Mitsubishi Corp UBS Realty

Industrial & Infrastructure Fund Investment Corporation

Investor Presentation for the December 2016 (19th) Period

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Portfolio Data and Other Materials

1. Executive Summary

Property Acquisitions through the PO have contributed to increase in revenue, earnings and DPU for 13 Consecutive Periods substantially

1 New acquisitions

Expansion of Asset Size through Acquisitions of Manufacturing Facilities and Investments in Prime Locations (Note 1)

- **Acquisition of 18 properties including 4 factories of JPY50.6bn in aggregate**
  - Average NOI yield 5.1%
  - Average NOI yield after depreciation 4.4%
  - Unrealized gain JPY 3,808 mn
    (Average unrealized gain ratio) (+7.5%)

Asset size reached JPY **246.5** bn

2 Existing portfolio

Completion of Sale of Shinonome R&DC and Steady Increase in Rent

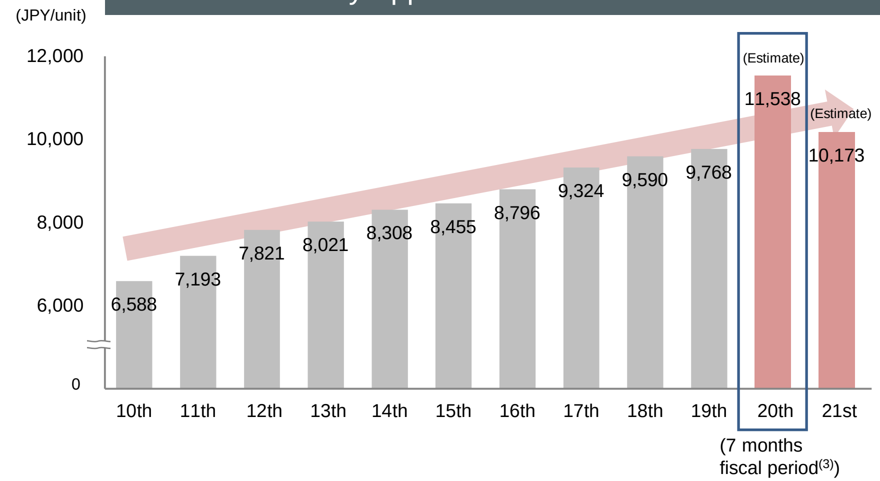
- Disposal of Shinonome R&DC at the price of JPY9,060mn (book value as of the disposition: JPY8,950mn)
- Improved profitability in Shinagawa DC, Atsugi LC and Kashiwa LC through the renewal of contracts
- Enhanced stability in Mitaka CC under the longer-term contract with the non-cancellable period set

3 Financial strategy

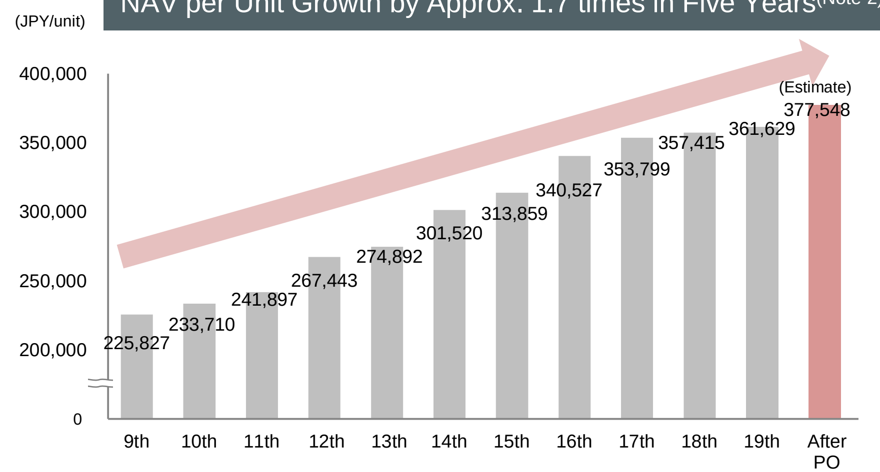
Competitive Debt Financing Ability Supported by Stable Financial Base

- **New borrowings in association with public offering: JPY23.7bn**
  - Average remaining borrowing period of 9.2 years, average applicable interest rates of 0.59% (pro forma)
- **Issuance of 10-year bonds with the lowest coupon rate among J-REIT bonds with the size of JPY3.0bn or larger, backed by the higher rating and strong support from high-quality sponsors**
  - 10-year bonds of the issuance size of JPY3.0bn at 0.4% coupon rate, obtaining a credit rating of AA from JCR

DPU Growth by Approx. 1.5 times in Five Years (Note 2)

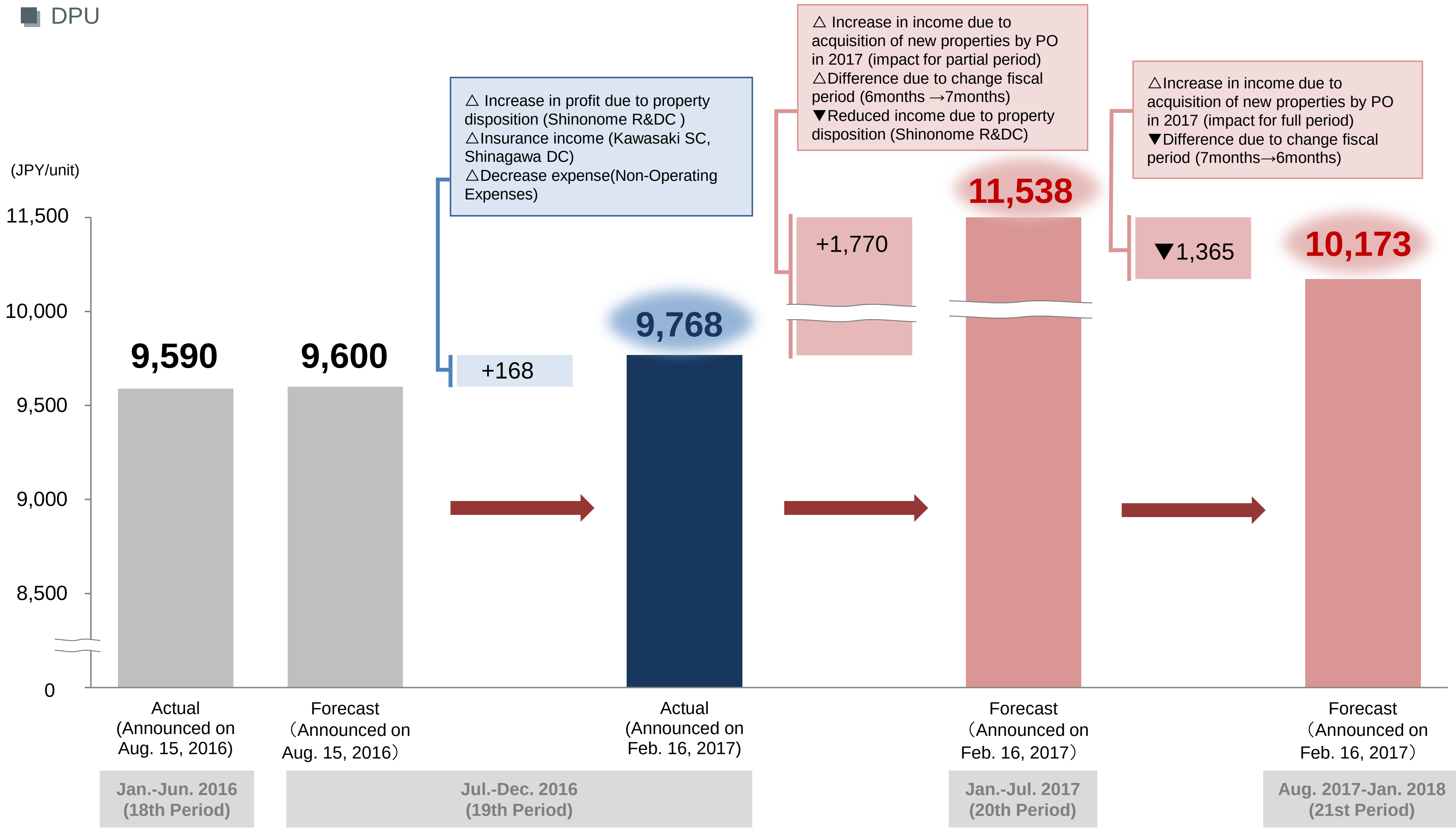


NAV per Unit Growth by Approx. 1.7 times in Five Years (Note 2)



*Notes are detailed in pages 33 and 34

New acquisitions through the PO have contributed to reaching DPU above JPY 10,000



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2. Overview of the February 2017 Public Offering

Overview of February 2017 Public Offering

Assets(Note1)

18 properties JPY**50.6**bn

Profitability		Unrealized Gain	Stability
Average NOI yield	Average NOI yield (after depreciation)	Unrealized gain (unrealized gain ratio)	Average Lease Term
5.1%	**4.4**%	**+JPY3.8bn** (+7.5%)	**18.1 years**

Anticipated acquisitions
11properties JPY**33.8**bn

IIF Yokosuka Technology Center

IIF Shonan Technology Center

IIF Fukuoka Hakozaki Logistics Center Ⅰ (60% co-ownership interest)

IIF Fukuoka Hakozaki Logistics Center Ⅱ (60% co-ownership interest)

IIF Osaka Suminoe Logistics Center Ⅰ (75% co-ownership interest)

IIF Osaka Suminoe Logistics Center Ⅱ (75% co-ownership interest)

5 other assets

Acquired properties
8 properties JPY**16.8**bn

IIF Urayasu Machinery Maintenance Center (land with leasehold interest)

IIF Kakegawa Manufacturing Center (land with leasehold interest)

IIF Yokohama Shinyamashita R&D Center

5 other assets

Debt(Note2)

- Long-term borrowings for anticipated acquisitions JPY**13.0**bn
- Refinancing of short-term debt JPY**10.7**bn

New Debt Financing with the Offering TOTAL JPY**23.7**bn

- ✓ Average interest rate **0.59**%
- ✓ Average loan term **9.2 years**
- ✓ Fixed debt ratio **100.0**%

* Short-term borrowing borrowed in order to procure funds to acquire IIF Osaka Konohana Logistics Center (51% co-ownership interest) and IIF Yokohama Shinyamashita R&D Center (99.7% co-ownership interest), which were acquired on July 1, 2016, and IIF Kazo Logistics Center, which was acquired on September 1, 2016.

