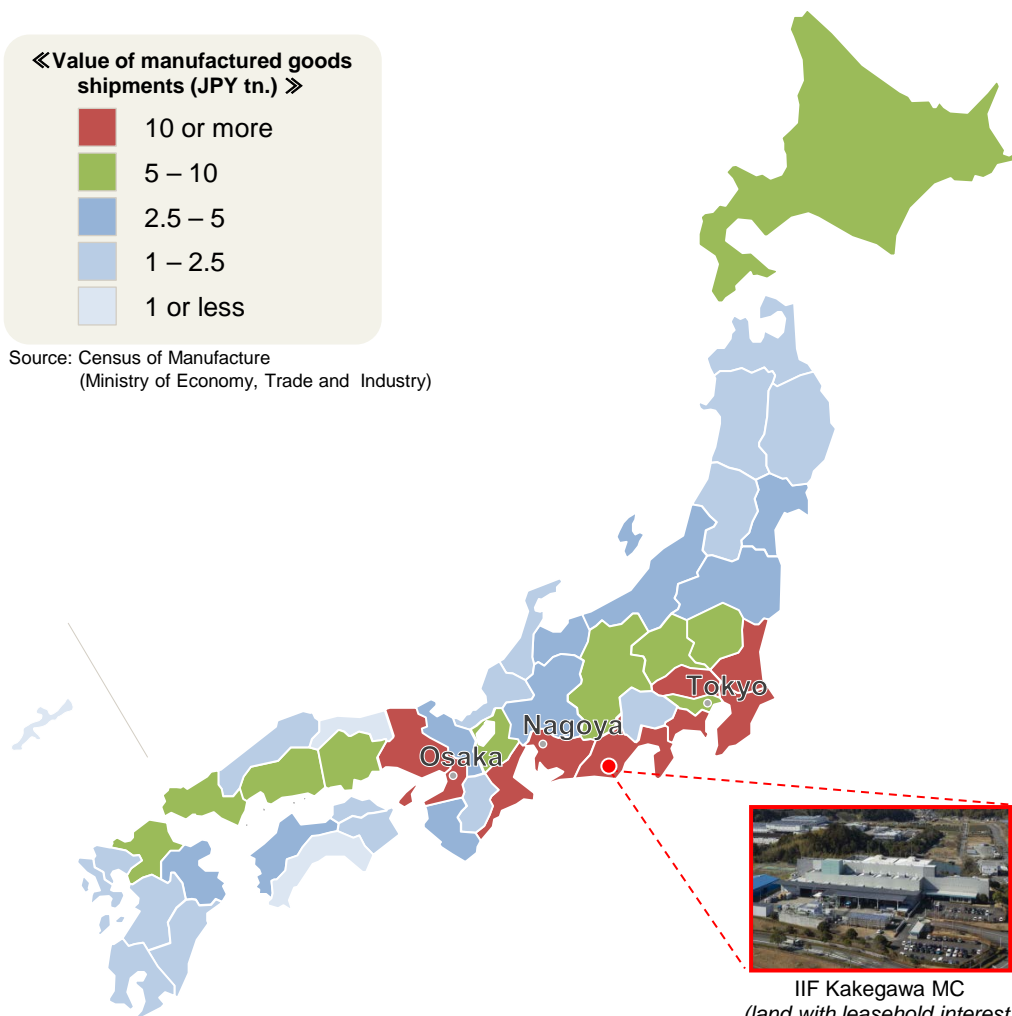
Manufacturing facilities in Japan are concentrated around the 3 greater metropolitan areas and the Tokai area

Value of manufactured goods shipments by prefecture (Note)

