

Think bold today for a brighter tomorrow.



Investor Presentation for the July 2017 (20th) Period

Securities Code: 3249

Industrial & Infrastructure Fund Investment Corporation

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Establishment of New Slogan and Logo for the MC-UBS Group

Mitsubishi Corp.-UBS Realty Inc. (MC-UBS), the asset manager for Industrial & Infrastructure Fund Investment Corporation (IIF), has established a new group logo and slogan, symbolizing its commitment to further enhancing the strength of the group

- ✓ Group slogan

Think bold today for a brighter tomorrow.

- ✓ Group Logo



- ✓ Investment corporation logo

Industrial & Infrastructure Fund Investment Corporation

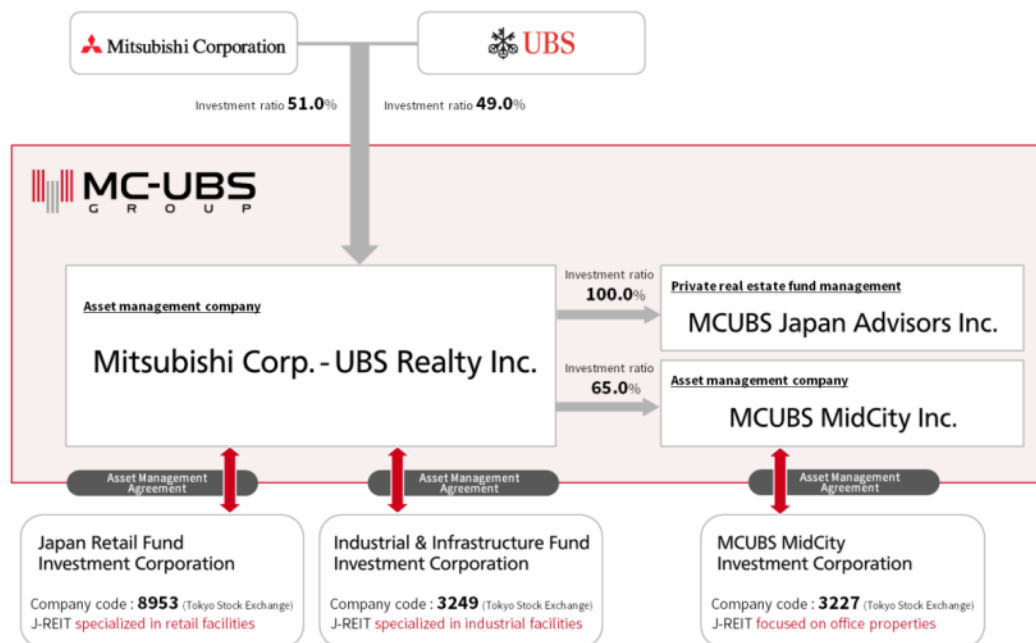
- ✓ Asset manager's logo

Mitsubishi Corp. - UBS Realty Inc.

<Message implied in the group slogan>

The new slogan embodies the value we offer. "Think bold today for a brighter tomorrow with our uniqueness and fairness, with an eye to the future in Japan and the world" highlights that we offer an opportunity to experience the wealth of society in the future through real estate's solid value.

<Overview of the MC-UBS Group>



MC-UBS Group's Basic Policy and Efforts for Sustainability

MC-UBS has been promoting ESG initiatives. Having established basic policy on sustainability in 2013, we have implemented the following initiatives. IIF shares this policy in making investments .

Efforts Regarding Sustainability

2013	<ul style="list-style-type: none"> Established the environmental charter Established the Responsible Property Investment (RPI) Policy
	<ul style="list-style-type: none"> Signed the Principles for Responsible Investment (PRI) Signed the Principles for Financial Action Towards a Sustainable Society (Principles for Financial Action for the 21st Century), which the Ministry of Environment of Japan supported as a secretariat
	<ul style="list-style-type: none"> Signed the UN PRI Montreal Carbon Pledge, a new commitment to reduce CO2
2015	<ul style="list-style-type: none"> Signed the UN PRI Montreal Carbon Pledge, a new commitment to reduce CO2
2016	<ul style="list-style-type: none"> Became the first J-REIT asset manager to sign the United Nation's Environment Programme – Finance Initiative (UNEP FI) and participated in a working group
	<ul style="list-style-type: none"> Became the first J-REIT asset manager to sign the United Nations Global Compact (UNGC), an organization led by the UN Secretary General

Sustainability framework of MC-UBS

■ Establishment of a sustainability committee

- ✓ Established a sustainability committee in 2013 to further promote organization-wide efforts for responsible property investment (RPI)
- ✓ The Committee consists of the CEO as the chairperson, key members of the Industrial Division responsible for the operation of IIF, and key members from each department

Sustainability goal of the asset manager

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 a third-party evaluation from organizations such as GRESB. The evaluation results will be used for further improvement.

(Note) ESG stands for Environmental, Social, and Governance.
IIF's efforts towards ESG issues will help solve and improve environmental and social issues, and foster a sound and growing capital market



Signatory of:



Signatory of:



Certifications for and Recognition of Our Environmental and Energy-Conservation Efforts

■ Third-Party Evaluations

Inclusion in MSCI Japan ESG Select Leaders Index

MSCI



2017 Constituent
MSCI Japan ESG
Select Leaders Index

- ESG index by MSCI
The index only includes equities with high ESG performance. based on certain market-capitalization, and other criteria
- Two funds managed by the MC-UBS Group:
Industrial & Infrastructure Fund Investment Corporation and Japan Retail Fund Investment Corporation are among the 7 J-REITs included in the index
- The Government Pension Investment Fund for Japan (GPIF) announced in July 2017 that it would start passive investment that tracks ESG indices including this index

■ GRESB Real Estate Assessment **NEW!**



- Awarded the “Green Star” for 5 consecutive years
- Received 5 stars under the GRESB rating system (five-star scale, with 5 being the highest) for 2 consecutive years

(Note) Only IIF-related matters are described herein for GRESB, CASBEE, BELS, and DBJ Green Building certifications and recognition

■ CASBEE



- IIF Higashi-Osaka Logistics Center and IIF Kyotanabe Logistics Center became the **first J-REIT-owned properties** to receive CASBEE for Real Estate Certification



■ BELS



- IIF Haneda Air Port Maintenance Center received BELS certification in January 2017



Others:
IIF Yokohama Tsuzuki LC
IIF Hiroshima LC
IIF Kawasaki SC
IIF Nishinomiya LC (extension)
5 properties in total

■ DBJ Green Building Certification



DBJ Green Building

- As of the end of July 2017, five properties had received the DBJ Green Building certification

IIF Hiroshima LC



Others:
IIF Koshigaya LC
IIF Tosu LC
IIF Kobe LC
IIF Noda LC
5 properties in total

MC-UBS Group's IR Activities Targeting Individual Investors

Examples of IR Activities Targeting Individual Investors

MC-UBS Group Joint IR seminar for three J-REITs (JRF/IIF/MID)

IR seminar held jointly by 3 REITs managed
by the MC-UBS Group

3 Investment Corporations

Industrial & Infrastructure Fund Investment Corporation (IIF)

Japan Retail Fund Investment Corporation (JRF)

MCUBS MidCity Investment Corporation (MID)



Joint IR seminar held by 3 REITs

Property tour for individual investors (IIF)

Partnered with TSE to host a property tour
for individual investors

Visit Property Site

IIF Haneda Airport Maintenance Center



Property tour for individual investors

Women's Investment Seminar (JRF)

JRF held its first individual investor seminar
for women



Individual investor seminar for women

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Appendix

Portfolio Data and Other Materials

1. Executive Summary



Steady Increase in Earnings by New Acquisitions, Existing Portfolio and Refinancing

New acquisitions

Steady acquisition of properties based on CRE strategy

- **Asset size expanded to JPY 246.5 bn through acquisitions by the PO**
 - Acquired 18 properties including IIF Yokosuka TC and IIF Shonan TC, both of which are key factories
- **Continue to make CRE proposals and acquire additional properties to achieve further growth**

Existing portfolio

Solid improvements in stability and profitability through internal growth measures

- **On-going extension projects**
 - IIF Fukuoka Hakozaki LC II
 - IIF Sendai Taiwa LC
- **Engaged in eco-friendly measures**
 - Improve revenue in eco-friendly manner by installing solar systems and LED lighting fixtures
 - Awarded the “Green Star,” the highest GRESB distinction, for five consecutive years

Financial strategy

Reinforced financial base, resulting in a steady decrease in debt costs

- **Reduce interest costs while extending borrowing periods**

<New borrowings accompanying PO>

 - New borrowings amount: JPY 23.7 bn
 - Average borrowing period: 9.3 years
 - Average applicable interest rate: 0.61%

<Refinancing in Sep. 2017 (JPY 11.6 bn)>

 - Average borrowing period: 6.0 years → 9.0 years
 - Average applicable interest rate: 1.30% → 0.61% (pro forma)^(Note)
- **Decide upon a 4-for-1 investment unit split to broaden investor base**