Acquired properties by utilizing lease deposit and cash

Equity(Note3)

Net Proceeds of the Offering JPY**21.8**bn

- ✓ Units offered **44,600units**
- ✓ Ratio of units offered to outstanding **12.7**%
- ✓ Offering structure **Global Offering**

To increase in DPU and enhance portfolio stability through the Public Offering

Assets(Note1)

Expanded Asset Size through Acquisitions of Manufacturing Facilities and Investments in Prime Locations

	As of end Jun. 2016 (as of end 18th Period)		After anticipated acquisitions
･Number of properties	47 properties	→	**59** properties
･Acquisition price (JPY mn)	210,100	→	**246,549**
･Average NOI yield (before depreciation)	5.9%	→	**5.7**%
･Average NOI yield (after depreciation)	4.9%	→	**4.7**%
･Unrealized gain based on appraisal value(JPY mn)	35,188	→	**38,992** (+3,803)

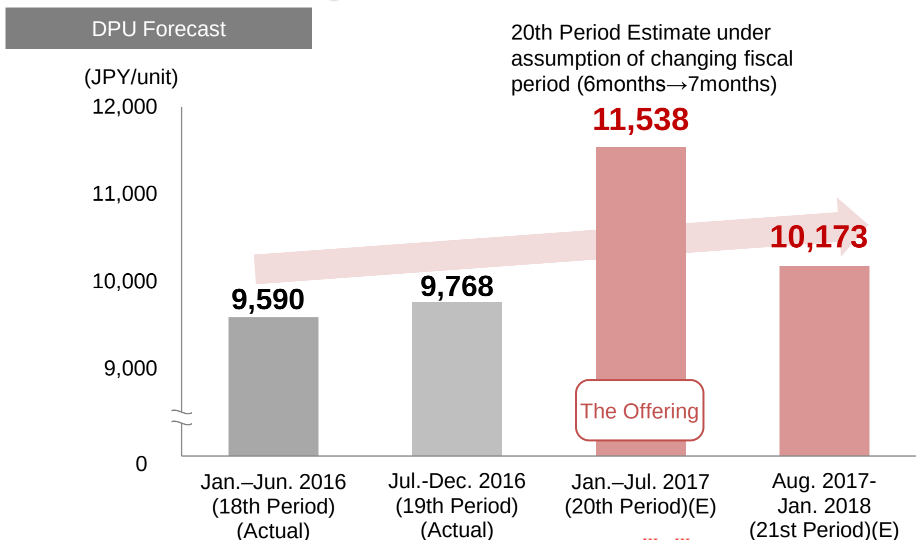
Debt(Note2)

Build a solid balance sheet through ALM Strategy

	As of end Jun. 2016 (as of end 18th Period)		After anticipated acquisitions
･Average interest rate	1.31%	→	**1.15**%
･Average loan term	4.6 years	→	**5.9** years
･Fixed debt ratio	100.0%	→	**100.0**%
･LTV Ratio (Based on book value)	50.7%	→	**50.6**%
(Reference) Long-term issuer rating	**AA**(Stable)		

Equity(Note3)

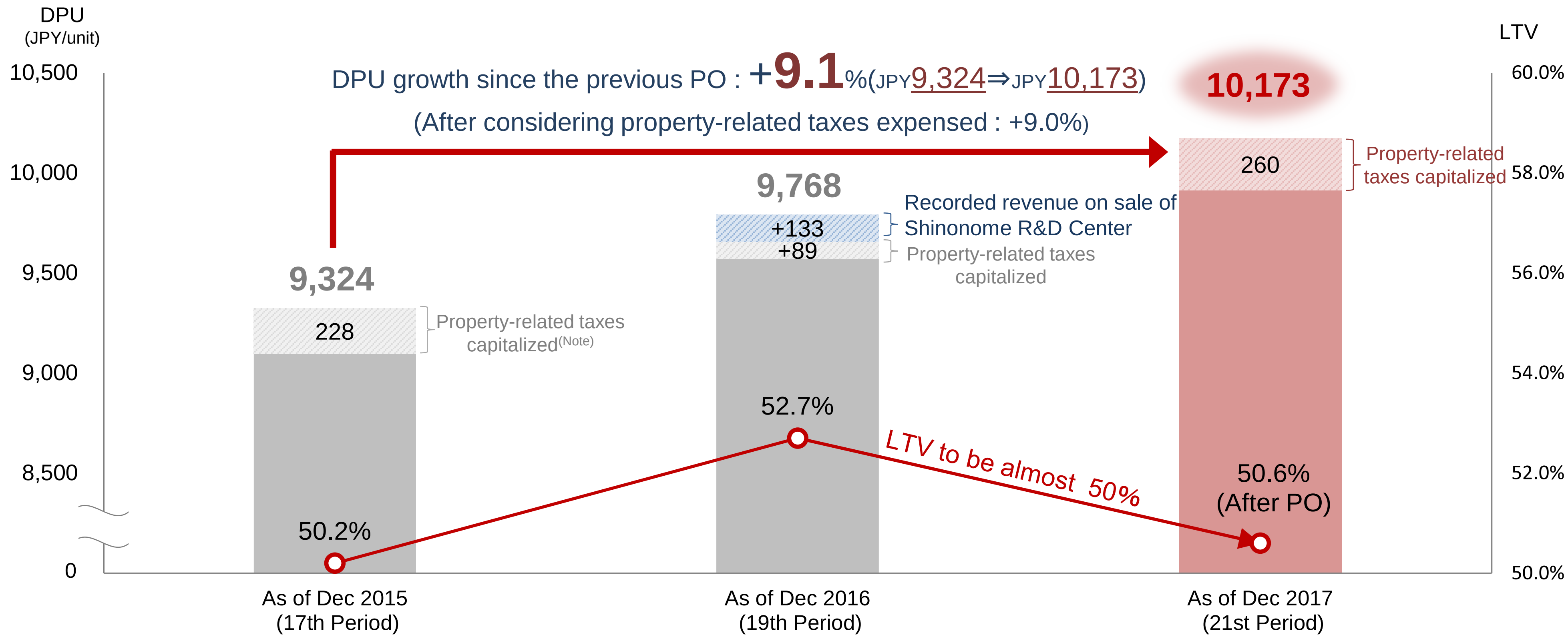
Continuous growth of Unitholders' Value



*Notes are detailed in pages 33 and 34

To increase DPU by 9.1% since the previous PO

DPU and LTV (After the previous PO)



Properties acquired since the previous PO and anticipated acquisition JPY 50.6 bn

Properties acquired in 2015 (JPY 0.7bn)	Properties acquired in 2016 (JPY 16.0bn)	Anticipated acquisitions in 2017(JPY 33.8bn)
･IIF Higashimatsuyama GMC	･IIF Fukuoka Higashi LC ･IIF Yokohama Shinyamashita R&DC ･IIF Urayasu MMC ･IIF Hamura LC ･IIF Kakegawa MC ･IIF Kazo LC ･IIF Osaka Konohana LC(51%)	･IIF Yokosuka TC ･IIF Shonan TC ･IIF Sendai Taiwa LC ･IIF Morioka LC Ⅱ ･IIF Ota LC ･IIF Fukuoka HakozakiLC Ⅰ (60%) ･IIF Fukuoka Hakozaki LC Ⅱ (60%) ･IIF Osaka Suminoe LC Ⅰ (75%) ･IIF Osaka Suminoe LC Ⅱ (75%) ･IIF Itabashi LC(60%)･IIF Osaka Konohana LC(49%)

To improve income stability through enhanced portfolio diversification

Ratio of Top 6 Properties(Note) in Terms of (Anticipated) Acquisition Prices

Ratio of top 6 properties
(Based on acquisition prices)

66.3% ⇒ **40.3%**

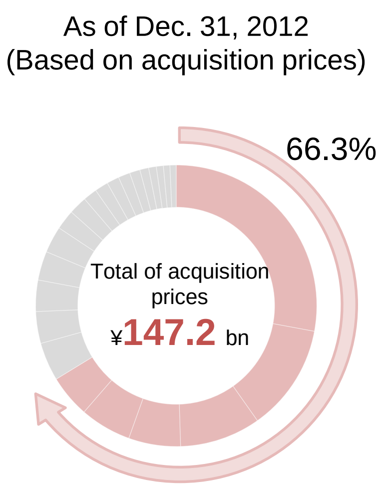
(as of Dec. 31, 2012) (after the anticipated acquisitions)

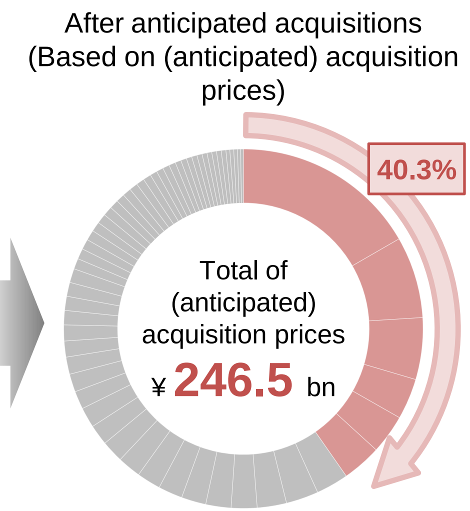
Diversification among Top 5 Tenants and Historical Number of Tenants