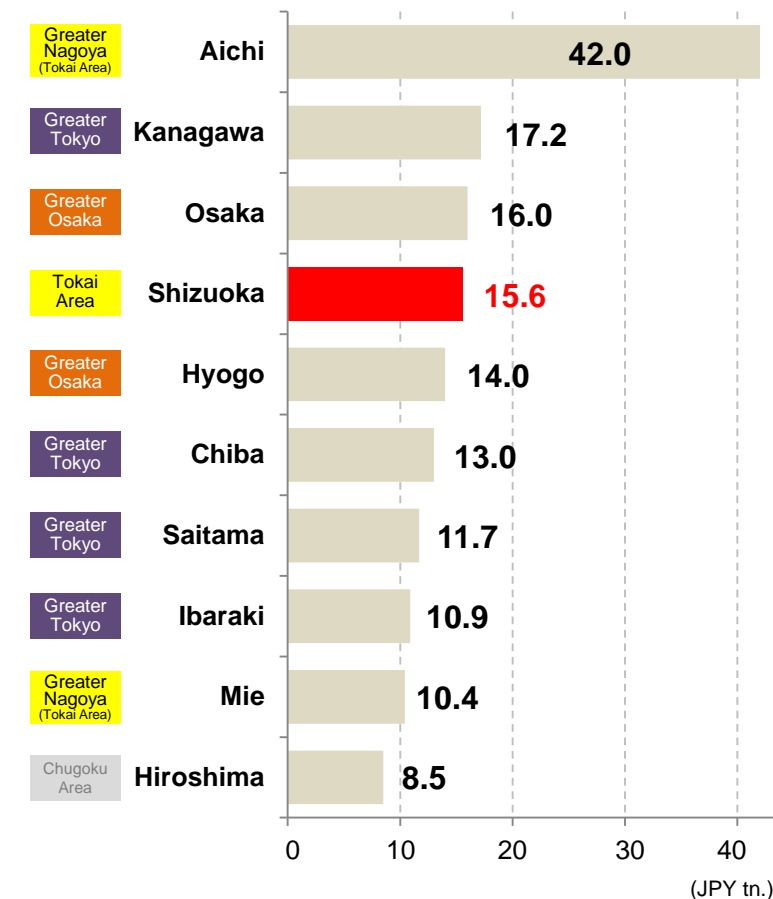
«Value of manufactured goods shipments (JPY tn.)»



Source: Census of Manufacture
(Ministry of Economy, Trade and Industry)



Top 10 prefectures by the value of manufactured goods shipments



(Note) The value of manufactured goods shipments is defined as the total value of annual income from manufactured goods shipments, income from processing charges, and other income from shipments of scraps and waste from manufacturing processes, including internal tax on consumption and consumption tax.

Anticipated acquisitions:

IIF Kakegawa Manufacturing Center (land with leasehold interest)



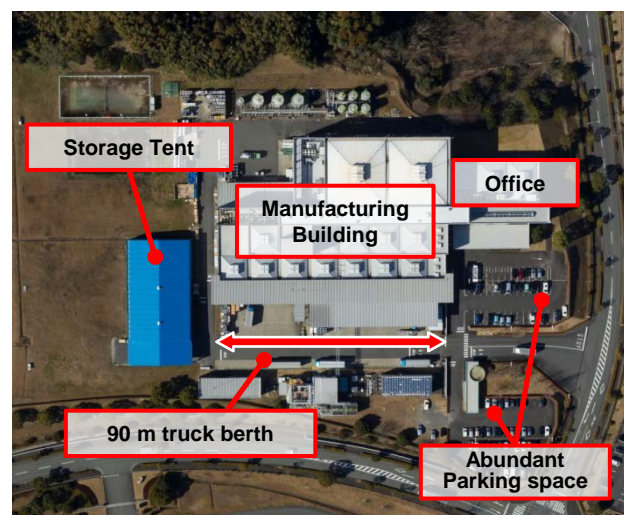
Acquisition highlights

1-on-1 negotiation

- First acquisition of a manufacturing facility in J-REIT's history
- Gained first-mover advantages by leveraging less-competitive asset categories
- A 30-year long-term lease by investing in the sole manufacturing facility for the tenant