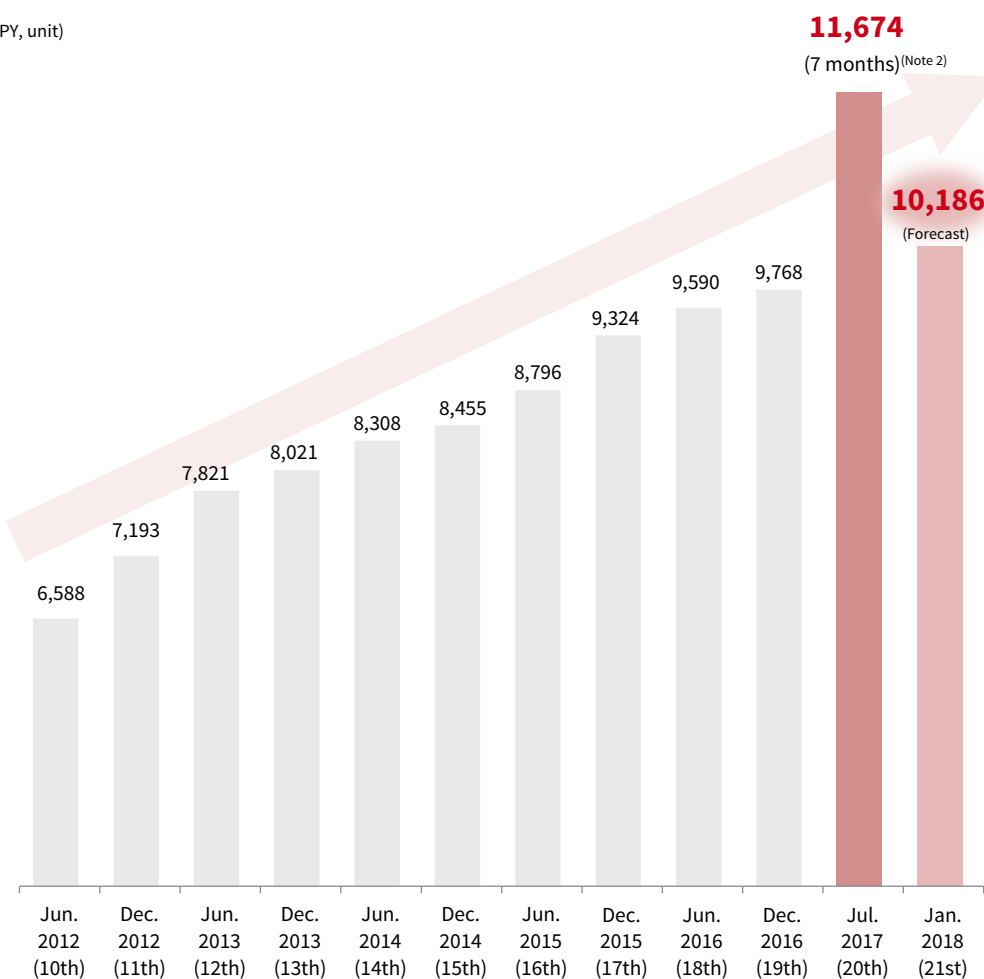
(Note) Figures are estimations based on the loan agreement concluded on September 13, 2017
For details, please refer to the September 13, 2017 press release titled “Notice Concerning Debt Financing (Refinancing)”

Continuous Strong Growth in DPU and NAV

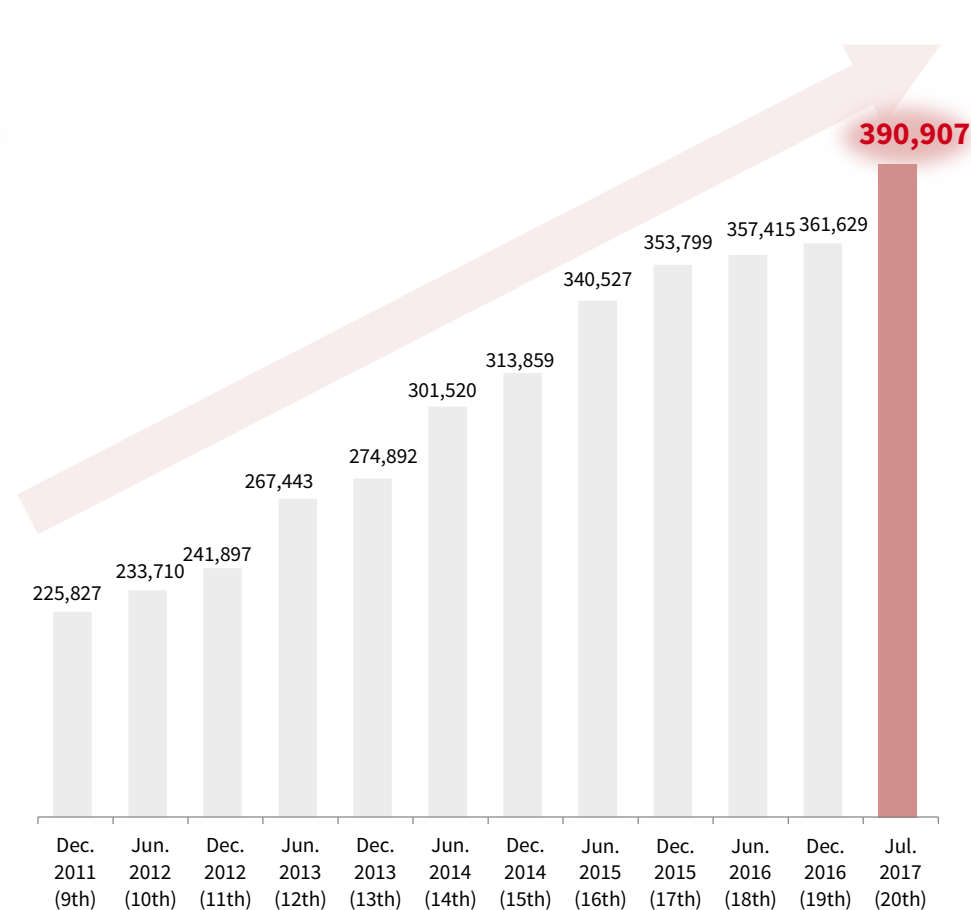
DPU will grow by approx. 1.5 times in five years^(Note 1)

NAV per Unit grew by approx. 1.7 times in five years^(Note 1)

(JPY, unit)



(JPY, unit)



(Note 1) Due to the 2-for-1 investment unit split implemented in January 1, 2015, the figures for DPU and NAV per unit up to the period ended December 2014 (15th period) are divided by 2 and rounded down to the nearest unit for each period. The same shall apply hereinafter.

(Note 2) The fiscal period-ends have been changed from June and December to January and July beginning January 2017. Please see the Appendix for details.

New Acquisitions through PO Contribute to Steadily Increase Asset Size and Unrealized Gain

Change in Indices

- Number of properties
- Acquisition price
- Average NOI yield
- Average NOI yield (after depreciation)
- Unrealized gain on appraisal value (Unrealized gain margin)
- DPU (After property-related taxes expensed)

After 2015 PO ^(Note 1)		Properties acquired through 2017 PO ^(Note 2)		After 2017 PO ^(Note 3)
42 properties	+	18 properties	→	59 properties ^(Note 4)
JPY 203,839m	+	JPY 50,651m	→	JPY 246,549m
5.9%	+	5.1%	→	5.8% ^(Note 5)
4.9%	+	4.4%	→	4.8% ^(Note 5)
JPY 33,896m (+14.4%)	+	JPY 3,808m (+7.5%)	→	JPY 42,603m (+17.4%)
JPY 9,082 per unit			→	JPY 9,926 per unit ^(Note 6) (+9.3%)

Properties acquired after the 2015 PO



(Note 1) Figures as of the end of December 2015 exclude data for IIF Higashi Matsuyama Gas Tank Maintenance Center

(Note 2) Figures are for the 18 properties, including IIF Higashimatsuyama GMC, acquired after the 2015 PO

(Note 3) Figures are calculated based on the data as of the end of July 2017

(Note 4) Figure is reflecting the disposition of IIF Shinonome R&DC.

(Note 5) Figures are derived by dividing NOI and NOI after depreciation as of the end of July 2017 for 12 months (including adjustment for the property-related taxes for newly acquired properties) by the acquisition price.

(Note 6) Figure is derived by deducting the adjustment for the property-related taxes (JPY 260 per unit) from the forecasted DPU for the financial period ending Jan. 2018 (JPY 10,186 per unit)

Internal Growth Measures to Enhance Stability/Profitability and Reduce Environmental Burden

Internal Growth Measures

July 2017 (20th)							January 2018 (21st)					July 2018 (22nd)			
Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.