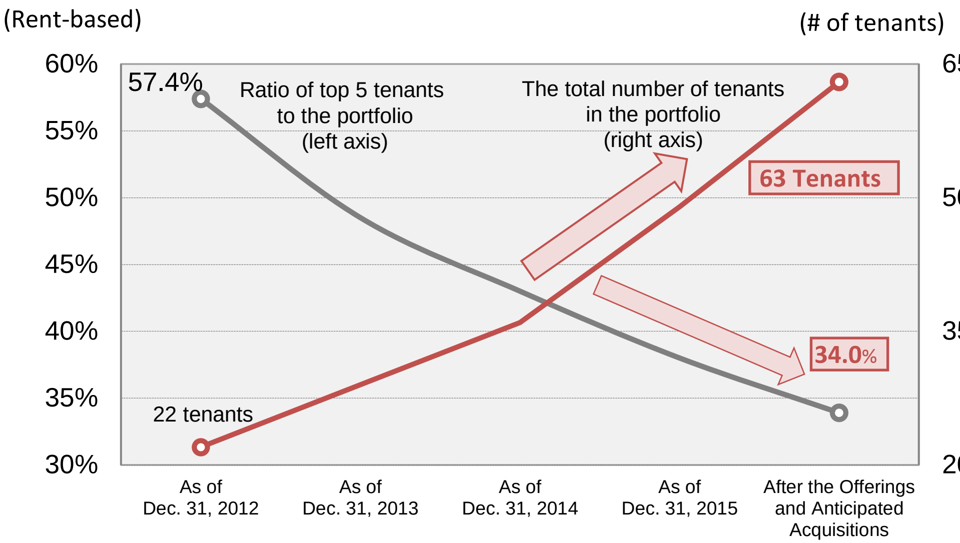
Ratio of top 5 tenants
(Annual Rent-base)

57.4% ⇒ **34.0%**

(as of Dec. 31, 2012) (after the anticipated acquisitions)







3. Current Status of Operations and Initiatives Going Forward
①Existing Portfolio Management ー “3C Management”

Eliminated uncertainty by selling Shinonome R&DC and realized rent growth steadily

Jul. - Dec. 2016(19th) | Jan - Jul. 2017(20th) | Aug. 2017 - Jan. 2018(21st)

Jul. | Aug. | Sep. | Oct. | Nob. | Dec. | Jan. | Feb. | Mar. | Apr. | May | Jun | Jul. | Aug. | Sep. | Oct. | Nob. | Dec. | Jan.

IIF Shinonome R&DC

Eliminated uncertainty by early disposition

(Received notice of cancellation) 1/23/2016

(Vacating) 9/30/2016

11/15/2016 Completed disposition

- ✓ Eliminating uncertainty of tenant cancellation by early disposition
- ✓ Disposition price: JPY9.06bn (Net book value: JPY 8.95bn)

IIF Shinagawa DC

To renew rent with current tenant

(Signed a memorandum) 12/27/2016

(New rent start) 3/7/2017

- ✓ Increase rent revenue through rent revision with current tenant(master lessee)

To improve profitability from 3/7/2017 (Impact on DPU:+JPY18/period)(Note)

IIF Atsugi LC

To renew rent with current tenant

- ✓ As a result of the deliberation, agreed re-signing and improves profitability from July 1st, 2017

(Conclusion of new contract) 2/8/2017

(New contract start) 7/1/2017

To improve profitability from 7/1/2017 (Impact on DPU:+JPY14/period) (Note)

IIF Kashiwa LC

To pursue upside leasing

- ✓ Pursued upside through strategic leasing activities
- ✓ Leveraged relationship from recent acquisition to sign 5year fixed term lease with current sub lesser

(Conclusion of new contract) 1/23/2017

(Current)	(New)
Nippon Express Co., Ltd.	Pip Logistics Co., Ltd.

(New contract start) 12/1/2017

To improve profitability from 12/1/2017 (Impact on DPU:+JPY18/period) (Note)

Establish stable & long profitability by careful support for tenants facing lease expiry

Lease Expiration Schedule (annual rent based)[1,2]

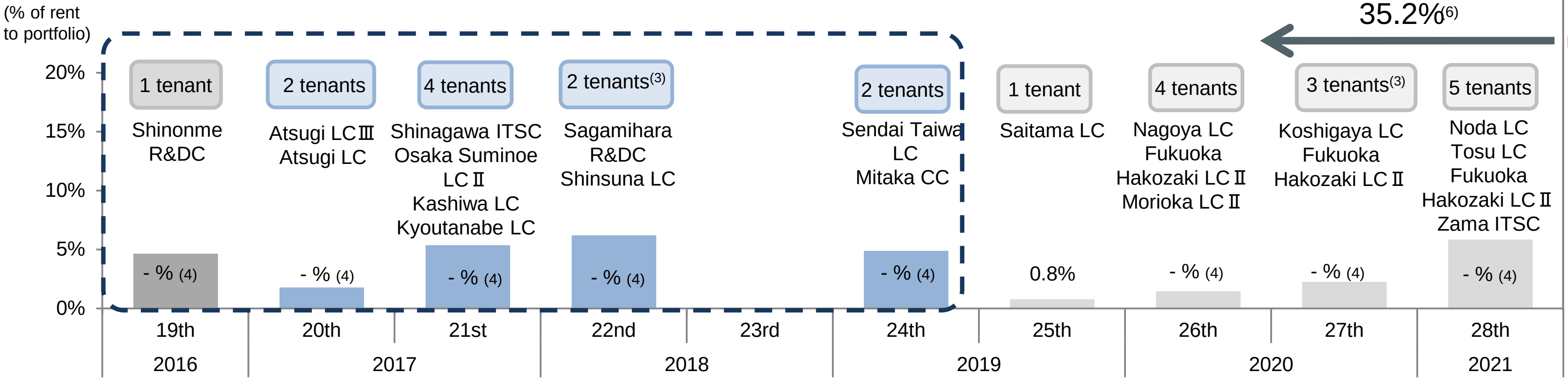
※Omitting tenants whose rent percentage of total portfolio is less than 0.5%

Remaining Lease Period less than 5 years 35.2%[6]

Remaining Lease Period 5 or more years [6]

64.8%

Average Lease Term 8.3[6] years



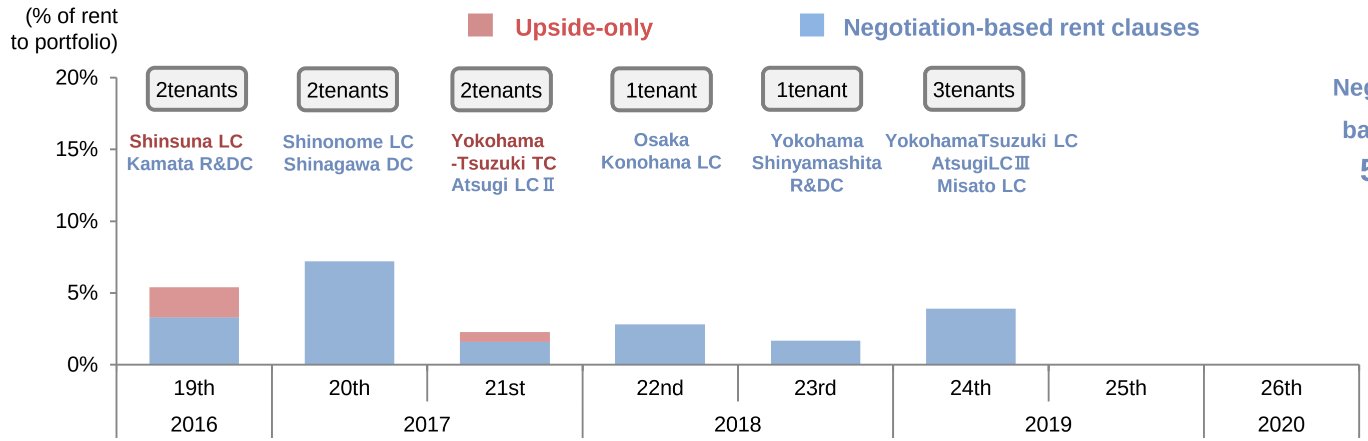
Management Strategy for Tenant Leases Expiring in 2years

	Lease Expiry	Property Name	Tenant	Achievements / Action Plans	
Period ended Dec. 2016 (19th period)	2016/9/30	Shinonome R&DC	Nihon Unisys, Ltd.	Completed disposition on November 15, 2016	Signed
Period ending Jul. 2017 (20th period)	2017/1/31	Atsugi LCⅢ	Tokyo Logistics Factory Co., Ltd.	Signed new fixed-term building lease contract with current tenant for 5 years	Signed
	2017/6/30	Atsugi LC	Fuji Logitech Next, Inc.	Executed new lease contract with the current tenant, which contributes to increasing in earnings by JPY 11,754k / year (DPU:+ JPY14/period)	Signed
Period ending Jan. 2018 (21st period)	2017/8/31	Shinagawa ITSC	Systems subsidiary of a major Japanese telecommunications company(Note 5)	Started negotiation with current tenant	In progress
	2017/8/31	Osaka Suminoe LCⅠ	Toshiba Logistics Corporation	Planning to start discussions with the tenant after the acquisition	In progress
	2017/11/30	Kashiwa LC	New Pip Logistics Co., Ltd. Old Nippon Express Co., Ltd.	Executed a new fixed-term building lease contract with new tenant for 5 years, which contributes to increasing in earnings by JPY 14,786k / year (DPU:+ JPY18/period)	In progress
	2017/12/31	Kyotanabe LC	Takara Butsuryu System Co., Ltd.	Started negotiation with current tenant	In progress
Period ending Jul. 2018 (22nd period)	2018/3/31	Sagamihara R&DC	Micron Memory Japan, Inc.	Discussing with the current tenant to execute a long-term contract	In progress
	2018/3/31	Shinsuna LC	Sagawa Express Co., Ltd.	Started negotiation with current tenant	In progress
Period ending Jul. 2019 (24th period)	2019/2/28	Sendai Taiwa LC	Miyago Logistics K.K.	Planning to start discussions with the tenant after the acquisition	In progress
	2019/2/28	Mitaka CC	JCB Co., Ltd.	Signed MoU aiming to execute a longer-term contract with the current tenant Set newly 3-years non-cancellable period (effective until 2020/1/31) Extended the period of advance notice for cancellation by one year from 6 months to 18 months	Signed