Annual 39kt production of industrial detergent and other product

Anticipated Acquisition price		JPY 1,540 mn.
Profitability	NOI Yield	5.6 %
	NOI Yield (After depreciation)	5.6 %
Unrealized gains	Appraisal	JPY 1,770 mn.
	Unrealized gains ratio of unrealized gain	JPY +230 mn. +14.9%
Stability	Tenant	CxS Corporation
	Contract term	30 yrs. (remaining 29 yrs. and 8 mo.)
	Contract type	Fixed-term contract for business purposes
	Cancellation before maturity; Rent revision	Not allowed for 10 years; Not allowed in principle



The building was planned and constructed paying environmental consideration



Products manufactured by tenant



Internal area of the facility

(Note) All buildings and facilities are tenant-owned assets and not owned by IIF

Anticipated acquisitions:

IIF Kakegawa Manufacturing Center (land with leasehold interest)

Long-term Usability

Long-term use by current major tenant expected

- The sole manufacturing facility for the tenant which operates the production/importation of industrial detergent, wax, and cleaning devices
- The tenant holds the top ranked position in the detergent industry
- A 30-year fixed-term lease contract was concluded on December 28, 2015.

Versatility

Versatile real estate asset

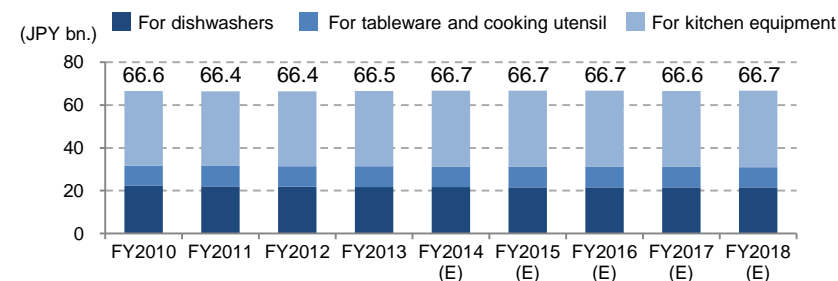
- Excellent accessibility enables coverage of 3 major metropolitan areas in Japan, and easy access from the city centers
- Expecting a sustainable demand for manufacturers, since many HQs and primary manufacturing facilities for major manufacturers are located in surrounding area
- Located in the Ecopolis Industrial Park, where many industrial facilities are gathered

Holds the top ranked position in the stable detergent industry

Market share of kitchen detergent for business use (FY 2013)

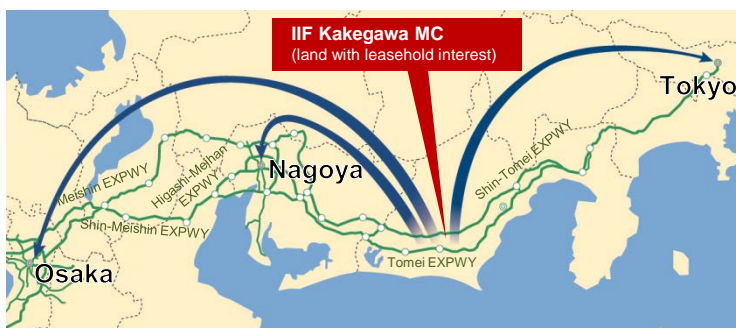


Sales trend of kitchen detergent for business use



(Source) Mitsubishi Research Institute, Inc.

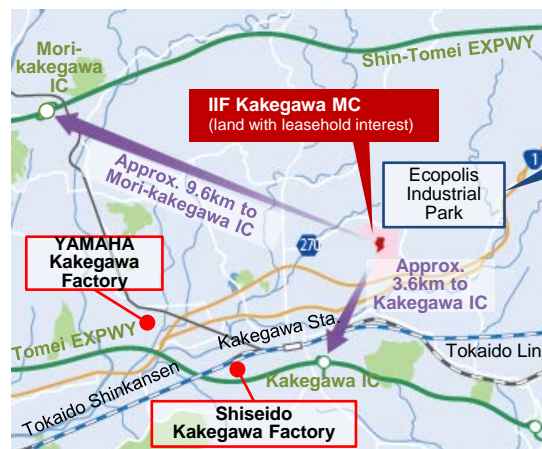
Highly convenient location to major consumption areas