Extension plan

IIF Fukuoka Hakozaki LC II

Increases revenue by building an annex within the site



Acquisition

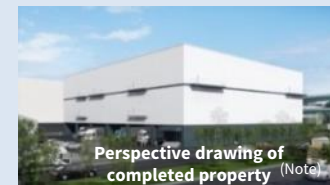
Start of construction



Foundation work



Completion and transfer



Perspective drawing of completed property (Note)

IIF Sendai Taiwa LC

Stabilization of revenue by extending lease contract

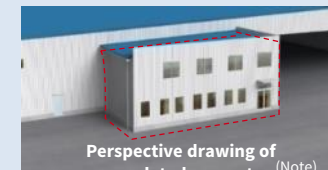


Acquisition

Construction preparation



Completion and transfer



Perspective drawing of completed property (Note)

Start of new lease contract

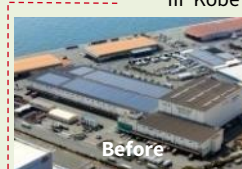
Environmental measures

Installation of solar systems

Increase revenue by leasing roof space for solar power generation



IIF Iruka (Apr. 2017)



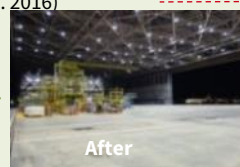
IIF Kobe LC (Jul. 2017)

IIF Inzai LC
(Expected to start operation in Nov. 2017)

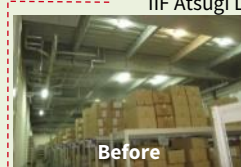


Installation of LED lighting

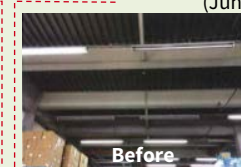
Reduce environmental load and improve profitability



IIF Haneda Airport MC
(Dec. 2016)



IIF Atsugi LC (Apr. 2017)



IIF Kashiwa LC
(Jun. 2017)

(Note) The perspective drawing of completed property may differ from the actual finished facilities

Stable Long-term Financial Base Reinforced, Resulting in Steady Decrease in Debt Costs

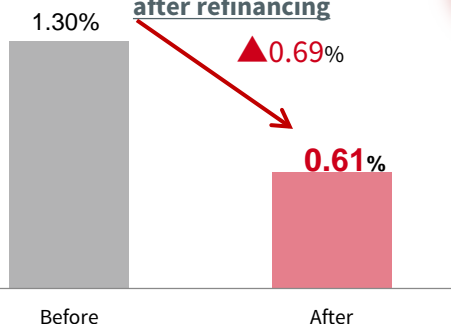
Change in Financial Indices

	Jun. 2016 (18th)	Dec. 2016 (19th)	The 6 th PO	Jul. 2017 (20th)	After refinancing (JPY 11.6bn)	As of Sep. 29, 2017 (Note)
LTV (based on book value)	50.2%	52.7%		50.2%		50.2%
LTV (based on appraisal value)	43.6%	45.3%		43.2%		43.2%
Fixed debt ratio	100.0%	91.0%		100.0%		100.0%
Average period remaining to maturity	4.6 years	4.3 years		5.6 years		6.4 years
Weighted average interest rate	1.31%	1.21%		1.16%		1.10%

Refinancing scheduled for Sep. 2017 (JPY 11.6bn)

Borrowing amount	Weighted average interest rate	Average borrowing period
JPY 11.6bn	0.61% (fixed rate) <small>(Note)</small>	9.0 years

Applicable interest rate is
expected to decrease
after refinancing



**Reinforcement of
financial base and
reduction of debt
costs**

(Note) Figures are the estimation based on the data as of August 25, 2017. Since the applicable interest rate is determined before each borrowing is completed based on the loan agreements executed on September 13, 2017, the estimated interest rate above may differ from the actual applicable interest rates. For details, please refer to the September 13, 2017 press release, titled "Notice Concerning Debt Financing (Refinancing)"

2. Investment Strategy Going Forward



Accelerated Asset Acquisition through CRE Proposals Leveraging IIF's Accumulated Expertise

CRE Proposal Acquisitions of Assets with Strong Growth Potential in Categories with Limited Competition

External growth strategy: CRE Beyond

Pursue first-mover advantage by fulfilling various sales needs and developing new asset classes through CRE proposals

<Examples of recent CRE proposals>

- [Manufacturing/R&D] Supported a major manufacturing company in its need to construct a core manufacturing facility by providing off-balance development
- [Manufacturing/R&D] Supported a company in improving capital efficiency through the sale of its non-core asset
- [Infrastructure/Logistics] Proposed moving to a new asset category

Assets acquired through CRE proposals

Off-balance development

IIF Kawasaki Science Center



Non-core asset sales

IIF Yokosuka Technology Center



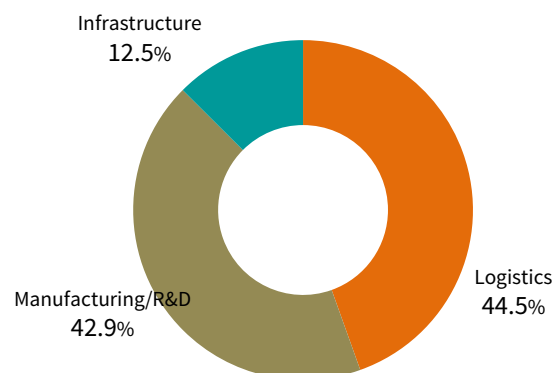
Develop new asset categories

IIF Nagoya Port Tank Terminal (land with leasehold interest)

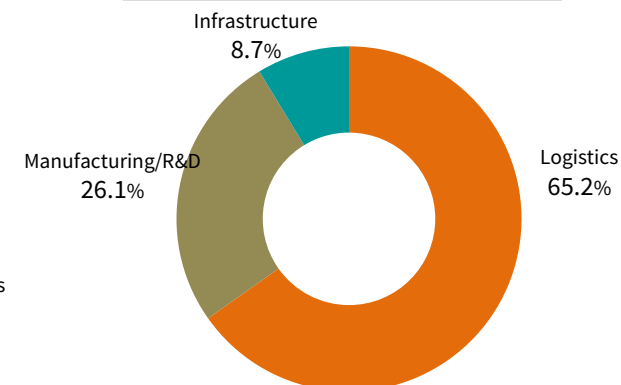


Breakdown of deals under detailed consideration^(Note)

By asset class (Based on price)



By asset class (Based on property)



Pipeline Status

Total number of properties under consideration **65 properties**

Total value of properties under consideration **JPY 321.3bn**

Number of properties currently under detailed consideration

23 properties

(Note) The data as of September 14, 2017. The figures includes properties with right of first refusal.

Expanding IIF's Investor Base (1): 4-for-1 Investment Unit Split

Purpose of unit split

4-for-1 investment unit split will be implemented as a measure to expand the investor base and make IIF more affordable for individual investors

*If one unit at a price of **JPY 500,000** is split into four units, the price after the split will be **JPY 125,000**

[Reference]

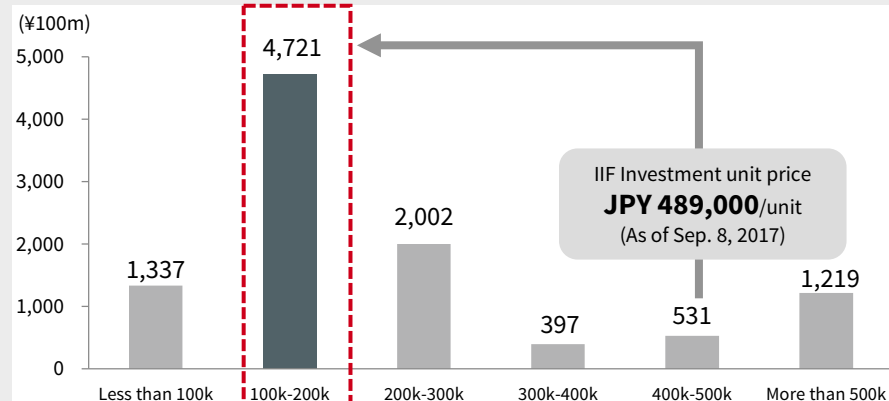
- Most invested J-REIT unit price range by individual investors: **JPY 100k-200k**
- Most common min. investment price range for stocks listed on TSE1st: **JPY 100k-200k**
- Minimum purchase price of J-REIT-specific investment trusts: **Mainly JPY 10k-100k**

Summary of Investment Unit Split

Record date	January 31, 2018	Split ratio	1:4
Effective date	February 1, 2018	Number of outstanding units	(Before split) 397,164 units ↓ (After split) 1,588,656 units

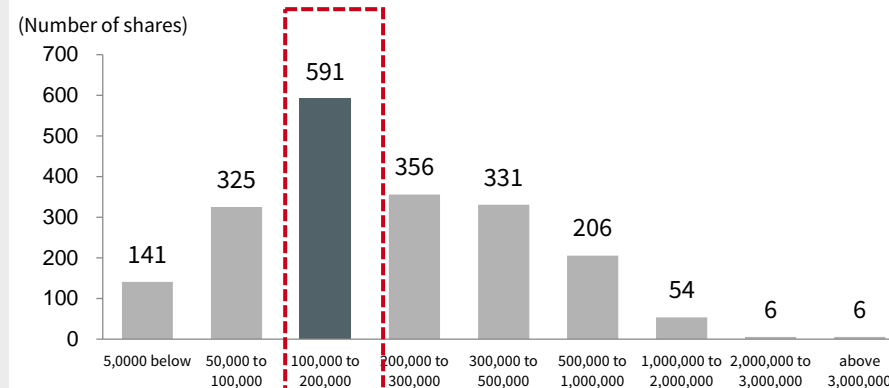
(Note) Ex-dividend date on TSE is scheduled to be January 26 (Fri), 2018

J-REIT Holding by Individual Investors (by Price Range of Units)



(Note) Based on announced figures as of July 24, 2017

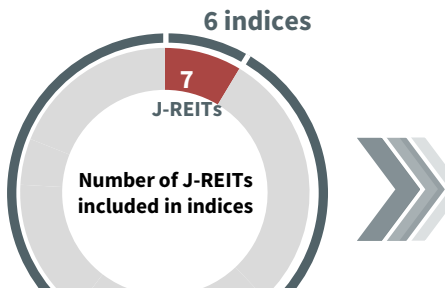
[Reference] Minimum Investment and Number of Equities in TSE 1st Section