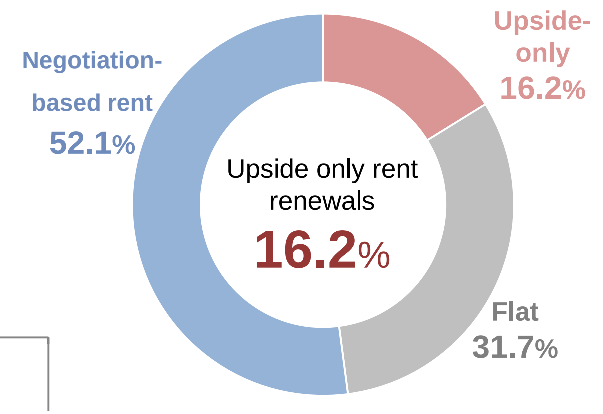
To improve profitability by capturing optimal rent revision / extension opportunities

Rent Revision Schedule (Annual rent basis)(1,2)

※Omitting tenants whose rent percentage of total portfolio is less than 0.5%



≪Rent Revision≫



Upside-only rent revision schedule and its impact on distributions

	Rent revision Date (Planned)	Property Name	Tenant Name	Terms of Rent Revision	Annual Rent Increase (Impact on distributions)	
Period ended Dec. 2016 (19th period)	2016/7/5	IIF Shinsuna LC	Sagawa Express Co., Ltd.	3% increase every three years.	Increased	JPY 10,430k (+JPY13/period)
Period ending Jun. 2016 (19th period)	2016/9/1	IIF Kamata R&DC	TOKYO KEIKI INC.	IIF partially benefits from reduced electricity charges resulting from use of LED lighting.	Increased	Undisclosed
Period ending Jul. 2017 (20th period)	2017/1/1	IIF Haneda MC	Japan Airlines Co., Ltd.	IIF partially benefits from reduced electricity charges resulting from use of LED lighting.	Increased	JPY 29,090k (+JPY37/period)
Period ending Jul. 2017 (20th period)	2017/3/7	IIF Shinagawa DC	XYMAX Corporation	Revision of sublease rent price.	Increased	JPY 15,000k (+JPY18/period)
Period ending Jan. 2018 (21st period)	2017/10/1	IIF Yokohama Tsuzuki TC	TÜV Rheinland Japan Ltd.	2% increase every three years.	To increase	JPY 1,774k (+JPY2/period)
Period ending Jul. 2018 (22nd period)	2018/2/28	IIF Fukuoka Hakozaki LC Ⅱ	Undisclosed	An extension project is now under way and a non-binding letter of agreement concerning the project has already been executed upon certain conditions to rent the building to a potential tenant	Extension	Undetermined

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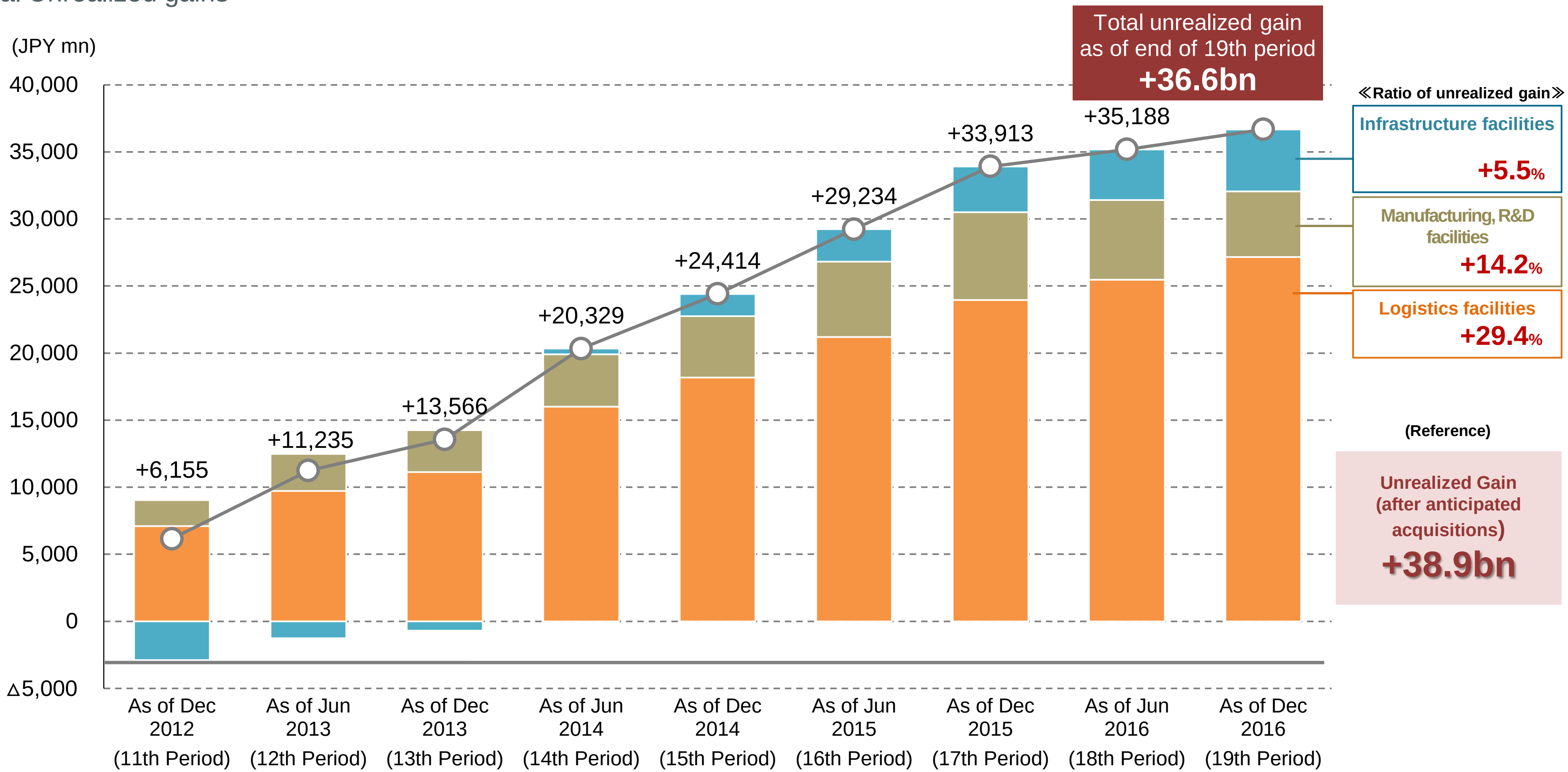
3. Current Status of Operations and Initiatives Going Forward
② Financial Strategy - "ALM"

Unrealized gains continue to grow, reaching JPY 36.6 bn in total (+ 17.4%)

Historical Unrealized gains

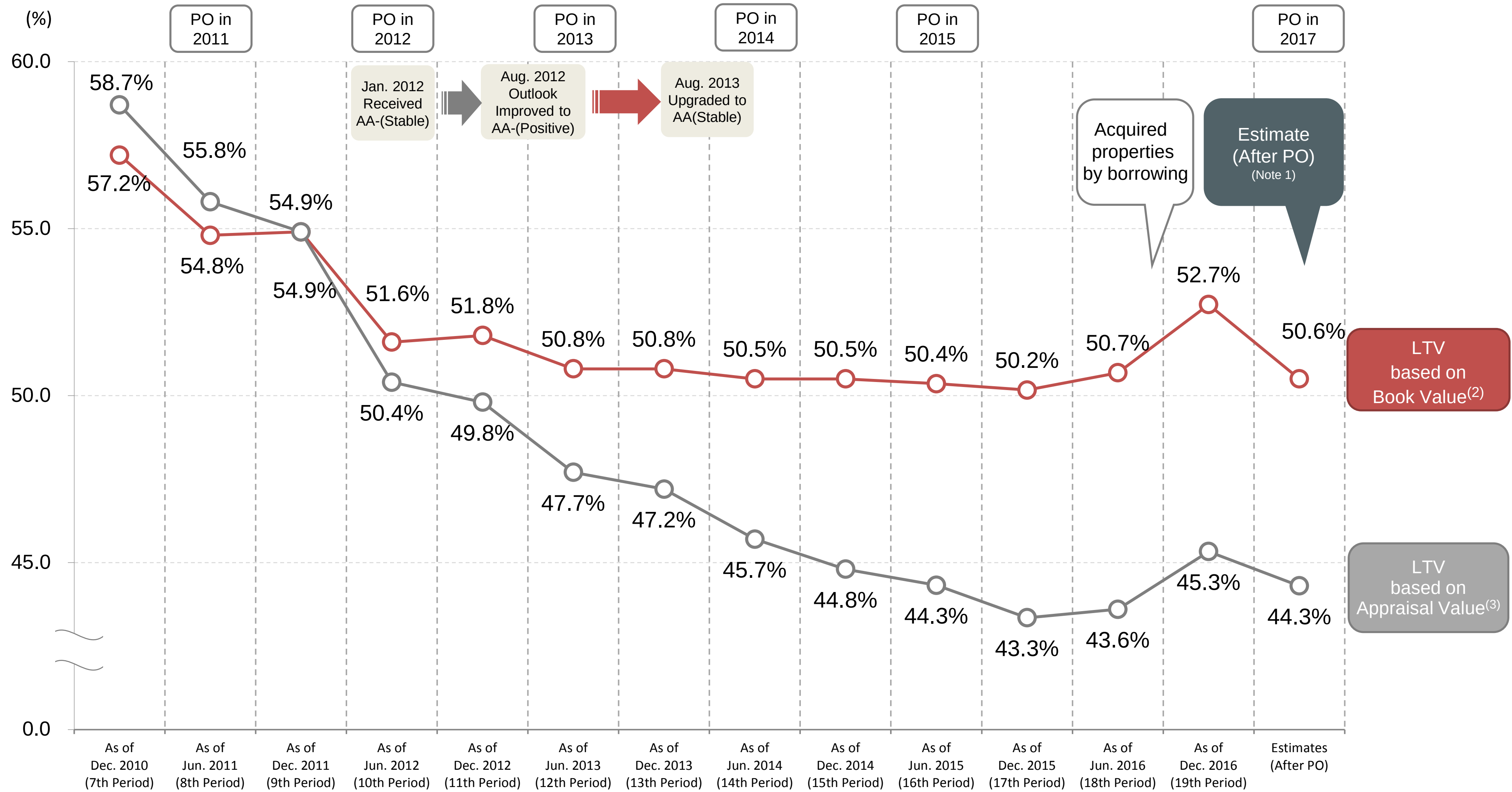


Increase in unrealized gain of logistics facilities due to a favorable balance between supply and demand.