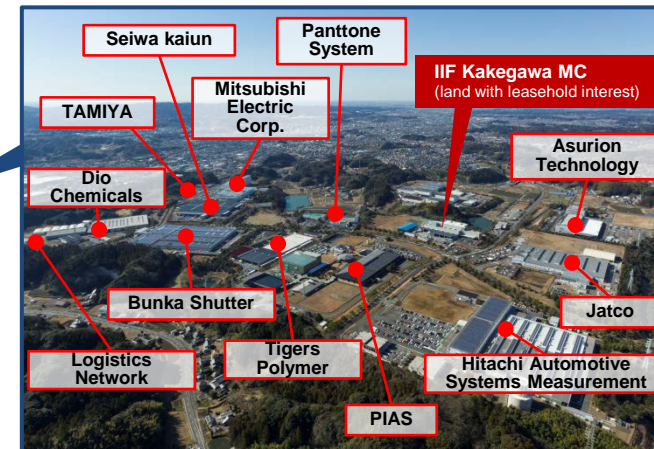
« Access »

To Tokyo: Shinkansen Approx.130 minutes/Expressway Approx.100 minutes
 To Nagoya: Shinkansen Approx.80 minutes/Expressway Approx. 60 minutes
 To Osaka: Shinkansen Approx.190 minutes/Expressway Approx.120 minutes