(Note) Based on closing price as of June 2, 2017

Expanding IIF's Investor Base (2): Inclusion in Various Global Indices

Inclusion in Major Global Indices

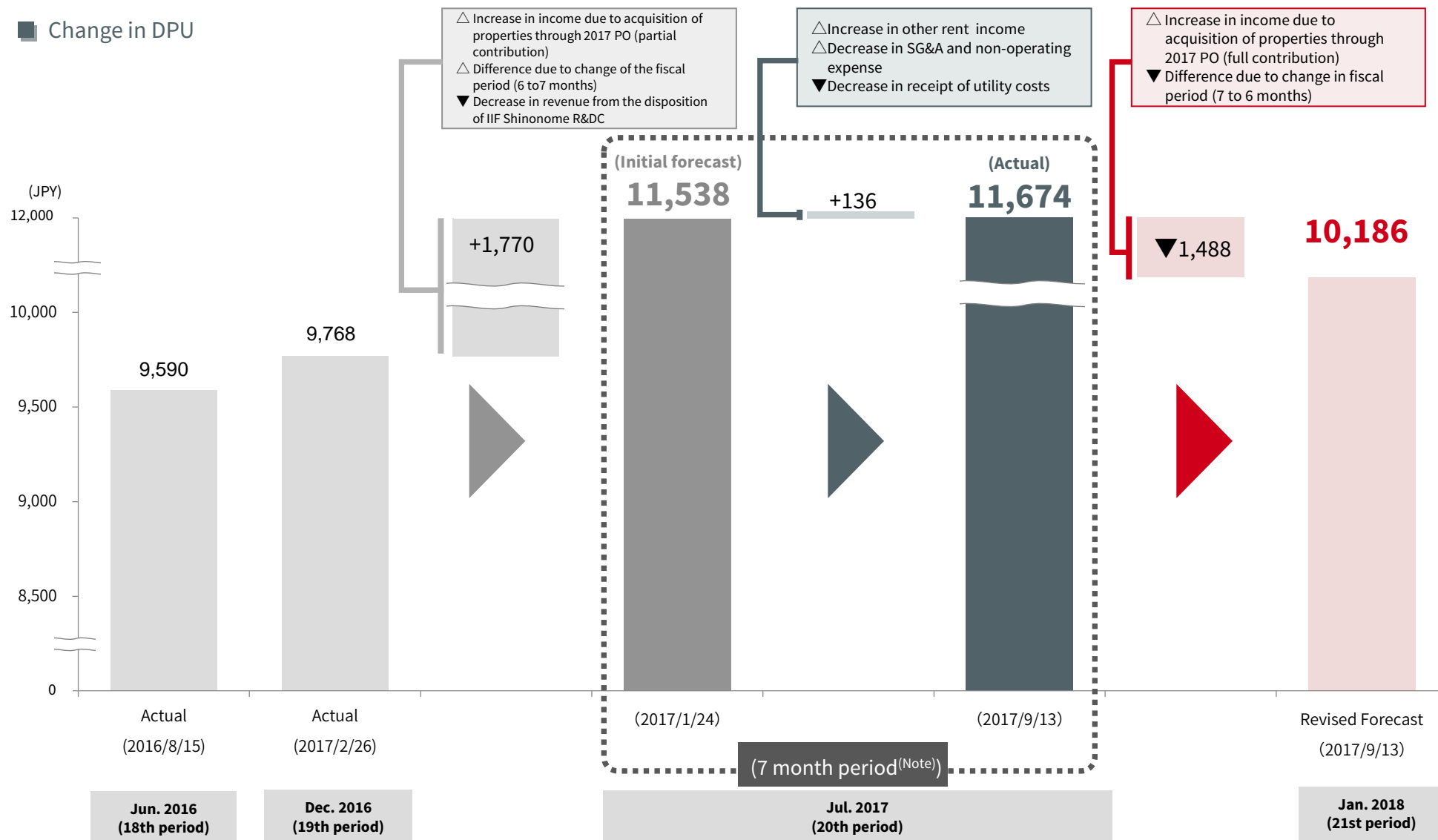
	IIF Inclusion		IIF Inclusion
MSCI JAPAN INDEX	—	S&P Global REIT Index / S&P Developed REIT Index	○
Designed for mid-sized to large securities listed in Japan; provided by MSCI		[S&P Global REIT Index] A REIT-exclusive index, selected from the 600 real estate securities across 36 countries, both developed and emerging, included in the S&P Global Property Index	
MSCI JAPAN IMI INDEX	○	[S&P Developed REIT Index] Consists of REITs from developed countries (as defined by S&P Dow Jones), selected from amongst the 300 REITs included in the S&P Global REIT Index	
Designed for large/mid/small securities listed in Japan; provided by MSCI			
MSCI JAPAN ESG SELECT LEADERS INDEX	○	Russell Global Index	○
A new index designed by MSCI and focused on environmental (E), social (S), and governance (G) factors. Consists of 251 securities with high ESG evaluations, selected from the MSCI JAPAN IMI INDEX		Includes more than 10,000 securities from 47 countries, representing the overall investable universe and each segment thereof	
Number of J-REITs included in major global indices (by company)		FTSE EPRA / NAREIT Global Real Estate Index	○
		A real estate index organized by FTSE, created in cooperation with two real estate organizations which represent Europe and the U.S.: the European Public Real Estate Association and the National Association of Real Estate Investment Trusts	
		GPR 250 Index / GPR 250 REIT Index	○
		An index composed of the 250 most liquid listed property securities including REITs (the GPR 250 REIT Index includes only REITs)	

*Based on announced figures as of July 31, 2017

3. Operating Results for the July 2017 (20th) Fiscal Period and Earnings Forecast for the January 2018 (21st) Fiscal Period



Reached over JPY 10,000 DPU through Public Offering and Property Acquisitions



(Note) Beginning from January 2017, the end of the fiscal period was changed from Jun./Dec. to Jan./Jul. Please refer to the Appendix for details

Operating Results for the July 2017 (20th) Fiscal Period

		(JPY m)				(JPY m)			
		Dec. 2016	Jul. 2017 (20th period actual)			Jul. 2017	Jul. 2017 (20th period actual)		
		(19th period actual)		Period-over-period		(Forecast)		Difference with estimate	
Key P/L figures	Operating revenue	8,069	10,054	+1,985	+24.6%	10,047	10,054	+7	+0.1%
	Operating expense	3,652	4,266	+614	+16.8%	4,306	4,266	(39)	(0.9)%
	Operating income	4,416	5,787	+1,371	+31.0%	5,741	5,787	+46	+0.8%
	Non-operating income	0	0	0	+1.7%	-	0	0	-
	Non-operating expense	973	1,153	+179	+18.5%	1,160	1,153	(6)	(0.6)%
	Ordinary income	3,443	4,634	+1,191	+34.6%	4,580	4,634	+54	+1.2%
	Net income	3,442	4,633	+1,190	+34.6%	4,579	4,633	+53	+1.2%
	Distributions per unit (yen)	9,768	11,674	+1,906	+19.5%	11,538	11,674	+136	+1.2%
Other figures	Capital expenditure	425	649 ^(Note 1)	+224	+52.8%	672	649	(23)	(3.4)%
	Repair expense	81	73 ^(Note 2)	(8)	(10)%	73	73	0	(0.9)%
	Total	506	723	+216	+42.7%	746	723	(23)	(3.2)%
	Depreciation	1,130	1,442	+312	+27.6%	1,442	1,442	0	+0.0%
	FFO	4,526	6,076	+1,549	+34.2%	6,022	6,076	+54	+0.9%
	AFFO	4,101	5,426	+1,325	+32.3%	5,349	5,426	+77	+1.4%
	Number of properties	49	59	+10	+20.4%	59	59	-	-
	Occupancy rate	99.9%	99.9%	-	-	99.9%	99.9%	-	-
	Total book value	210,342	244,203	+33,861	+16.1%				
	Total appraisal value	247,017	286,807	+39,790	+16.1%				
	Unrealized gain	36,674	42,603	+5,928	+16.2%				
	Total debt	118,500	131,500	+13,000	+11.0%				
	LTV	52.7%	50.2%	(2.5)points	(4.8)%				
	Total net assets	93,959	117,008	+23,048	+24.5%				
	Net assets per unit	266,503	294,608	+28,105	+10.5%				

(Note 1) Shinagawa ITSC: JPY247m for renewal of AC units and lighting fixtures; Koshigaya LC: JPY34m for renewal of lifting equipment; Haneda Air Port MC: JPY26m for repair of exterior walls; Yokohama Tsuzuki: JPY23m for renewal of central monitoring equipment

(Note 2) Mitaka CC: JPY4m for replacement of broken floor stones in main entrance; Kamata R&DC: JPY3m for repair of interlocking blocks; Atsugi LC II: JPY2m for repair of exterior walls; Narashino LC II: JPY2m for correction of issues raised in fire department inspection

Major Changes (Period over Period)

(JPY m)