Easier for IIF to expand the exposure for Manufacturing / R&D and Infrastructure facilities and we aim to enhance the benefits of being the first mover.

Ensured financial stability and capacity to acquire properties by reducing LTV

LTV



*Notes are detailed in pages 33 and 34

To procure long debt with cheap interest rate through new borrowing and refinance

Key indicators

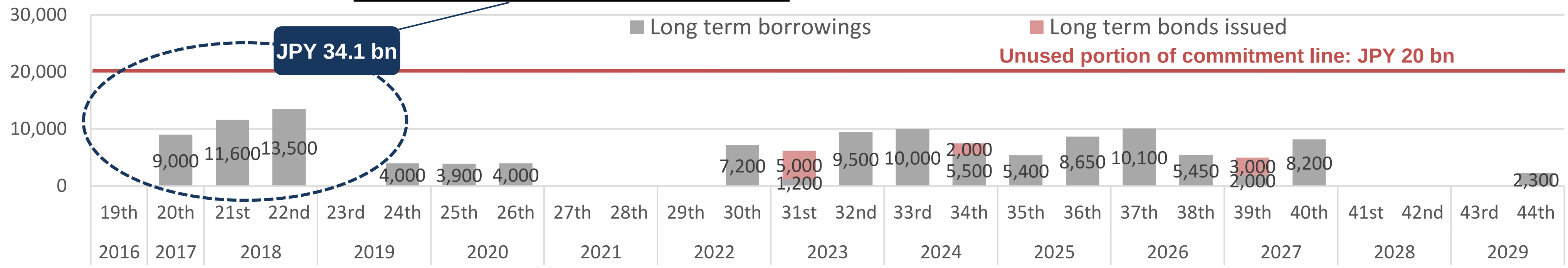
	End of June 2016 (18th fiscal period)		End of December 2016 (19th fiscal period)		After anticipated acquisition(Note)
Average remaining period until maturity	4.6yrs	→	4.3yrs	→	5.9yrs
Fixed debt ratio	100%	→	91%	→	100%
Average interest rate	1.31%	→ ▲0.1points	1.21%	→ ▲0.06points	1.15%
Book value LTV	50.7%	→ +2.0points	52.7%	→ ▲2.1points	50.6%
Appraised value LTV	43.6%	→ +1.7points	45.3%	→ ▲1.0points	44.3%
Long-term credit rating	AA(Stable)		AA(Stable)		AA(Stable)
Unused portion of commitment line	JPY 20 bn	→	JPY 20 bn	→	JPY 20 bn

Debt maturity ladder

(Note) Excluding short-term loans

(JPY mn)

There is refinance of long-term loans totaling JPY 34.1 bn in the 2 years ahead (average interest rates of 1.38%), and IIF seeks to further improve earnings by decreasing debt cost



To pursue long-term stable financial base through ALM strategy

IIF's ALM (Asset Liability Management) Strategy

Long-term Stable Assets Portfolio

- Managing Assets to contribute to tenant's core businesses
- Main Assets are long-term lease contracts (over 10 years)
- Increasing profitability and stability by our portfolio management

Integrated with long-term fixed-rate debt

Long-term Stable Financial Base

- Long-term credit ratings：AA(Stable)
- Long-term loans ratio 100% , Fixed debt ratio 100%
- Average remaining loan term 5.9years

ALM strategy in the Offering

Assets			Debt	
Average remaining lease term of anticipated acquisitions	9.9 yrs	Integrated with long-term fixed-rate debt	Average remaining loan term of new borrowings following offering	9.2 yrs
Average NOI Yield of anticipated acquisitions	5.1%	Positive and long-term stable spread (4.5%)	Weighted average interest rate of new borrowings (Pro forma)	0.59%

ALM of our entire portfolio (After new acquisitions)

Assets			Debt	
Average remaining lease term of contracts (As of 5/12017)	8.3 yrs	Integrated with long-term fixed-rate debt	Average remaining loan term of our entire debt following new borrowings	5.9 yrs
Average NOI Yield of our entire portfolio	5.7%	Positive and long-term stable spread(4.6%)	Weighted average interest rate (Pro forma)	1.15%

Issued the lowest coupon investment corp. bonds using low interest rate environment

Investment corporation bonds issued in Dec. 2016 (10-year term)

➢ Lowest Coupon for 10-year investment corporation Bonds of JPY3bn on the back of a higher credit rating and strong support from the sponsors

	Investment corporation bonds (#1)		Investment corporation bonds (#4)
Term	4yrs	→	10yrs
Size	JPY5bn	→	JPY3bn
Coupon	0.56%	→	0.40%

Credit rating (JCR) **AA**(Stable)

＜Reference＞

Ranking of low coupon investment corporation bonds (10 years and over JPY3bn)(Note)

	Pricing	Issuer	Term (yrs)	Size (JPY bn)	Coupon (%)
1	**2016/12/9**	**IIF**	**10**	**3**	**0.400**
2	2016/10/7	REIT-specifically intended for offices(JCR AA−)	10	4	0.470
3	2016/11/1	REIT-specifically intended for hotels(JCR A+)	10	9	0.600
4	2015/1/16	Diversified REIT(JCR AA−)	10	3	0.670
5	2015/1/29	REIT-specifically intended for retails(R&I AA−)	10	7	0.765

Media Information (Capital Eye)

IIF: Lowest Coupon with 10-year Corporate Bonds of JPY3bn

---<Extract from Capital Eye News>------------------------------

The 10-year corporate bonds issued by Industrial & Infrastructure Fund Investment Corporation (“IIF”) were priced on December 9, 2016. The review of the transaction is as follows.

The process of issuance of bonds started on December 2, 2016 with the hearing, in which the guidance range from mid-0.3% to lower-0.4%, as well as the planned size of issuance of approx. JPY2.0Bn, were offered. The last 10-year investment corporation bonds immediately before this transaction was those of Hulic REIT, obtaining a credit rating of AA- from JCR, was priced at 0.49% on December 7 (JPY1.0Bn, JGB+44.0bp <calculated by CEYE>, Lead managers: Mizuho, Nomura and Daiwa). Hulic REIT had started marketing activities with the proposed range from 0.46 to 0.52% on that particular day when IIF held the hearing. The guidance may reflect a difference in a credit level by one notch. IIF presented the lower level of offered rates than the investment corporation bonds of GLP REIT, also rated as AA by JCR and priced at 0.45% on November 17, 2016 (Size: JPY1.1Bn, JGB+43.0bp<calculated by CEYE>, Lead managers: SMBC Nikko, Nomura and Mizuho).

Marketing activities were started on December 5, 2016, with the range from 0.36 to 0.43% offered. The offered range included a coupon of less than 0.4%, because IIF “explores a possibility of being characterized as a blue-chip issuer” (SMBC Nikko). The range was narrowed down day by day: 0.37 - 0.42% on December 6, 0.38 - 0.41% on December 7, and 0.39 - 0.40% at the morning session on December 8. In response to the “strong needs for 0.4%” (Mizuho), the coupon rate was determined at 0.40% at the afternoon session on December 8, 2016.

The issuer answered the demand for the plateau of 0.4% rate, “in consideration of potential interest rate hike, while IIF had explored a possibility of setting the rate of less than 0.4% on the back of its higher credit rating and strong support from the sponsors,” as Mitsubishi UFJ Morgan Stanley mentioned. The size was increased to JPY3.0Bn at the afternoon session on December 8.

The coupon rate of 0.40% is below that of the GLP bonds and the Hulic REIT Bonds by 5bp and 9bp, respectively, reflecting the higher credit rating. Although IIF missed the target of less than 0.4% coupon rate, the 0.4% coupon rate itself hit a record low among the 10-year investment corporation bonds of JPY3.0Bn.

Main purchasers are life insurers, downstream cooperative financial institutions and other corporations. As seen in the split (central : regional = 30%+ : 70%-), “orders of a certain size were drawn from investors in the central market” (Mizuho). The size of JPY3.0Bn also reflects the fact that the issuer is highly acclaimed.