Kakegawa area attracts manufacturing facilities due to the excellent access



Various industrial facilities are gathered

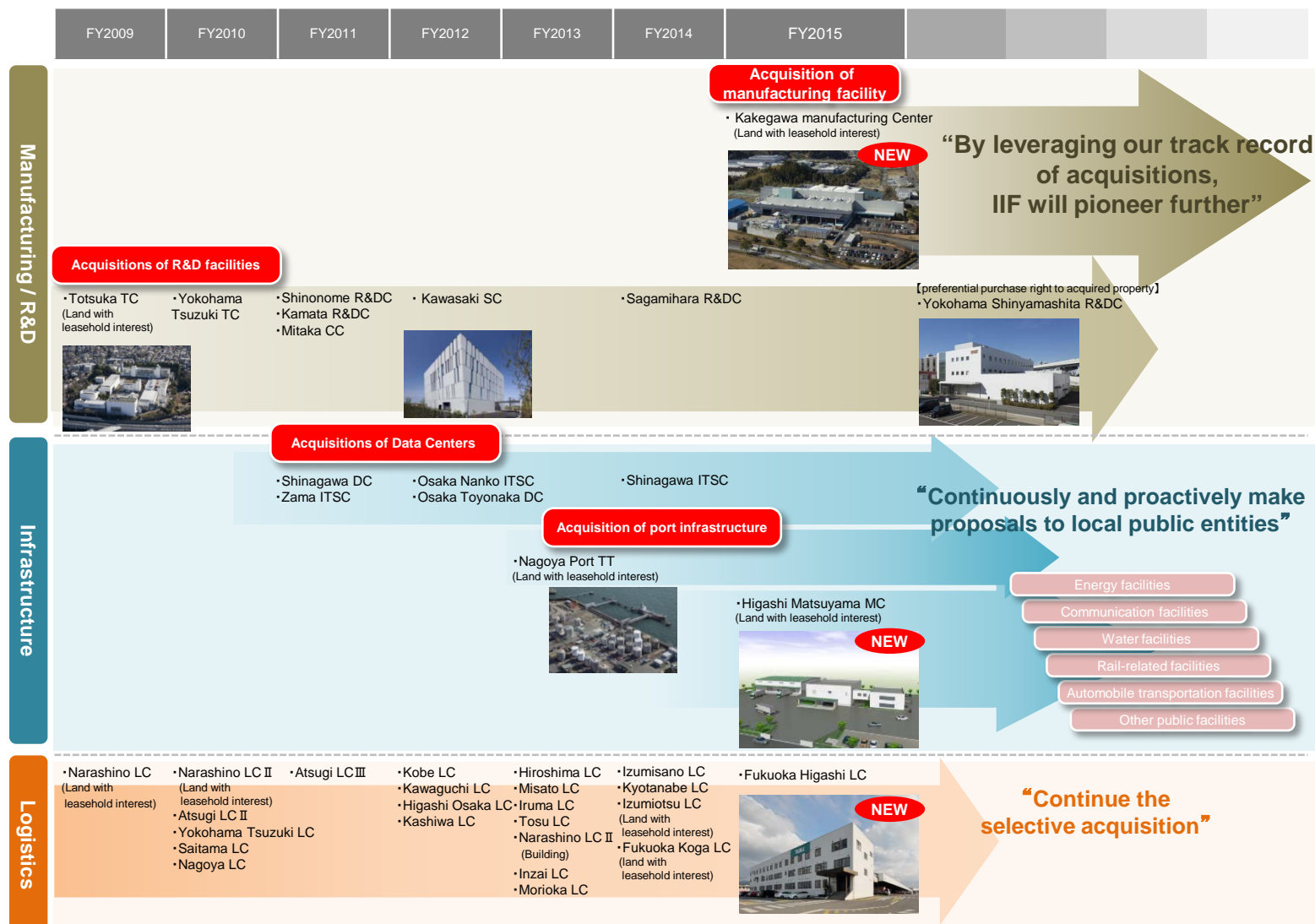


Activities to achieve further external growth

Continue to pioneer new asset categories and pursue first-mover advantage

Track record of property acquisition

Properties Under Consideration
as of Feb. 17, 2016



Total amount:

App. **70** properties,
about **370** bn. yen

Properties Under Review
in Detail

app. 20 projects

<Share by asset category>

Manufacturing
and R&D facilities
approx.
60%

Infrastructure facilities
approx.
10%

Logistics facilities
approx.
30%

Energy facilities
Communication facilities
Water facilities
Rail-related facilities
Automobile transportation facilities
Other public facilities

4. Operating Results for December 2015 (17th) Fiscal Period and Earnings Forecast for June 2016 (18th) Fiscal Period

Operating results for Dec. 2015 (17th) fiscal period

Achieved DPU of 9,324 yen and unrealized gains of JPY 33.9 bn. due to full contribution of 2015 PO

(JPY mn.)

		(JPY mn.)						(JPY mn.)			
		Jun.2015	Dec.2015(17th Period Actual)			Dec.2015	Dec.2015(17th Period Actual)				
		(16th)(Actual)		Period-over-period		(Estimation)		Difference with estimation			
P/L Main Information	Operation Revenue	7,357	7,788	+431	+5.9%	7,849	7,788	(61)	(0.8)%		
	Operating Expense	3,320	3,511	+190	+5.7%	3,601	3,511	(90)	(2.5)%		
	Operating Income	4,036	4,277	+240	+6.0%	4,248	4,277	+29	+0.7%		
	Non-Operating Income	1	3	+2	+266.6%	2	3	+1	+89.3%		
	Non-Operating Expense	935	992	+57	+6.1%	992	992	0	+0.0%		
	Ordinary Income	3,102	3,288	+186	+6.0%	3,257	3,288	+31	+1.0%		
	Net Income	3,101	3,287	+186	+6.0%	3,256	3,287	+31	+1.0%		
	Distributions per Unit (yen)	8,796	9,324	+528	+6.0%	9,236	9,324	+88	+1.0%		
Others	Capital Expenditure	282	285 (Note 1)	+3	+1.2%	356	285	(71)	(20.0)%		
	Repair Expense	69	65 (Note 2)	(4)	(6.0)%	67	65	(2)	(3.3)%		
	Total	351	350	0	(0.3)%	424	350	(73)	(17.3)%		
	Depreciation	1,046	1,073	+26	+2.6%	1,076	1,073	(2)	(0.2)%		
	FFO	4,148	4,361	+213	+5.1%	4,332	4,361	+28	+0.7%		
	AFFO	3,866	4,075	+209	+5.4%	3,976	4,075	+99	+2.5%		
	Number of Properties	42	43	+1	-	42	43	+1	-		
	Occupancy Rate	99.8%	99.7%	(0.1)pt	-	99.8%	99.7%	(0.1)pt	-		
	Total Book Value	202,998	203,003	+4	+0.0%						
	Total Appraisal Value	232,233	236,917	+4,684	+2.0%						
	Unrealized Gain	29,234	33,913	+4,679	+16.0%						
	Total Debt	108,200	108,200	0	0.0%						
	LTV	50.4%	50.2%	(0.2)pt	-						
	Total Net Assets	93,677	93,817	+140	+0.1%						
	Net Asset per Unit	265,703	266,100	+397	+0.1%						