Operating revenue

+1,985

- ✓ Contribution from properties acquired through 2017 PO (partial contribution) +852
- ✓ Increase in revenue from internal growth measures (Shinagawa ITSC leasing, etc.) +62
- ✓ Decrease in revenue from sale of Shinonome R&DC (214)
- ✓ Gain on sale of Shinonome R&DC (recorded in 19th period) (46)
- ✓ Difference due to change in fiscal period (6 months to 7 months) +1,281

Operating expense

+614

- ✓ Increase in expense from properties acquired through 2017 PO (partial contribution) +164
- ✓ Decrease in leasing operation expense due to sale of Shinonome R&DC (125)
- ✓ Increase in property-related taxes from properties acquired in 2016 (3-month period) +23
- ✓ Increase in asset management fees for properties acquired through 2017 PO +122
- ✓ Difference due to change in fiscal period (6 months to 7 months) +462

Non-operating expense

+179

- ✓ Increase in interest cost due to new debt/refinancing for 2017 PO (partial contribution) +60
- ✓ Difference due to change in fiscal period (6 months to 7 months) +115

Major factors (Difference with estimation)

(JPY m)

Operating revenue

+7

- ✓ Fees for state-owned land usage of Haneda Air Port MC +17
- ✓ Increase in other rent income (Sagamihara R&DC, Fukuoka Hakozaki I & II, etc.) +23
- ✓ Decrease in receipt of utility costs (33)

Operating expense

(39)

- ✓ Fees for state-owned land usage of Haneda Air Port MC +17
- ✓ Decrease in receipt of utility costs (19)
- ✓ Decrease in SG&A (27)

Non-operating expense

(6)

- ✓ Increase in interest expense due to new debt/refinancing for 2017 PO +2
- ✓ Decrease in amortization of issuance costs for issuing new investment units (9)

Earnings Forecast for the January 2018 (21st) Fiscal Period

	(JPY m)			
	Jul. 2017	Jan. 2018 (21st period estimate)		
	(20th period actual)		Period-over-period	
Key P/L figures	Operating revenue	10,054	8,983	(1,071) (10.7)%
	Operating expense	4,266	3,945	(321) (7.5)%
	Operating income	5,787	5,037	(750) (13.0)%
	Non-operating income	0	-	0 -
	Non-operating expense	1,153	993	(160) (13.9)%
	Ordinary income	4,634	4,044	(590) (12.7)%
	Net income	4,633	4,043	(590) (12.7)%
Other figures	Distributions per unit (yen)	11,674	10,186	(1,488) ▲12.7%
	Capital expenditure	649	775 ^(Note 1)	+125 +19.4%
	Repair expense	73	71 ^(Note 2)	(1) (2.3)%
	Total	723	847	+124 +17.2%
	Depreciation	1,442	1,260	(182) (12.6)%
	FFO	6,076	5,303	(772) (12.7)%
	AFFO	5,426	4,527	(898) (16.6)%
	Number of properties	59	59	- -
	Occupancy rate	99.9%	99.9%	- -

(Note 1) Kobe DHC: JPY160m for renewal of central monitoring equipment; Shinagawa DC: JPY134m for renewal of generators ;
Shinagawa ITSC: JPY132m for renewal of AC units and lighting fixtures

(Note 2) Shinagawa ITSC: JPY10m for renewal of AC units and lighting fixtures; Kashiwa LC: JPY7m for painting of platform eaves;
Mitaka CC: JPY4m for roof sealing replacement

(JPY m)			
Jan. 2018	Jan. 2018 (21st period estimate)		
(Previous estimate)		Difference with previous estimate	
8,940	8,983	+42	+0.5%
3,903	3,945	+41	+1.1%
5,036	5,037	+1	+0.0%
-	-	-	-
997	993	(3)	(0.4)%
4,039	4,044	+5	+0.1%
4,038	4,043	+5	+0.1%
10,173	10,186	+13	+0.1%

■ Major changes (Compared to Jan. 2017 (20st) Period)

(JPY m)

Operating revenue

(1,071)

- ✓ Contribution from properties acquired through 2017 PO (partial contribution) +171
- ✓ Increase in revenue from internal growth measures (Atsugi LC, Kobe DHC, etc.) +11
- ✓ Difference due to change in fiscal period (7 months to 6 months), etc. (1,246)

Operating expense

(321)

- ✓ Increase in expense from properties acquired through 2017 PO (full contribution) +16
- ✓ Increase in property taxes from properties acquired in 2016 (full contribution) +23
- ✓ Increase in operating expenses (brokerage fees) +14
- ✓ Increase in SG&A +26
- ✓ Difference due to change in fiscal period (7 months to 6 months), etc. (400)

Non-operating expense

(160)

- ✓ Increase in interest expense due to new debt/refinancing for 2017 PO +5
- ✓ Decrease in interest expense from refinancing in Sept. 2017 (39)
- ✓ Difference due to change in fiscal period (7 months to 6 months), etc. (115)

■ Major factors (difference with previous estimate)

(JPY m)

Operating revenue

+42

- ✓ Fees for state-owned land usage of Haneda Air Port MC (Off-set) +25
- ✓ Increase in revenue from internal growth measures (Atsugi LC, Kashiwa, LC, etc.) +13
- ✓ Increase in receipt of utility costs +6

Operating expense

+41

- ✓ Fees for state-owned land usage of Haneda Air Port MC +25
- ✓ Increase in receipt of utility costs +4
- ✓ Increase in operating expenses (brokerage fees) +19
- ✓ Decrease in SG&A (4)

Non-operating expense

(3)

- ✓ Increase in interest cost due to new debt/refinancing for 2017 PO +3
- ✓ Decrease in amortization of issuance costs for issuing new investment units (8)

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4. Current Status of Operations and Initiatives Going Forward

(1) Management of Current Portfolio: “3C Management”



Extension Project (1) IIF Fukuoka Hakozaki Logistics Center II

Extension of IIF Fukuoka Hakozaki Logistics Center II

Key point

Extension to meet a new tenant's needs for setting up a distribution hub is intended to enhance profitability

Lease reservation agreement with a major local logistics company specialized in health food, cosmetics, etc.

Tenant's needs

- Establishment of new distribution hubs in extended areas outside of Kyushu
- Good location to secure headcount
- User-friendly property for which the tenant can rent an entire building

Property characteristics

- Prime location close to the Hakata area and easily accessible to/from the bay area and highway exists
- Total floor area of approx. 10,000 m², floor load of 1.5t/m², and ceiling height of 5.5 m

[Overview of extension building]



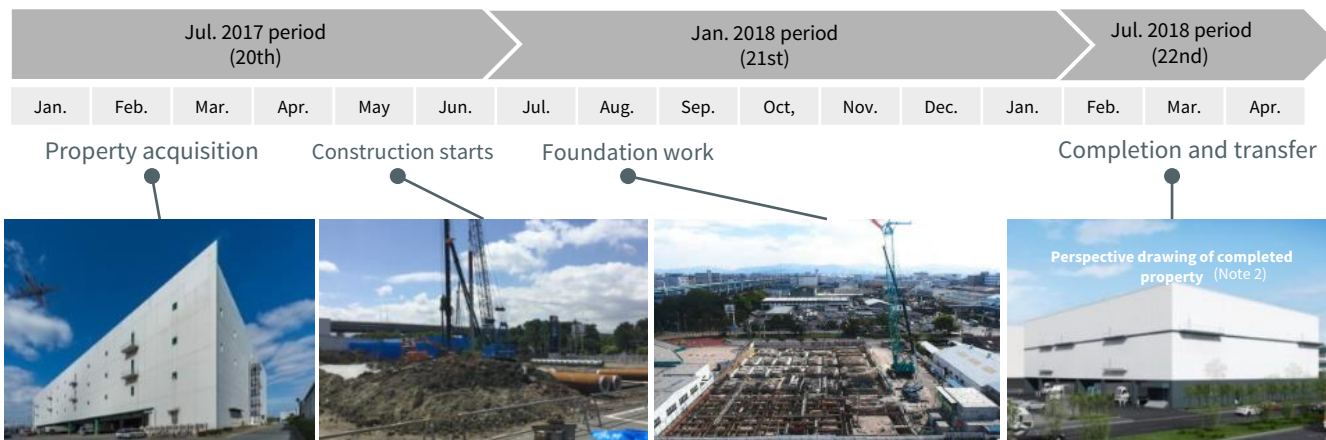
[Overview of the basic agreements on property sales (Note 1)]

IIF and the seller have agreed on the transfer, provided that the building inspection certificate is issued and agreements between the prospective tenant, such as a fixed-term lease reservation agreement, are in place

[Map of surrounding area]



[Schedule]



(Note 1) The basic agreement is not legally binding, and there is no concrete plan in place for IIF to acquire the extension building
There is also a possibility that the extension building will not be built or leased as planned

Also, there is no guarantee that IIF will be able to acquire the extension building after completion

(Note 2) The perspective drawing of the completed property may differ from the actual finished facility

[Overview of fixed-term lease reservation agreement]

Overview of fixed-term lease reservation agreement

Tenant	Undisclosed
Leasable area	Approx. 10,000 m ²
Lease type	Fixed-term lease agreement
Contract term	10 years from transfer date
Cancellation before maturity	Not allowed in general
Rent revision	Not allowed

Extension Project (2) IIF Sendai Taiwa Logistics Center

Extension of IIF Sendai Taiwa Logistics Center

Key point

Extension to meet the tenant's needs to expand areas and upgrade functions is intended to maintain profitability and execute a long-term lease contract

