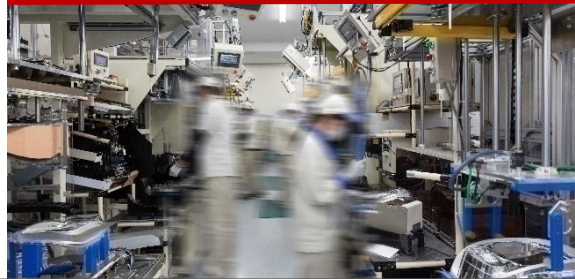


Think bold today for a brighter tomorrow.



## Investor Presentation for the January 2018 (21st) Period

Securities Code: 3249

Industrial & Infrastructure Fund Investment Corporation

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## Appendix

Portfolio Data and Other Materials

# 1. Executive Summary



# Steady Increase in Earnings by External Growth through CRE/PRE Proposals

## New acquisition

### 10 new acquisitions of JPY 21.3bn through CRE/PRE

#### ■ Asset size expanded to JPY 274.7bn through the PO

- New acquisition: 10 properties (JPY 21.3bn)
- CRE/PRE ratio : 68.0% (JPY 14.5bn)

#### ■ Realized PRE acquisition

- IIF Kobe Nishi LC (land with leasehold interest)  
(Anticipated acquisition: Mar. 29, 2018)

#### ■ Continuous development projects and extension projects

- IIF Fukuoka Hakozaki LC II (Extension Building)  
(Completion: Mar. 14, 2018)
- Gifu Kakamigarhara LC (provisional name)  
(Expected completion: Feb. , 2019)
- IIF Atsugi MC (Building)  
(Expected completion: May., 2019)

## Existing Portfolio

### Continuous internal growth measures

#### ■ Completed extension projects

- IIF Sendai Taiwa LC(Extension Building)  
(Completion: Dec. 22, 2017)
- IIF Fukuoka Hakozaki LC II (Extension Building)  
(Completion: Mar. 14, 2018)

#### ■ Engaged in eco-friendly measures

- Solar system installation :  
IIF Inzai LC (Dec., 2017)
- LED lighting installation :  
IIF Yokosuka TC (Dec., 2017)
- Awarded BELS certification for 3 properties
  - IIF Kashiwa LC (★★★★★)
  - IIF Atsugi LCⅢ (★★)
  - IIF Shinagawa ITSC (★★)

## Financial Strategy

### Reinforced financial base, decreasing debt costs steadily

#### ■ Reduced interest costs while extending the borrowing periods

(Note)

&lt;New borrowings in association with PO&gt;

- New borrowings : JPY 20.8bn
- Average borrowing period : 8.9 years
- Average interest rate : 0.65%