［Takehiro Higo, Capital Eye News］

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

Continue to focus on CRE proposal acquisitions and additionally acquire selected high-quality assets in prime locations

Acquisition strategy going forward

"Asset acquisition through CRE-proposals" is our core policy

Point of view: Continuity / Versatility / Profitability

Investment policy
- Aim to pioneer an enormous CRE/ PRE market by our CRE proposals
- Focus on asset categories with limited competition: Manufacturing / R&D , Infrastructure

"Additionally acquire selected high quality asset in prime location"

Point of view: Stability / Competitiveness / Versatility

Investment Policy
- Aim to enhance portfolio stability by acquiring assets in prime locations
- Selecting competitive and versatile assets adjacent to a main area of consumption and close to key junctions of transportation

Asset acquisitions by PO in Feb. 2017 (18 properties)

Asset acquisition through CRE-proposals

12 properties (Approx. 70%)

- Urayasu MMC
- Yokosuka TC
- Yokohama Shinyamashita R&DC
- Fukuoka Higashi LC
- Kazo LC
- Morioka LC Ⅱ
- Kakegawa MC
- Shonan TC
- Higashi Matsuyama GMC
- Sendai Taiwa LC
- Hamura LC
- Ota LC

Asset acquisition from market

6 properties (Approx. 30%)

- Fukuoka Hakozaki LC Ⅰ
- Fukuoka Hakozaki LC Ⅱ
- Itabashi LC
- Osaka Konohana LC
- Osaka Suminoe LC Ⅰ
- Osaka Suminoe LC Ⅱ

Asset Acquisitions in prime locations

IIF Fukuoka Hakozaki LC Ⅰ

IIF Itabashi LC

IIF Osaka Konohana LC

About Pipelines

Total number and value of deals (considered)

67 properties

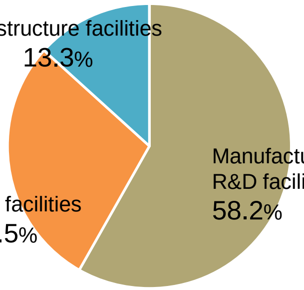
JPY333.7bn

The number of deals under consideration in detail

22 properties

Breakdown of deals under consideration in detail (Note)

✓ Ratio of each asset category (based on asset price)



Properties with preferential negotiation rights

5 properties

Property name	Value(JPY mn)
IIF Fukuoka Hakozaki LC Ⅰ (Co-ownership interest 40%)	2,080
IIF Fukuoka Hakozaki LC Ⅱ (Co-ownership interest40%)	3,640
IIF Itabashi LC (Co-ownership interest40%)	688
IIF Osaka Suminoe LC Ⅰ (Co-ownership interest25%)	3,025
IIF Osaka Suminoe LC Ⅱ (Co-ownership interest25%)	635
Total	10,068

*Notes are detailed in pages 33 and 34

Further enhance diversity of the portfolio by continuous acquisition of properties

Target Assets of IIF

Since the first acquisition of manufacturing facility by J-REIT in 2016 manufacturing facilities have expanded

4 properties JPY**8**bn

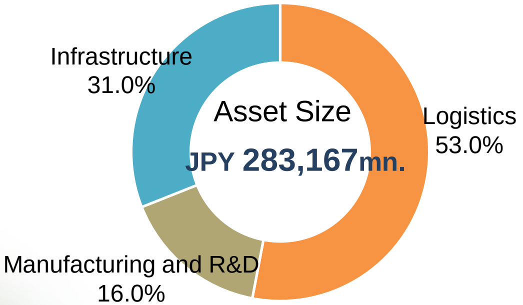
IIF Yokosuka TC

IIF Shonan TC

IIF Urayasu Machinery MC (land with leasehold interest)

IIF Kakegawa MC (land with leasehold interest)

(Reference) Portfolio By Asset Category



<Based on Appraisal or Investigated Value>

While the market has been matured, we aim to acquire selected high quality assets in prime locations in addition to our core acquisition strategy through unique CRE solutions

IIF Kazo LC

IIF Hamura LC

IIF Fukuoka Hakozaki LC Ⅰ (60% co-ownership interest)

IIF Fukuoka Hakozaki LC Ⅱ (60% co-ownership interest)

We continue to pioneer less competitive asset types through our unique CRE solution strategy than those targeted by most other J-REITs

IIF Higashimatsuyama Gas Tank MC (land with leasehold interest)

Manufacturing / R&D Facilities, etc.

Logistics Facilities

Infrastructure Facilities

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4. Operating Results for the December 2016 (19th) Fiscal Period and Earnings Forecast for the July 2017 (20th) and January 2018 (21st) Fiscal Periods

Operating results for December 2016 (19th) fiscal period

(JPY MM) (JPY MM)

		Jun.2016 (18th Period Actual)	Dec.2016(19th Period Actual)	Period-over-period		Dec.2016 (Estimation)	Dec.2016(19th Period Actual)	Difference with estimation	
P/L Main Information	Operation Revenue	7,886	8,069	+183	+2.3%	8,054	8,069	+14	+0.2%
	Operating Expense	3,547	3,652	+105	+3.0%	3,695	3,652	▲43	▲1.2%
	Operating Income	4,338	4,416	+78	+1.8%	4,358	4,416	+57	+1.3%
	Non-Operating Income	1	0	0	▲54.2%	0	0	0	+26.4%
	Non-Operating Expense	958	973	+15	+1.6%	974	973	▲1	▲0.1%
	Ordinary Income	3,382	3,443	+61	+1.8%	3,384	3,443	+59	+1.7%
	Net Income	3,381	3,442	+61	+1.8%	3,383	3,442	+59	+1.8%
	Distributions per Unit (@ yen)	9,590	9,768	+178	+1.9%	9,600	9,768	+168	+1.8%
Others	Capital Expenditure	319	425 (Note1)	105	33.1 %	431	425	(6)	(1.5)%
	Repair Expense	66	81 (Note 2)	+15	22.7 %	82	81	0	(0.7)%
	Total	385	506	120	31.3 %	513	506	(6)	(1.3)%
	Depreciation	1,083	1,130	+47	+4.4%	1,143	1,130	(12)	(1.1)%
	FFO	4,464	4,526	+62	+1.4%	4,527	4,526	0	▲0.0%
	AFFO	4,145	4,101	▲43	▲1.1%	4,095	4,101	+5	+0.1%
	Number of Properties	47	49	+2	-	49	49	0	-
	Occupancy Rate	99.7%	99.9%	+0.2p	-	99.9%	99.9%	0	-
	Total Book Value	207,993	210,342	+2,349	+1.1%				
	Total Appraisal Value	243,182	247,017	+3,834	+1.6%				
	Unrealized Gain	35,188	36,674	+1,485	+4.2%				
	Total Debt	109,800	118,500	+8,700	+7.9%				
	LTV	50.7%	52.7%	+2.0p	-				
	Total Net Asset	93,799	93,959	+160	+0.2%				
	Net Asset per Unit	266,048	266,503	+455	+0.2%				

(Note1) Haneda MC：implementation of LED lightingJPY150mn, Shinagawa ITSC：renovation of fire fighting equipment JPY 29mn, renovation of CVCF room in OA floor JPY 17mn, Kamata R&DC：renewal of air conditioning JPY 18mn
(Note 2) Shinagawa ITSC：renewal of air conditioning and lightning facility (removal) JPY 15mn, B1F Skeleton work JPY 8mn, Atsugi LCⅢ：asphalt repairs JPY 5mn, Yokohama Tsuzuki TC：overhaul of water cooler/heater and replacement of cold water electrical heating pipes JPY 5mn, Mitaka CC：light caulking of rooftop JPY 4mn

■Major Changes (Period over Period)

(Period ended December 2016 vs. Period ended June 2016) (JPY mn)

Operating Revenue ＋183
- ✓Contribution from 7 properties acquired in 2016 ＋342
- ✓Effect of internal growth measures (Nishinomiya, Shinagawa ITSC, etc.) ＋55
- ✓Effect of reduced income due to tenant cancellation at Shinonome R&DC △253
- ✓Increase in profit on sale of Shinonome R&DC ＋46

Operating Expenses ＋105
- ✓Decrease in leasing operation cost due to sale on Shinonome R&DC △58
- ✓Increase in Consumption taxes by selling Shinonome R&DC ＋41
- ✓Increase in expenses(rent-related) on 7 properties acquired in 2016 (six-month period) ＋46
- ✓Increase in property-related taxes from properties acquired in 2015 ＋40
- ✓Increase in asset management fees ＋32

Non-Operating Expenses ＋15
- ✓Increase in financing expenses due to new debt, etc. ＋11
- ✓Decrease in interest cost by refinancing △5
- ✓No. of business days adjustment (finance-related cost) ＋11

■Major Factors (Difference with Estimation)

Operating Revenue ＋14
- ✓Increase in profit on sale of Shinonome R&DC ＋46
- ✓Increase in insurance income(Kawasaki SC, Shinagawa DC) ＋6
- ✓Decrease in utilities costs received △40

Operating Expenses ▲43
- ✓Decrease in rent-related expenses by selling Shinonome R&DC △16
- ✓Increase in Consumption taxes by selling Shinonome R&DC ＋35
- ✓Decrease in utilities costs paid △36
- ✓Decrease in asset management fees △4
- ✓Decrease in other operating expenses △21

Earnings forecast for July 2017 (20th) and January 2018 (21st) fiscal periods

(JPY MM) (JPY MM)

		Dec.2016 (19th Period Actual)	Jul.2017 (20th Period Estimated)	Period-over-period		Jan.2018 (21th Original Estimated)	Period-over-period	
P/L Main Information	Operation Revenue	8,069	10,047	+1,978	+24.5%	8,940	▲1,107	▲11.0%
	Operating Expense	3,652	4,306	+653	+17.9%	3,903	▲402	▲9.3%
	Operating Income	4,416	5,741	+1,324	+30.0%	5,036	▲704	▲12.3%
	Non-Operating Income	0	0	0	▲100.0%	-	-	-
	Non-Operating Expense	973	1,160	186	+19.2%	-	-	-
	Ordinary Income	3,443	4,580	+1,137	+33.0%	4,039	▲541	▲11.8%
	Extraordinary Income	3,442	+3,442	0	0.0 %	-	-	-
	Net Income	3,442	4,579	+1,137	+33.0%	4,038	▲541	▲11.8%
	Distributions per Unit (@ yen)	9,768	11,538	+1,770	+18.1%	10,173	▲1,365	▲11.8%
Others	Capital Expenditure	425	672 (Note 1)	+247	+58.2%			
	Repair Expense	81	73 (Note 2)	(7)	(9.3)%			
	Total	506	746	+240	+47.4%			
	Depreciation	1,130	1,442	+311	+27.6%			
	FFO	4,526	6,022	+1,495	+33.0%			
	AFFO	4,101	5,349	+1,248	30.4 %			
	Number of Properties	49	59	+10	-			
	Occupancy Rate	99.9%	99.9%	0	-			