MOU on a long-term lease has been concluded with the tenant

Tenant's needs

- Improved working environment to secure sufficient headcount and to decrease employee turnover
- Long-term use as its key hub, covering 5 prefectures in the Tohoku region

Property characteristics

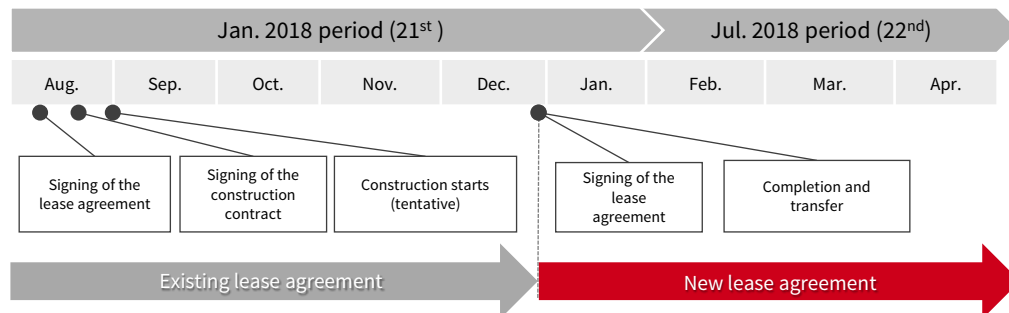
- Easily accessible to/from the highway exits
- Low-floor warehouse suitable for handling beverages
- Extra space allowing for further extension, if needed

[Effects of extension](Note)

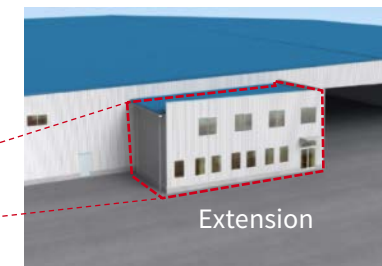
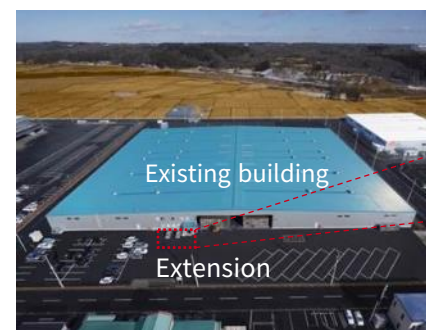
	Before extension		Extension		After extension
Acquisition price	JPY1,480m		JPY66m		JPY1,546m
Appraisal value	JPY1,580m	+	+JPY70m	=	JPY1,650m
NOI yield	6.0%		6.1%		6.0%
NOI yield after amortization	4.8%		4.6%		4.8%
Remaining contract term	1.6 years				5.4 years
Cancellation before maturity/rent revision	Allowed (6 months prior notice) / negotiable				Not allowed / negotiable

Improved stability →

[Schedule]



[Conceptual image of extension project]



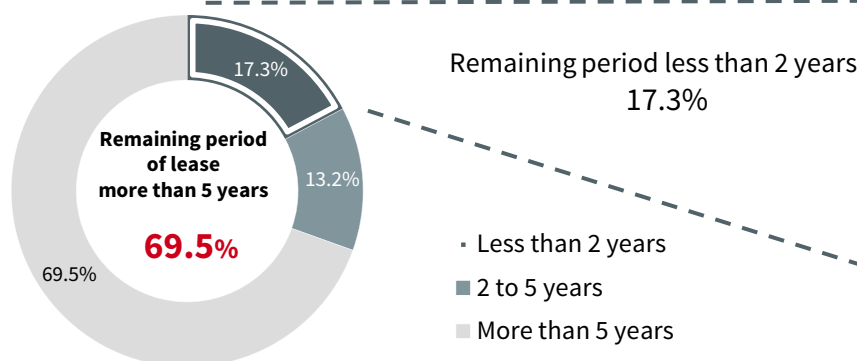
Overview of new lease agreement

Tenant	Miyago Ryutsu Co., Ltd.
Leasable area	15,555.15 m ²
Annual rent	Undisclosed
Contract term (scheduled)	5 years (Dec. 25, 2017 – Dec. 24, 2022)
Lease type	Standard lease agreement
Cancellation before maturity/rent revision	Not allowed/negotiable

Establish Long and Stable Profitability by Careful Support for Tenants Facing Lease Expiration

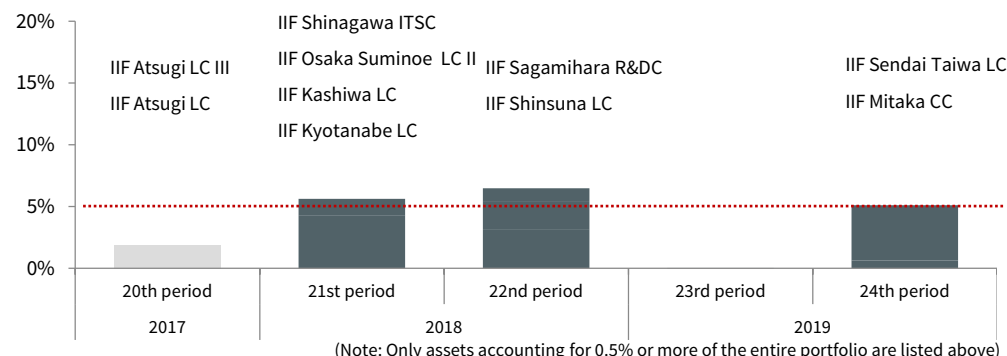
Distribution of Lease Expiration Periods (annual rent basis) (Notes 1, 2, 3)

Remaining period of lease



Distribution of leases expiring within the next two years (annual rent basis)

<Based on the rent income contribution in the entire portfolio>



Response to Key Tenants Facing Lease Expiration in Next Two Years

	Lease Expiry	Property Name	Tenant	Achievements/Action Plans (Note 3)	
Jul. 2017 period (20th)	2017/1/31	IIF Atsugi LC III	Tokyo Logistics Factory Co., Ltd.	Signed a new fixed-term lease contract with the current tenant for 5 years	Signed
	2017/6/30	IIF Atsugi LC	Fuji Logitech Next, Inc.	Signed a new fixed-term lease contract with the current tenant for 5 years Increase earnings by + JPY11,754k/year (DPU: +JPY14/period)	Signed
Jan. 2018 period (21st)	2017/8/31	IIF Shinagawa ITSC	Systems subsidiary of a major Japanese telecommunications company	Signed a renewed contract for 2 years	Signed
	2017/8/31	IIF Osaka Suminoe LC II	Toshiba Logistics Corporation	Signed a renewed contract for 1 year	Signed
	2017/11/30	IIF Kashiwa LC	<div>New</div> Pip Logistics Co., Ltd <div>Old</div> Nippon Express Co., Ltd	Signed a new fixed-term lease contract with a new tenant for 5 years Increase earnings by +JPY 14,786k/year (DPU: +JPY18/period)	Signed
	2017/12/31	IIF Kyotanabe LC	Takara Butsuryu System Co., Ltd.	Signed a memorandum on renewal of the original contract with the current tenant for 10 years	Signed
Jul. 2018 period (22nd)	2018/3/31	IIF Sagamihara R&DC	Micron Memory Japan, Inc.	Holding discussions with the current tenant aiming for executing a longer-term contract	In process
	2018/7/14	IIF Shinsuna LC	Sagawa Express Co., Ltd.	Started negotiation with the current tenant	In process
Jul. 2019 period (24th)	2019/2/28	IIF Sendai Taiwa LC	Miyago Logistics K.K.	Signed memorandum stipulating new lease terms and conditions with the current tenant Contract period: 5 years from the completion and transfer of the extended building (scheduled on December 25, 2017 or after), with no cancellation before expiry allowed	Signed
	2019/2/28	IIF Mitaka CC	JCB Co., Ltd.	Signed memorandum aiming to execute a longer-term contract with the current tenant Set newly 3-year non-cancellable period (effective until January 31, 2020) Extended the period of advance notice for cancellation by one year from 6 months to 18 months	Signed

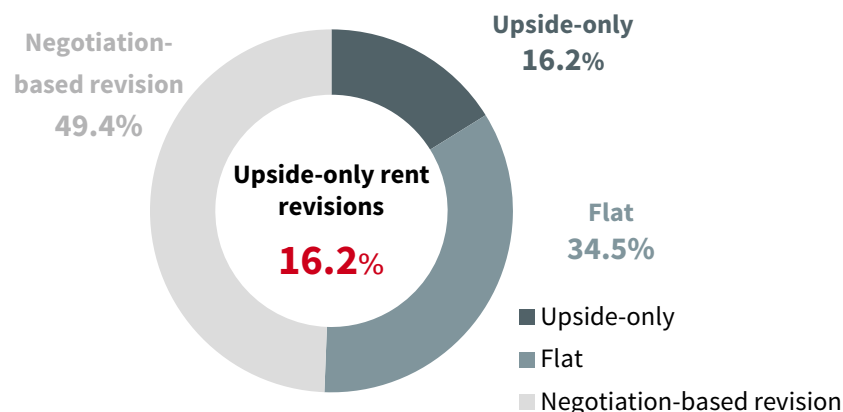
(Note 1) Figures are calculated based on the lease agreement expiration date effective as of September 14, 2017 except for the new agreement or renewed agreement that has not been signed.