➢ Including Refinancing of JPY 13.5bn

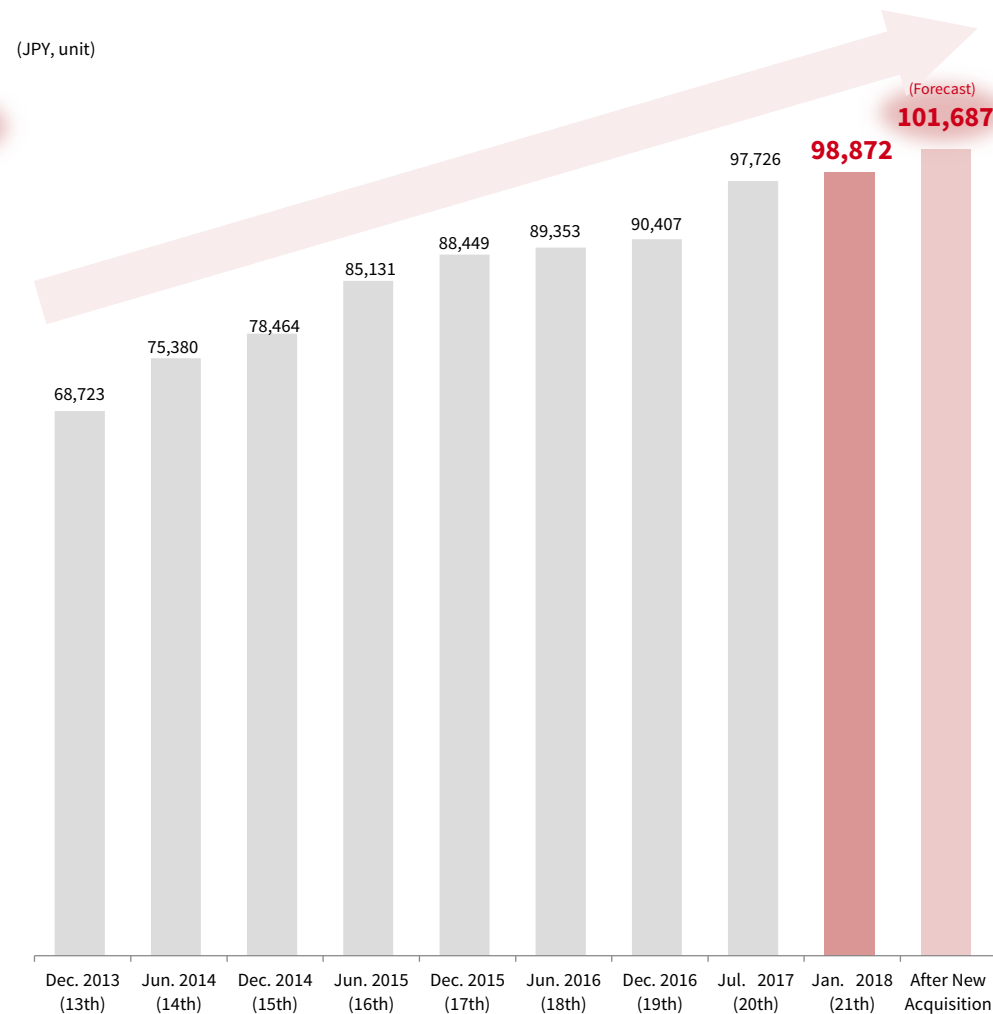
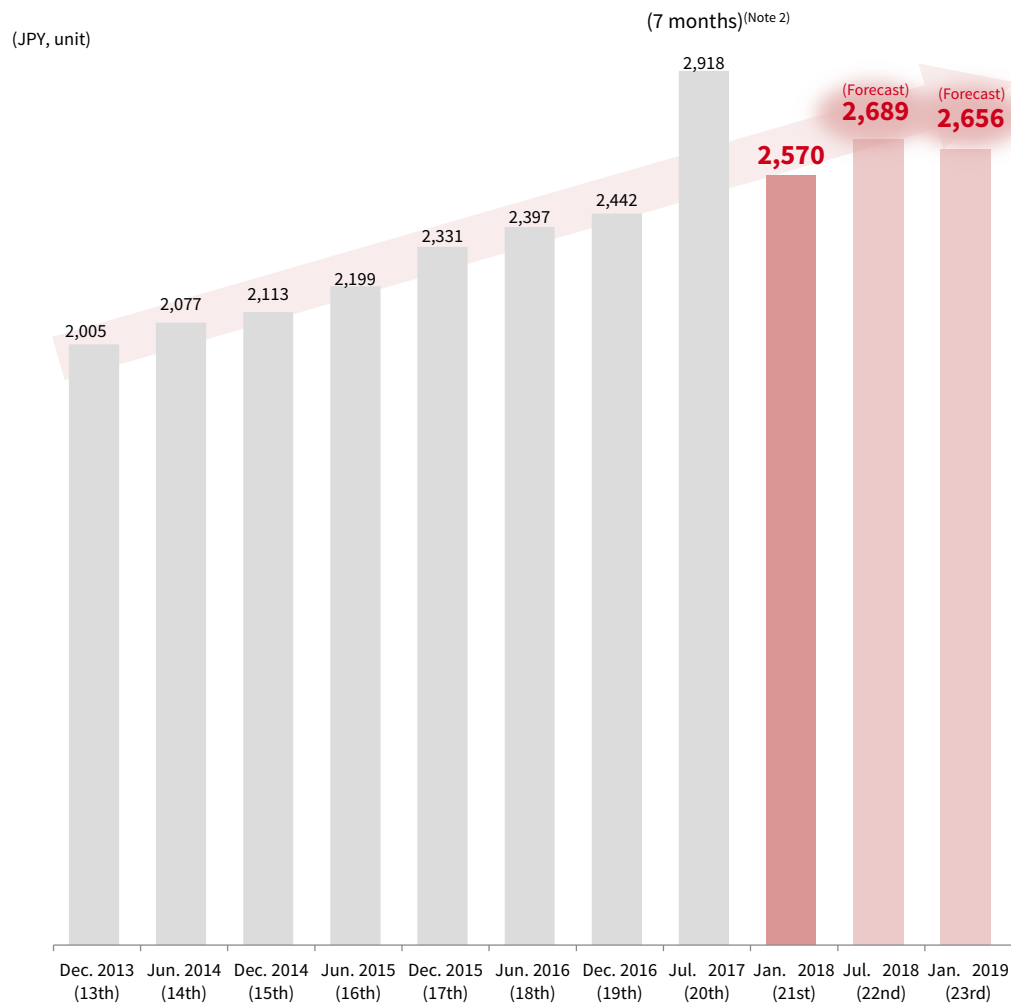
- Average borrowing period :  
7.0 years → 9.3 years
- Average applicable interest rate :  
1.74% → 0.67%