Major factors (compared to Jun. 2015 Period)

Operating Revenue	+ 431
✓ Contribution from properties acquired at 2015 PO (whole period)	+ 431
✓ Contribution from successful lease in Nagoya LC (whole period)	+ 8
✓ Rent increase due to additional acquisition of Higashi Matsuyama MC (Approx. 1.5 months' contribution)	+ 5
✓ Increase in LED facility charges and solar-power roof rent	+ 4
✓ Decrease in utilities costs received	(26)
Operating Expenses	+ 190
✓ Increase in rent expenses from properties acquired at 2015PO (whole period)	+ 142
✓ Increase in property-related taxes from properties acquired at 2014 PO (whole period)	+ 26
✓ Increase in asset management fees	+ 24
✓ Increase in other operating expenses	+ 6
✓ Decrease in utilities costs paid	(12)
Non-Operating Expenses	+ 57
✓ Increase in interest costs due to debt from 2015 PO (whole period)	+ 31
✓ Increase in expenses for new commitment-line set-up	+ 18
✓ No. of business days adjustment (finance-related cost)	+ 11

Major factors (compared to Forecast announced on Aug. 17, 2015)

Operating Revenue	(61)
✓ Decrease in receipt of utilities costs	(69)
✓ Rent increase due to additional acquisition of Higashi Matsuyama MC (Approx. 1.5 months' contribution)	+ 5
Operating Expenses	(90)
✓ Decrease in payment of utilities costs	(74)
✓ Decrease in other operating expenses (advertising expenses, etc.)	(7)
Non-Operating Expenses	+ 1
✓ Additional amount of return of consumption tax	+ 1

(Note 1) Haneda MC: renewal of kitchen drain facilities, JPY 39 mn.. Haneda MC: new LED lighting, JPY 38 mn.. Shinagawa DC: VCB renewal, JPY 28 mn.. Osaka Toyonaka DC: renewal of DC-area air conditioner, JPY 20 mn..

(Note 2) Shinagawa DC: cleaning of heat storage tank for freezer, JPY 6 mn.. Mitaka CC: Rooftop atrium top-light repair, JPY 4 mn.. yen. Morioka LC: repairs, JPY 3 mn.. Koshigaya LC: over-slider repair, JPY 2 mn..

Earnings forecast for Jun. 2016 (18th) fiscal period

DPU is expected to increase for 11 consecutive periods by new acquisitions and internal growth