(Note 2) Hitachi Systems, lessee of Shinagawa ITSC, did not agree to disclose the lease expiration date; therefore, the property is excluded from the list

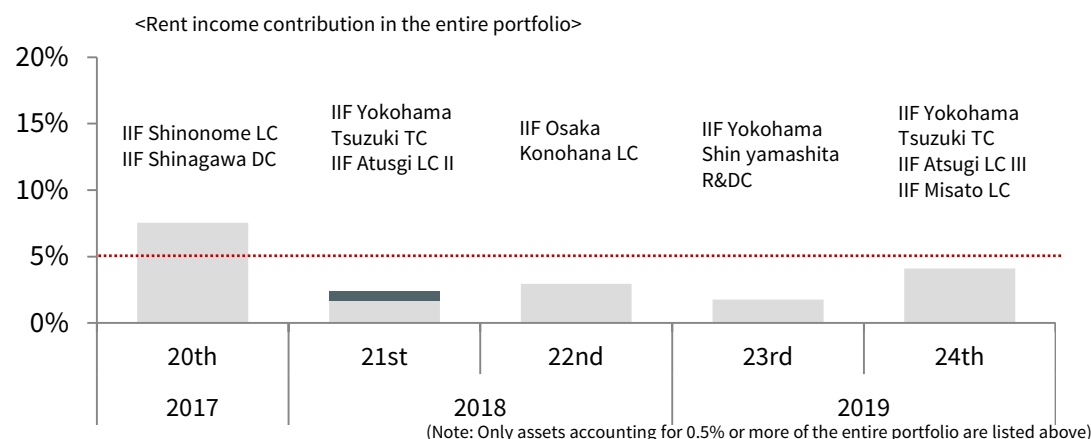
(Note 3) Figures for the impact on distributions are calculated based on the total number of investment units issued (397,164 units) and rounded down to the digits shown

Increase in Earnings by Capturing Opportunity of Rent Revisions to Achieve Internal Growth

Rent Revisions (annual rent basis) (Notes 1, 2, 3)



Properties of which the rent may be revised within the next two years



Key Internal Growth Initiatives

	Rent Revision Date (Scheduled)	Property Name	Tenant	Contract Terms of Rent Revision	Annual Rent Increase ^(Note 5) (Impact on distributions)	
Jul. 2017 (20th period)	2017/1/1	IIF Haneda Airport MC	Japan Airlines Co., Ltd.	Receipt of part of benefits from reduced electricity charges resulting from the introduction of LED lighting.	Increased	JPY29,090k (JPY+37/period)
	2017/3/7	IIF Shinagawa DC	XYMAX Corporation	Revision of sub-lease rent upon consultations.	Increased	JPY15,000k (+JPY18/period)
	2017/4/30	IIF Iruma LC	Daiichi Freight System Inc.	Receipt of roof rental rates as a result of the introduction of solar panels ^(Note 4)	Increased	JPY1,440k (+JPY2/period)
	2017/4/30	IIF Kobe LC	NISSIN CORPORATION	Receipt of roof rental rates as a result of the introduction of solar panels ^(Note 4)	Increased	JPY1,200k (+JPY1/period)
Jan. 2018 (21st period)	2017/10/1	IIF Kobe DHC	Osaka Gas Co., Ltd.	Receipt of rent after the communal zone were re-categorized into an exclusive element	To increase	Not disclosed
	2017/10/1	IIF Yokohama Tsuzuki TC	TÜV Rheinland Japan Ltd.	2% increase every three years	To increase	JPY1,774k (+JPY2/period)
Jul. 2018 (22nd period)	2018/2/28	IIF Fukuoka Hakozaki LC II	Not disclosed	An extension project is under way and both a letter of agreement and a expected agreement with a potential tenant have already executed	Extended	TBD

(Note 1) Hitachi Systems, lessee of Shinagawa ITSC, did not agree to disclose the lease expiration date; therefore, the property is excluded from the list

(Note 2) Tenants whose rent income contribution is less than 0.5% of the entire portfolio are excluded from the number of tenants (lessees renting a section of a property, etc.)

(Note 3) The rent for IIF Shinonome LC remains the same after the renewal of lease agreement

(Note 4) Roof space for the PV systems is rented by Orix Corporation

(Note 5) Figures for the impact on distributions are calculated based on the total number of investment units issued (397,164 units) and rounded down to the digits shown

4. Current Status of Operations and Initiatives Going Forward

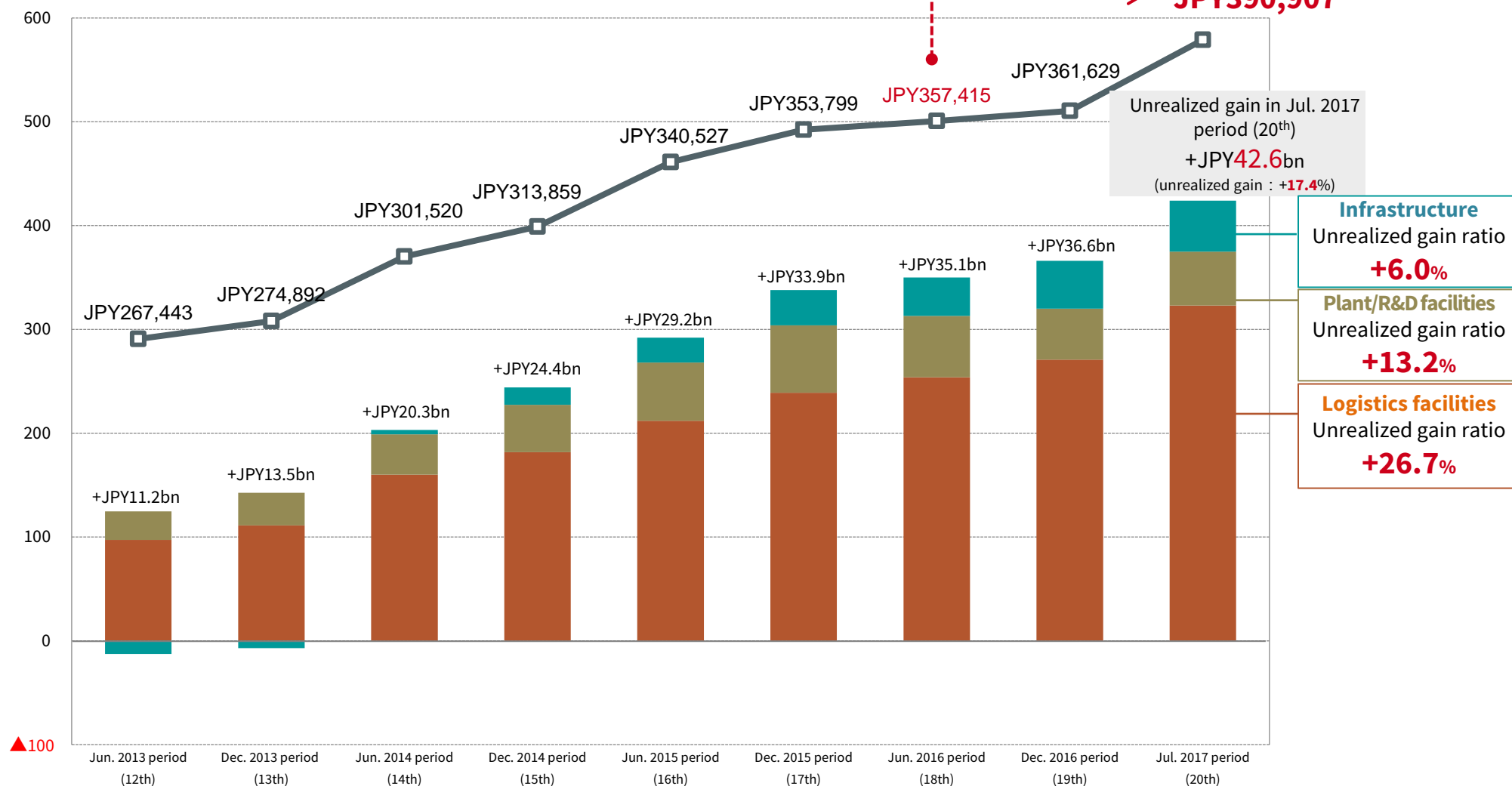
(2) Financial Strategy: “ALM”



Unrealized Gain Reached JPY 42.6 bn (+17.4%), and NAV Per Unit Increased by Approx. 9.4%