# Continuous Strong Growth in DPU and NAV through Continued Acquisitions

DPU is expected to grow by approx. 1.3 times over the five-year period commencing from 13<sup>th</sup> period (Note 1)

Appraisal NAV per Unit is expected to grow by approx. 1.5 times over the five-year period commencing from 13<sup>th</sup> period (Note 1)

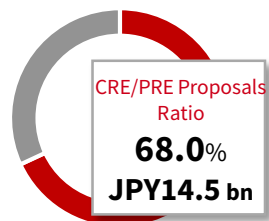


# Overview of March 2018 Public Offering

## Asset (Note 1)

**10 Properties JPY21.3bn**

### CRE/PRE Proposals



### Profitability

Average NOI yield  
**5.3%**  
Average NOI yield  
(after depreciation)  
**4.8%**

### Unrealized Gain

Unrealized gain  
(unrealized gain ratio)  
**+JPY2.2 bn**  
(+10.4%)



IIF Atsugi MC (Note 2)  
(land with leasehold interest)



IIF Totsuka MC (Note 2)  
(land with leasehold interest)



IIF Hiroshima MC (Note 2)  
(land with leasehold interest)



IIF Kobe Nishi LC (Note 2)  
(land with leasehold interest)



IIF Hitachinaka Port LC (Note 2)  
(land with leasehold interest)



IIF Koriyama LC



IIF Sapporo LC



IIF Itabashi LC  
(40% co-ownership interest)



IIF Osaka Suminoe LC I  
(25% co-ownership interest)



IIF Osaka Suminoe LC II  
(25% co-ownership interest)

## Debt (Note 2)

- Long-term borrowings for new acquisition **JPY 7.3bn**
- Refinancing of the long-term debt **JPY13.5bn**

### New Debt Financing in association with the Offering

TOTAL **JPY20.8bn**

- ✓ Average interest rate **0.65%**
- ✓ Average borrowing period **8.9 years**
- ✓ Fixed debt ratio **100.0%**