		(JPY mn.)			
		Dec.2015 (17th) (Actual)	Jun.2016 (18th Period Estimated)		
				Period-over-period	
P/L Main Information	Operation Revenue	7,788	7,958	+169	+2.2%
	Operating Expense	3,511	3,635	+124	+3.5%
	Operating Income	4,277	4,322	+45	+1.1%
	Non-Operating Income	3	0	(3)	(97.4)%
	Non-Operating Expense	992	955	(37)	(3.8)%
	Ordinary Income	3,288	3,368	+79	+2.4%
	Net Income	3,287	3,367	+79	+2.4%
	Distributions per Unit (yen)	9,324	9,550	+226	+2.4%
Others	Capital Expenditure	285	337	+51	+18.2%
	Repair Expense	65	66 (note 1)	+1	+1.8%
	Total	350	404 (note 2)	+53	+15.1%
	Depreciation	1,073	1,080	+6	+0.6%
	FFO	4,361	4,447	+86	+2.0%
	AFFO	4,075	4,110	+34	+0.8%
	Number of Properties	43	46	+3	-
	Occupancy Rate	99.7%	99.7%	0	-

■ Major factors (compared to Dec. 2015 Period) (JPY mn.)

Operating Revenue **+ 169**

- ✓ Contribution from newly acquired properties (Higashi Matsuyama, Fukuoka Higashi, and Kakegawa) +80
- ✓ Rent increase at Haneda MC +19
- ✓ Increase in profit due to internal growth measures (Nishinomiya, Toyonaka, Noda, Shinagawa DCs) +20
- ✓ Increase in receipt of utilities costs +50

Operating Expenses **+ 124**

- ✓ Treating property-related taxes as expenses (half-period contribution from properties acquired at 2015 PO) +40
- ✓ PM compensation, increase in admin cost for buildings (Noda, Sagamihara, and newly acquired properties) +34
- ✓ Increase in utilities costs +29
- ✓ Increase in other operating expenses +20

Non-Operating Expenses **(37)**

- ✓ Effect from amortization completion of 2013 new investment unit issuance cost (28)
- ✓ No. of business days adjustment (finance-related) (9)

(Note 1) Haneda MC: renewal of circuit breaker, JPY 28 mn.. Haneda MC: repair of external wall, JPY 25 mn.. Higashi Osaka LC: renewal of vertical lift, JPY 9 mn..

(Note 2) Osaka Toyonaka DC: maintenance of in-house power generator (No.3), JPY 8 mn., maintenance of in-house power generator (No.4), JPY 4 mn., maintenance of in-house power generator (No.2-4), JPY 4 mn., maintenance of in-house power generator (No.2), JPY 4 mn..

5. Involvement in Sustainability

IIF's perspective and approach to sustainability

Take environmental actions under the sustainability policy shared with MCUBS

Sustainability policy of an asset management company

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

- ✓ Establishing the Environmental Charter
- ✓ Establishing the Basic Policy for Responsible Property Investment

- ✓ Signing the Principles for Responsible Investment (PRI) from the Secretary-General of the United Nations

Signatory of:



- ✓ Signing the Montreal Carbon Pledge, NEW launched at UNPRI for decreasing CO2 emissions



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



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, and foster sound and growing capital market.

Sustainability framework of MCUBS

■ 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 each of the departments.

Sustainability goal of an asset management company

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

Achievement of our sustainability & environment actions

Obtained certifications and evaluations for our environmental initiatives and energy-efficiency activities

“Green Star,” the highest GRESB distinction, for 3 consecutive years

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 3 consecutive years, the highest ranking in the categories of GRESB environmental responsiveness survey conducted in 2015.



GRESB

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

Evaluation by CASBEE



IIF Kawasaki Science Center



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, as well as 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 a certification. After that, in December 2015, a total of five facilities were awarded this certification.



★★★★★
Properties with the best
class environmental &
social awareness



IIF Hiroshima Logistics Center



★★★★★
Properties with
exceptionally high
environmental &
social awareness



IIF Noda Logistics Center



IIF Koshigaya Logistics Center



IIF Tosu Logistics Center



IIF Kobe Logistics Center

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 became the first logistics property owned by a J-REIT to receive such certification. The BEI was 0.55 equivalent to four stars in BELS rating system.



BELS

BELS certification is a public evaluation system, that 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 given as a number of stars (from one star to five stars).

If the numerical valuation is 1 or less, it means the criteria for 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)