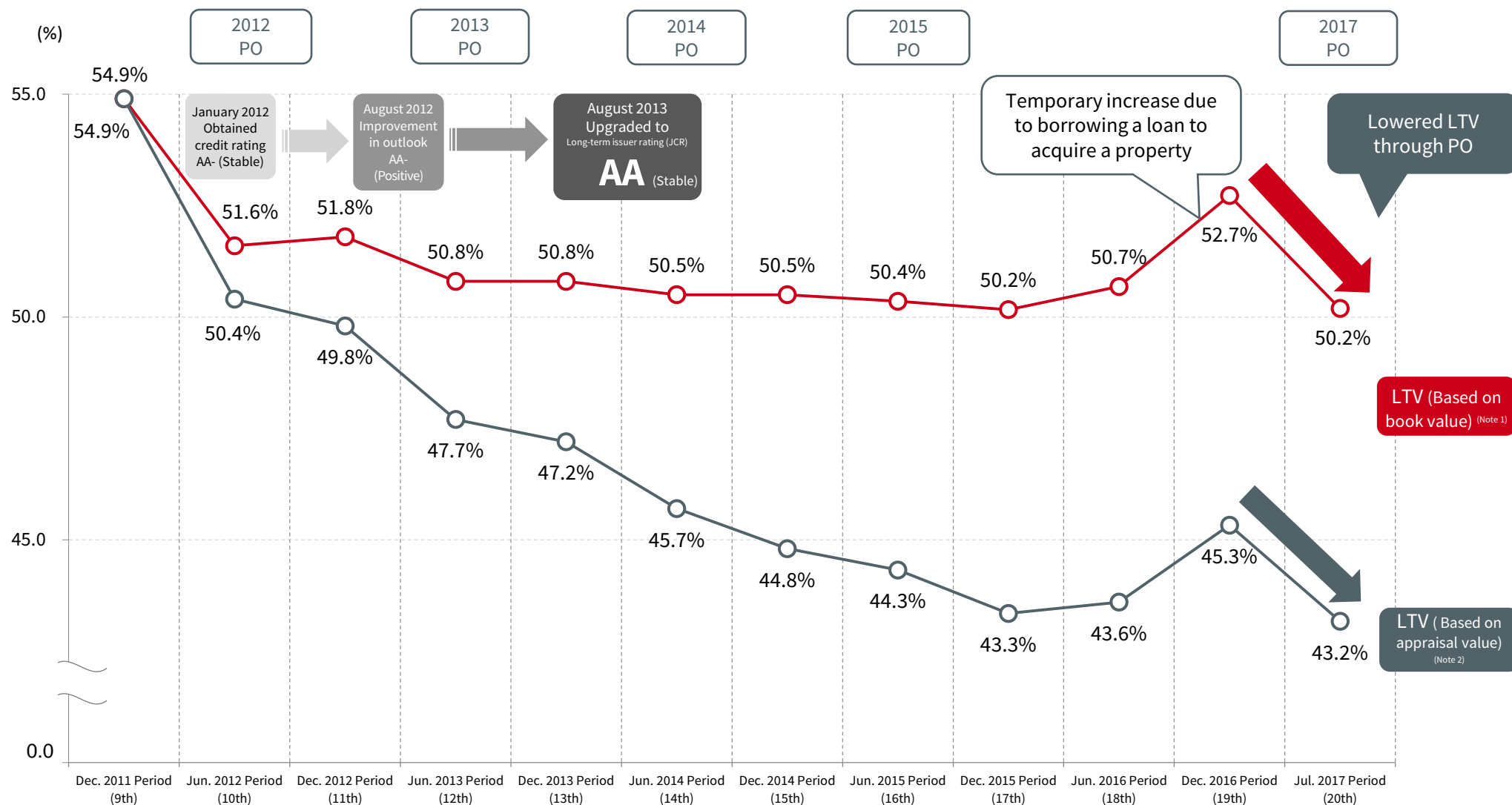
■ Unrealized gain / NAV per unit

(Unrealized gain: JPY100m)



LTV Temporarily Increased Due to Property Acquisition; Lowered it through PO

Historical LTV

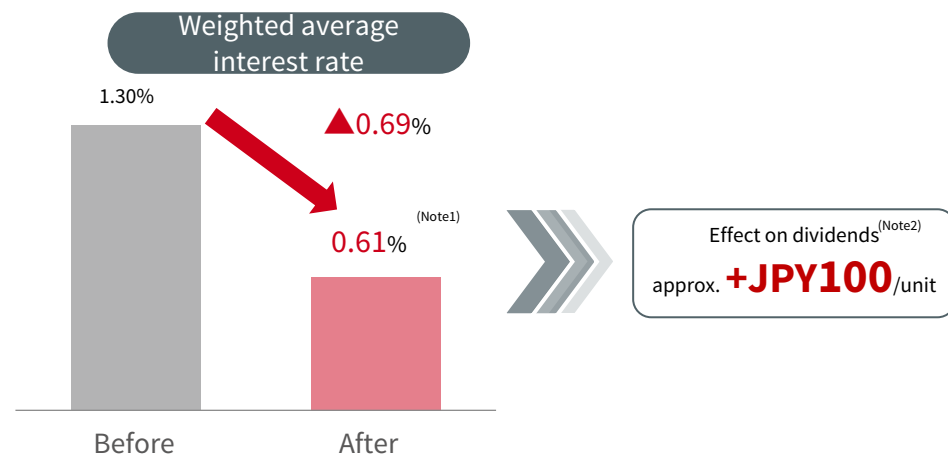


(Note 1) LTV (Based on book value) = Total net debt ÷ total assets

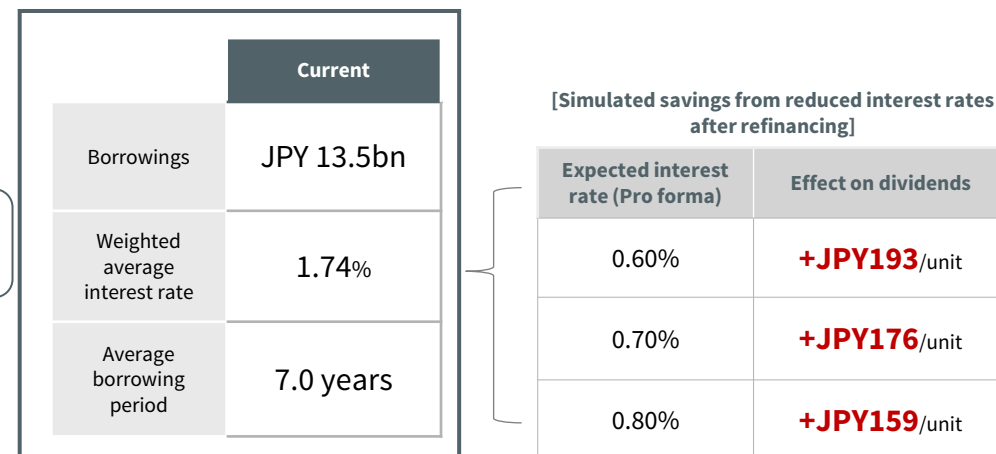
(Note 2) LTV (Based on appraisal value) = Total net debt ÷ (total assets + unrealized gain/loss on assets)

Reduction in Interest Costs and Aim for Further Profitability Increase through Refinancing

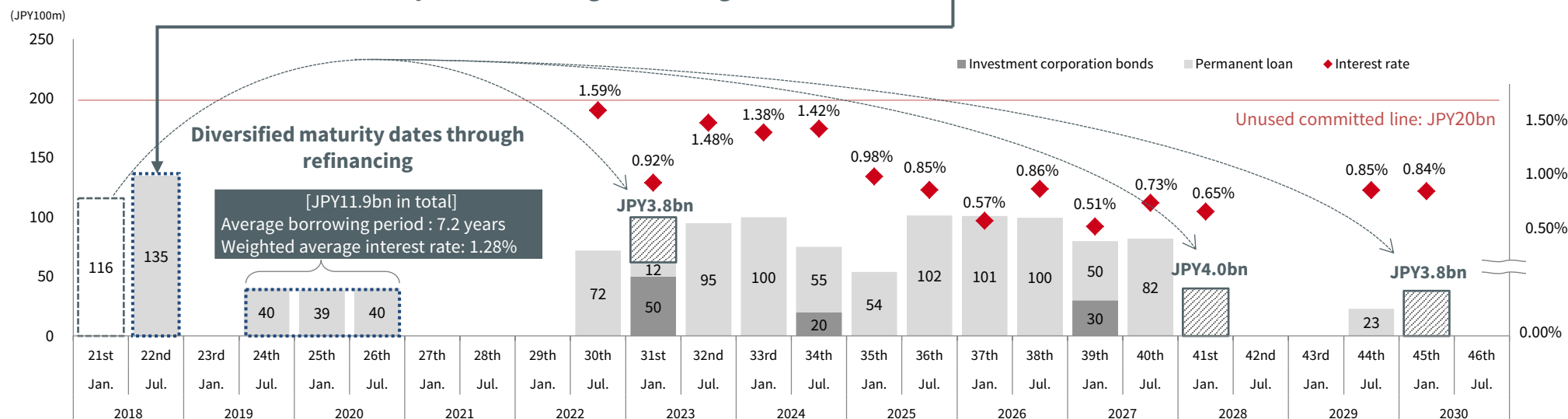
■ Refinancing Scheduled in September 2017 (JPY 11.6bn)



■ Refinancing Scheduled for the July 2018 Period (22nd)



■ Diversification of Loan Maturity Dates and Weighted Average Interest Rate



(Note 1) Figures are the estimation based on the data as of August 25, 2017. Since the applicable interest rate is determined before each borrowing is completed based on the loan agreements executed on September 13, 2017, the estimated interest rate above may differ from the actual applicable interest rates. For details, please refer to the September 13, 2017 press release, titled "Notice Concerning Debt Financing (Refinancing)"

(Note 2) Figures for the impact on distributions are calculated based on the total number of investment units issued (397,164 units) and rounded down to the digits shown

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Industrial & Infrastructure Fund Investment Corporation

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