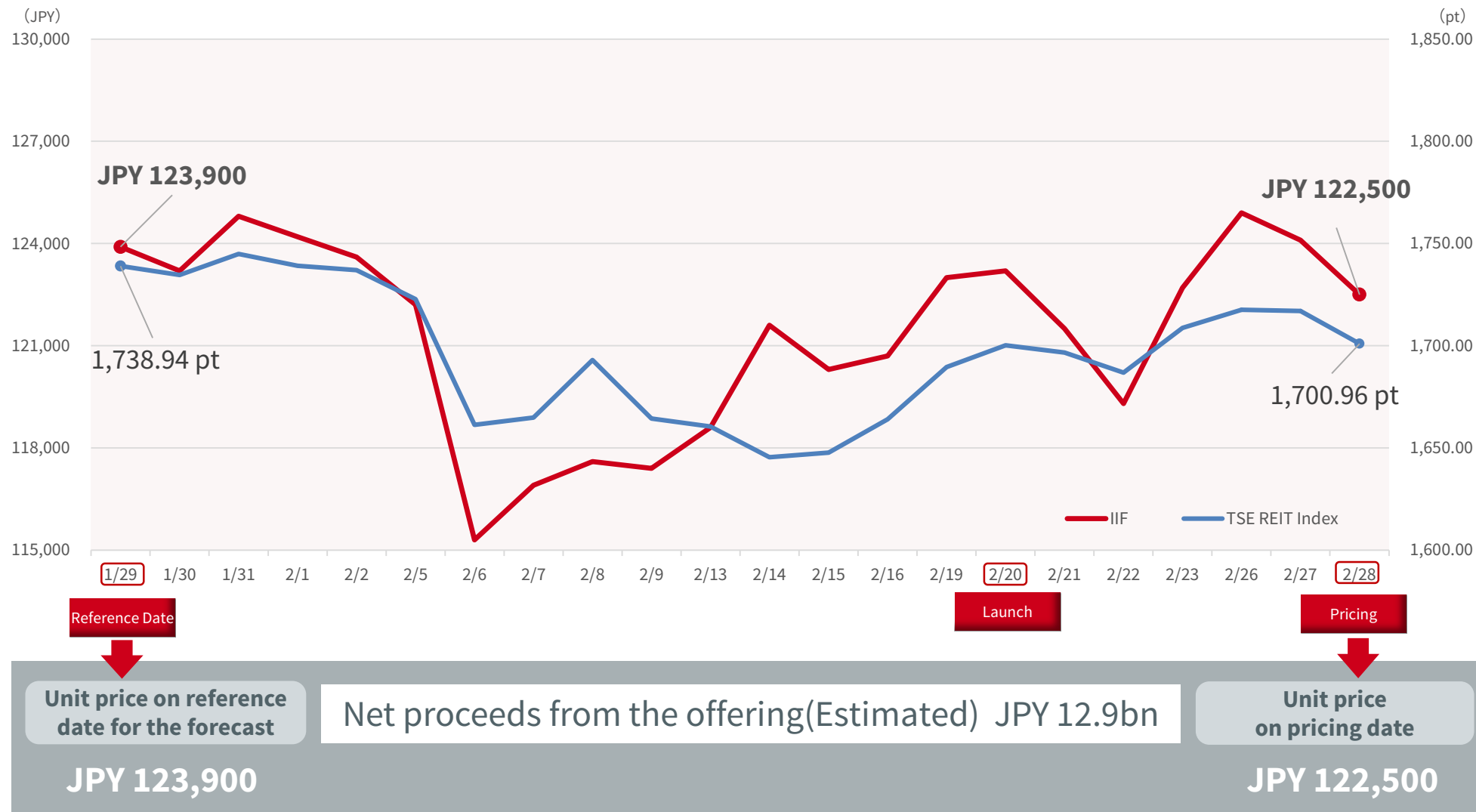
## Equity (Note 3)

Net Proceeds from the Offering (Estimated) **JPY12.9bn**

- ✓ Units offered **111,875 units**
- ✓ Ratio of units offered to outstanding **7.0%**
- ✓ Offering structure **Global Offering**

# Steady Equity Finance Despite a Turbulent Market

## Trend in IIF unit price and TSE REIT Index



(Reference) Data is based on the Bloomberg information  
(Note) Based on the closing price