(Note 1)Shinagawa ITSC:renovation of air conditioning and illumination facility JPY 247mn, Koshigaya LC:renewal of lifting equipment JPY 34mn, Haneda Airport MC:Renovation of exterior walls JPY 25mn

(Note 2)Mitaka CC:Replacement of broken stones in main entrance JPY 4mn, Kobe DHC:renovation of electricity facilities JPY 4mn, Kamata R&DC:repaiir of interlocking block JPY 3mn

■Major Changes (compared to 19th period)

(Period ending July 2017 vs. Period ended December 2016) (JPY mn)

Operating	**+1,978**
✓Contribution from properties acquired in 2017 (Partial period)	+854
✓Decrease from selling Shinonome R&DC	△ 214
✓Difference due to change fiscal period (6months →7months)	+1,290
Operating Expenses	**+653**
✓Increase in rent-related expenses from properties acquired in 2017	+175
✓Decrease rent-related expensesfrom selling Shinonome R&DC	△125
✓Increase in property-related taxes from properties acquired in 2016 (three- month period)	+25
✓Increase in asset management fees from properties acquired in 2017	+122
✓Difference due to change fiscal period (6months →7months)	+453
Non-Operating Expenses	**+186**
✓Increase in financing expenses due to new debt, etc.(Partial period)	+35
✓Difference due to change fiscal period (6months →7months)	+140

■Major Factors for Jan. 2018 (Compared to Jul. 2017 (20th) Period)

(Period ending January 2018 vs. Period ending July 2017) (JPY mn)

Operating Revenue	**▲1,107**
✓Contribution from properties acquired at 2017(six -month period)	+171
✓Difference due to change fiscal period (7months → 6months)	△1,290
Operating Expenses	**▲402**
✓Increase in rent-related expenses from properties acquired in 2017 (six-month period)	+15
✓Increase in property-related taxes from properties acquired in 2016 (six-month period)	+25
✓Difference due to change fiscal period (7months → 6months)	△418
Non-Operating Expenses	**▲163**
✓Difference due to change fiscal period (7months → 6months)	△150

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5. Approach to Sustainability

Creation of a Basic Approach and Implementation Structure for Sustainability

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
- ✓ Signing the Montreal Carbon Pledge, launched at UNPRI for decreasing CO2 emissions
- ✓ Became the first J-REIT asset manager to sign UNEP FI and UN Global Compact

Signatory of:

PRI Principles for Responsible Investment

Signatory of: PRI Montréal PLEDGE Principles for Responsible Investment

UNEP FINANCE INITIATIVE

UN GLOBAL COMPACT Network Japan WE SUPPORT

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.

Received certifications based on IIF's environmental policies and energy efficiency

"Green Star," the highest GRESB distinction, for 4 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 4 consecutive years, the highest ranking in the categories of GRESB environmental responsiveness survey conducted in 2016. Furthermore, we received five stars in GRESB rating, which is a five-star scale, comparative assessment based rating system newly adopted from 2016 assessment.

About 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.

GRESB ★★★★★ 2016

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 October 2015, a total of five facilities were awarded this certification.

IIF Koshigaya LC

IIF Tosu LC

IIF Hiroshima LC

IIF Noda LC

IIF Kobe LC

DBJ Green Building

About 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.

BELS Certification：Received Certification as the First Logistics Property Owned by J-REIT

IIF receives BELS certification at the 4 properties including IIF Hiroshima Logistics Center, the first J-REIT properties to receive BELS certification. Also, IIF Yokohama Tsuzuki logistics center received the highest ranked certification of "5 star ".

IIF Yokohama Tsuzuki LC

IIF Kawasaki SC

IIF Hiroshima LC

IIF Nishinomiya LC (Extension)

BELS Building-Housing Energy-efficiency Labeling System

About Building Energy-efficiency Labeling 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.

Notes (Part ①)

Overall Figures in this material are rounded down to the shown digits otherwise noted, and ratios and years are rounded off to one decimal place. Thus an aggregate of such figures may not coincide with the total of each item.

P.3 (Note 1) The "prime locations" are defined as rare locations that are both adjacent to a main area of consumption and close to major highways for logistics properties. The same shall apply hereinafter.

(Note 2) Due to a 2:1 split of investment units in January 1, 2016, the figures for DPU and NAV per unit until the period ended December 2014 (the 15th period) are divided by 2 and rounded down to the nearest unit for each period. The same shall apply hereinafter.

(Note 3) The fiscal periods are scheduled to change from ending in June and December to ending in January and July from the period ending January 2017. See the Appendix for details.

P.7 (Note 1)

- The "Properties Acquired since IIF's Last Offering and Anticipated Acquisitions" represent the 18 properties in aggregate, consisted of the properties during the fiscal periods ended in December 2015 (the 17th period), ended in June 2016 (the 18th period) and ended in December 2016 (the 19th period) after IIF's last offering and the anticipated properties stated in the press release "IIF to Acquire and Lease Eleven Properties in Japan" as of January 24, 2017 (including the co-ownership interest in IIF Osaka Konohana Logistics Center)
- Average NOI yield and average NOI yield after depreciation of the Properties Acquired since IIF's Last Offering and Anticipated Acquisitions are calculated based on the following formulae:

  Average NOI yield ＝ Total NOI* ÷ Total of (anticipated) acquisition price

  Average NOI yield after depreciation ＝ (Total NOI* − Total of depreciation expenses**) ÷ Total of (anticipated) acquisition price

  *Unless otherwise noted, NOI is calculated by using the net operating income under the DCF method for the initial fiscal year (or the second year if there are special factors in the initial fiscal year) stated in the appraisal reports of the respective properties acquired since IIF's last offering and the respective anticipated acquisitions , the record date of which of those acquired by the end of the fiscal period ended in June 2016 (the 18th period) and by the end of the fiscal period ended in December 2016 (the 19th period) was set on December 31, 2016, and the record date of which of the anticipated acquisitions was set on December 1, 2016 (hereinafter may be referred to as the "Appraisal Report").

  **Depreciation expenses of the anticipated acquisitions are based on an estimate calculated by using the depreciation rates in proportion to the useful life under the straight-line method, as is the case for other assets owned by IIF. The same shall apply hereinafter.
- The "Difference between Appraisal and (Anticipated) Acquisition Price" means the difference between appraisal value (or the survey-based price) and the (anticipated) acquisition prices. The (anticipated) acquisition price is represented by a purchase price of each real estate property or a trust beneficiary interest stated in a sale and purchase agreement (excluding acquisition costs, property taxes, city planning taxes and consumption taxes, etc.) stated in the respective sale and purchase agreement. Please note that any generation of such difference is not guaranteed.
- The "Ratio of the Difference between Appraisal and (Anticipated) Acquisition Price" is calculated based on the following formula:

  The Ratio of the Difference between Appraisal and (Anticipated) Acquisition Price＝ Total of the difference between appraisal and (anticipated) acquisition price ÷ Total of (anticipated) acquisition price
- The "Lease Contract Period" means the period from the day of starting lease to the day of ending lease as provided in the relevant lease contract, and is different from the remaining lease contract period which means the period from May 1, 2017, the last scheduled date of acquisition of an anticipated acquisition, to the day of ending lease. Average lease contract period is calculated based on weighted average according to annual rent. The same shall apply hereinafter. Such calculation is based on the contents of the respective lease contract as of the scheduled acquisition date of the respective anticipated acquisitions. The same shall apply hereinafter.
- The co-ownership interest in IIF Osaka Konohana Logistics Center is included in the anticipated acquisitions.
- The "Acquired Assets" mean the properties acquired in the fiscal periods ended in December 2015 (the 17th period), in June 2016 (the 18th period) and in December 2016 (the 19th period).

(Note 2)

- The "Offerings' means the public offering and third-party allotment announced via the press release "IIF to Issue New Investment Units and Conduct Secondary Offering of Investment Units" as of January 24, 2017.
- For the "Average Applicable Interest Rate," please refer to the press release "Notice Concerning New Debt Financing and Refinancing Associated with Early Repayment" as of January 24, 2017.
- The "Average Remaining Borrowing Period" is represented by an weighted average of period sup to the repayment date of the respective interest-bearing debt as of March 31, 2017 based on the amount of borrowings.

(Note 3)

- The "Financing through Issuance of New Investment units" is represented by the total amount to be paid in through the public offering and the third-party allotment as stated in the press release "IIF Announces the Determination of the Issue and Selling Prices of its Investment Units" as of February 7, 2017. The actual amount raised may differ from this stated amount.
- The number of investment units offered is based on the assumption that payment for all units to be issued through the third party allotment as approved in the board of directors' meeting held on January 24, 2017 will be made by Nomura Securities Co., Ltd. The ratio calculated by dividing such number by the number of investment units outstanding as of today is stated as the ratio to investment units outstanding.
- The "Global Offering" indicates the domestic public offering and overseas offering stated in the press release "IIF to issue New Investment Units and Conduct Secondary Offering of Investment Units" as of January 24, 2017

P.8 (Note 1)

- Average NOI yield and average NOI yield after depreciation of the entire portfolio as of June 30, 2016 (the end of the 18th period) are calculated based on the following formulae:

  Average NOI yield ＝ Total NOI* of the properties in the IIF's portfolio as of June 30, 2016 (the end of the 18th period) ÷ Total of the acquisition price of the properties in the IIF's portfolio as of June 30, 2016 (the end of the 18th period)

  *Total NOI ＝ Total of (Rental revenue－Property related expenses) ＋ Total depreciation expenses

  Total NOI for the period ended in June 2016 (the 18th period) is annualized by doubling the actual result for the 18th period (from January 1, 2016 to June 30, 2016).

  Average NOI yield after depreciation ＝ Total NOI after depreciation* of the properties in the IIF's portfolio as of June 30, 2016 (the end of the 18th period) ÷ Total of the acquisition price of the properties in the IIF's portfolio as of June 30, 2016 (the end of the 18th period)

  *Total NOI after depreciation ＝ Total of (Rental revenue－Property related expenses)

  Total NOI after depreciation for the period ended in June 2016 (the 18th period) is annualized by doubling the actual result for the 18th period (from January 1, 2016 to June 30, 2016).
- Average NOI yield and average NOI yield after depreciation of the entire portfolio after the acquisition of anticipated acquisitions is represented by an weighted average of average NOI yield and average NOI yield after depreciation of the properties in the IIF's portfolio as of June 30, 2016 (the end of the 18th period) except those sold in the 19th period, the properties acquired in the 19th period (the "Properties Acquired in the 19th Period") and the anticipated acquisitions, based on the respective (anticipated) acquisition price. As figures after the acquisition of anticipated acquisitions are, based on a certain assumption, calculated by adding the figures regarding the Properties Acquired in the 19th Period and the anticipated acquisitions to and deducting the figures regarding the properties sold in the 19th period from the figures regarding the properties in the IIF's portfolio as of June 30, 2016 (the end of the 18th period), such figures after the acquisition of anticipated acquisitions do not necessarily coincide with actual figures.
- The difference between the appraisal value and (anticipated) acquisition price in the properties in the IIF's portfolio as of June 30, 2016 (the end of the 18th period) is represented by the figure calculated based on a difference between the appraisal value and book value as of June 30, 2016 (the end of the 18th period). With regard to the Difference between Appraisal and (Anticipated) Acquisition Price in the entire portfolio after the acquisition of anticipated acquisitions, the aggregate of the Difference of Appraisal and (Anticipated) Acquisition Price of the Properties Acquired in the 19th Period and the Anticipated Acquisitions, which are respectively calculated based on the difference between the appraisal value or the survey-based price and the acquisition price as of the end of December 2016 (the end of the 19th period) for the Properties Acquired in the 19th Period and the difference between the appraisal value and the anticipated acquisition price for the Anticipated Acquisitions, and the difference between the appraisal value and the book value as of June 30, 2016 (the end of the 18th period) of the properties in the IIF's portfolio as of June 30, 2016 (the end of the 18th period) (excluding IIF Shinonome R&D Center that was sold in the 19th period); however, as no appraisal value of the 0.3% co-ownership interest in IIF Yokohama Shinyamashita R&D Center acquired on March 1, 2016 is available, such figure is calculated by multiplying 0.3% by the survey-based price applicable to the full ownership interest.

Notes (Part ②)

P.8 (Note 2)

- The following indicators as of June 30, 2016 (the end of the 18th period) are calculated as follows:
  【Average applicable interest rate】 Weighted average of interest rates applied to the respective interest-bearing debt as of the end of June 2016 (the end of the 18th period) is calculated based on the amount of borrowings.
  【Average remaining borrowing period】 Weighted average of periods up to the repayment date of the respective interest-bearing debt as of the end of June 2016 (the end of the 18th period) based on the amount of borrowings.
  【Ratio of fixed-rate borrowings】 Ratio of fixed-rate borrowings ＝ Total amount of fixed-rate debts ÷ Total amount of interest-bearing debts
  Floating-rate debts the rate of which is fixed under the interest swap agreement is categorized in the fixed-rate debts in this calculation.
  【Book value LTV】 Book value LTV＝ Total of interest-bearing debts ÷ Total amount of assets*
  * Total amount of assets ＝ Total amount of liabilities ＋ Total amount of net assets
- The following indicators after the acquisition of anticipated acquisitions are calculated as follows:
  【Average applicable interest rate】
  Weighted average of interest rates applied to the respective interest-bearing debts as of the end of June 2016 (the end of the 18th period) , except the short-term interest-bearing debts to be repaid as stated in the press release "Notice Concerning New Debt Financing and Refinancing Associated with Early Repayment" as of January 24, 2017 (the "Existing Debt to be Repaid"), and interest rates applied to new borrowings in association with the Offerings, are calculated based on the amount of borrowings. The calculation is based on the assumption that the borrowings that will become due as of March 6, 2017 will be refinanced for the average borrowing contract term of 9 years and at the average applicable interest rate of 0.6%
  【Average remaining borrowing period】
  Weighted average of the remaining periods up to the repayment date as of March 31, 2017 of the respective interest-bearing debts as of the end of December 2016 (the end of the 19th period), except the Existing Debt to be Repaid, and the respective new borrowings in association with the Offerings, are calculated based on the amount of borrowings.
  【Ratio of fixed-rate borrowings】
  The ratio among the respective interest-bearing debts as of the end of December 2016 (the end of the 19th period), except the Existing Debt to be Repaid, and the respective new borrowings in association with the Offerings is calculated based on the following formula:
  Ratio of fixed-rate borrowings＝Total amount of fixed-rate debts ÷ Total amount of interest-bearing debts
  Floating-rate debts the rate of which is fixed or will be fixed under the interest swap agreement is categorized in the fixed-rate debts in this calculation.
  【Book value LTV】
  Book value LTV ＝ (Amount of interest-bearing debts as of the end of December 2016 (the end of the 19th period) － Amount of the Existing Debt to be Repaid ＋ Amount of new borrowings in association with the Offering) ÷ (Amount of total assets after the acquisition of Anticipated Acquisitions*)
  *Total assets after the acquisition of Anticipated Acquisitions are calculated as follows:
  Total assets after the acquisition of Anticipated Acquisitions ＝ Total debts as of June 30, 2016 (the end of the 18th period) ＋ Net assets as of the end of June 2016 (the end of the 18th period) ＋ Increase/decrease in interest-bearing debts, guarantees and security deposits during the 19th period **＋ New borrowings in association with the Offerings － Amount of the Existing Debt to be Repaid ＋ Guarantees and security deposits regarding the Anticipated Acquisitions ＋ Total amount to be paid in through the issuance of new investment units***
  **Increase/decrease in interest-bearing debts, guarantees and security deposits during the 19th period is represented by a difference between the balance of interest-bearing debts, guarantees and security deposits as of the end of June 2016 (the end of the 18th period) and an amount calculated by reflecting any increase/decrease in interest-bearing debts, guarantees and security deposits by December 2012 in such balance
  ***Total amount to be paid in through the issuance of new investment units is represented by total issue value of the Offerings, 21,827,998,200 yen (premised on the upper limit based on the issue price and offer price determined on February 7, 2017 (Tuesday).
- IIF obtains the credit rating of AA (stable) as a long-term issuer from Japan Credit Rating Agency, Ltd. ("JCR"). This rating is not granted to IIF's investment units.

(Note 3) Please refer to the press release "Notice Concerning Forecasts of Operating Results and Distributions for the July 2017 (20th) and January 2018 (21st) Fiscal Periods" as of January 24, 2017 for the assumptions underlying the forecasts of distributions.

P.9 (Note) The "Property-related taxes capitalized" means the amount of capitalized property-related tax per outstanding units as of each end of fiscal period.

P.10 (Note) Top 6 properties are included in the calculation as the 5th place is shared by two properties

P.12 (Note) The impact on DPU is estimated assuming the number of outstanding investment units of 397,164 units and has been rounded down to the nearest yen. The same shall apply hereinafter.

P.13 (Note 1) As IIF has not obtained consent from Hitachi Systems, Ltd. one of the tenants of Shinagawa IT Solution Center, on disclosure of information about the contract expiry date, the name of the property, etc. is omitted.
(Note 2) The tenants the ratio of rent paid by which does not reach 0.5% to the entire portfolio as they rent a part of sections in the relevant property are excluded from the count of the number of tenants.
(Note 3) As IIF has not obtained consent from the tenants, the name of some properties, etc. are omitted.
(Note 4) As IIF has not obtained consent from the tenants, the ratio of rent to the entire portfolio is described as "-%."
(Note 5) As IIF has not obtained consent from the tenant, its name is not disclosed.
(Note 6) The "Remaining Lease Period" is represented by the period from May 1, 2017 to the expiry date of leasing as specified in the relevant lease agreement concerning the respective real estate properties and trust beneficiary interests in real estate.
(Note 7) The impact on DPU is estimated assuming the number of outstanding investment units of 397,164 units and has been rounded down to the nearest yen.

P.14 (Note 1) As IIF has not obtained consent from Hitachi Systems, Ltd. one of the tenants of Shinagawa IT Solution Center, on disclosure of information about the contract expiry date, the name of the property, etc. is omitted.
(Note 2) The tenants the ratio of rent paid by which does not reach 0.5% to the entire portfolio as they rent a part of sections in the relevant property are excluded from the count of the number of tenants.

P.18 (Note 1) Total assets and total interest bearing debt are on a pro forma basis on the assumption that the Anticipated Acquisitions in association with the 2017 public offering (11 properties) are acquired. Appraisal value LTV is calculated by adding the Difference between Appraisal and (Anticipated) Acquisition Price of the Anticipated Acquisitions in association with the 2017 public offering (11 properties) to total assets described in the left.
(Note 2) Book value LTV = Total interest-bearing debts ÷ Total assets
(Note 3) Appraisal value LTV = Total interest-bearing debts ÷ (Total assets ＋ Total of Difference between Appraisal and (Anticipated) Acquisition Price of all the properties in the IIF's portfolio)

P.19 (Note) Average remaining borrowing period, ratio of fixed-rate borrowings and average applicable interest rate are represented by an estimate as of March 31, 2017, while book value LTV and appraisal value LTV are represented by an estimate as of the end of July 2017

P.21 (Note) Investment corporation bonds the price of which is determined as of December 13, 2016

P.23 (Note) As of Feb.20, 2017; Properties for which preferential negotiation rights were obtained are included.

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.

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