# Expansion of Asset Size and Increase in Unitholder's Value through New Acquisition

## ■ Important Indices

|   | Fiscal Period<br>Ended Jan. 2018<br>(21 <sup>st</sup> Period) |   | Property acquisitions<br>announced on Jan. 10, 2018<br>(Note 1) |   | New acquisition<br>through the PO |   | Forecast/Pro forma<br>(After acquisitions for<br>new acquisition) |
|---|---|---|---|---|-----------------------------------|---|---|
| Number of Properties  | 59 properties   | + | 3 properties  | + | 10 properties                     | → | <b>66 properties</b> (Note 2)                                     |
| Total (Anticipated)<br>Acquisition Price  | JPY246,615m   | + | JPY6,783m   | + | JPY21,364m                        | → | JPY <b>274,763m</b>   |
| Average NOI Yield   | 5.8%  | + | 5.0%  | + | 5.3%                              | → | <b>5.7%</b>   |
| Average NOI Yield<br>after depreciation   | 4.8%  | + | 3.9%  | + | 4.8%                              | → | <b>4.8%</b>   |
| Unrealized gain<br>on appraisal value<br>(Unrealized gain ratio)                        | +JPY43,177m<br>(+17.7%)                                       | + | +JPY306m<br>(+4.5%)   | + | +JPY2,226m<br>(+10.4%)            | → | JPY <b>47,348m</b><br>(+17.4%)                                    |
| Distributions per Unit<br>(assuming expensing of<br>property-related taxes)<br>(Note 3) | <b>JPY2,505/unit</b>  | → |   |   |                                   |   | <b>JPY2,604/unit</b><br>(+JPY99/unit)                             |
| Appraisal NAV per Unit (Note 4)   | <b>JPY98,872/unit</b>   | → |   |   |                                   |   | <b>JPY101,687/unit</b><br>(+JPY2,815/unit)                        |



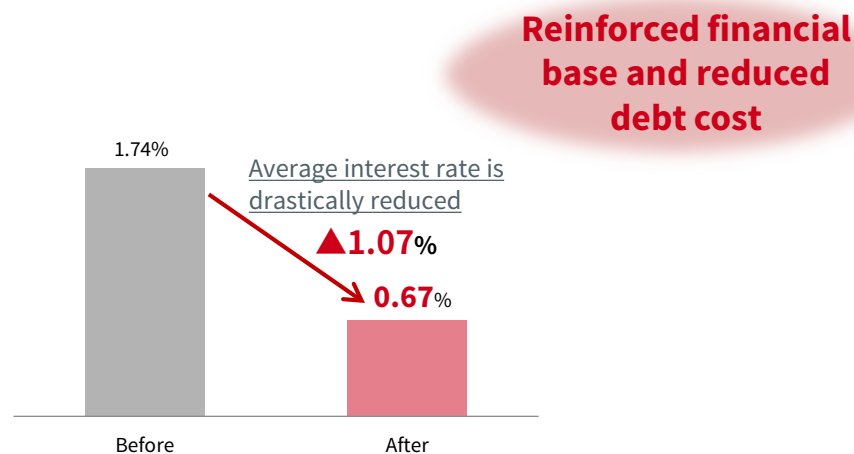
# Stable Long-term Financial Base Reinforced, Resulting in Steady Decrease in Debt Costs

## ■ Important Indices (Note)

|                                      | Jun. 2016<br>(18 <sup>th</sup> FP) | Dec. 2016<br>(19 <sup>th</sup> FP) | Jul. 2017<br>(20 <sup>th</sup> FP) | Jan. 2018<br>(21 <sup>st</sup> FP) | The 7 <sup>th</sup><br>PO | After refinancing of<br>long-term debt<br>(JPY13.5bn) | After acquisitions for<br>new acquisition |
|--------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|---------------------------|---|---|
| LTV (based on book value)            | 50.2%                              | 52.7%                              | 50.2%                              | 50.3%                              |                           |   | <b>50.2%</b>                              |
| LTV (based on appraisal value)       | 43.6%                              | 45.3%                              | 43.2%                              | 43.0%                              |                           |   | 43.1%                                     |
| Fixed debt ratio                     | 100.0%                             | 91.0%                              | 100.0%                             | 100.0%                             |                           |   | 100.0%                                    |
| Average period remaining to maturity | 4.6 years                          | 4.3 years                          | 5.6 years                          | 5.9 years                          |                           |   | <b>6.8 years</b>                          |
| Weighted average interest rate       | 1.31%                              | 1.21%                              | 1.16%                              | 1.10%                              |                           |   | <b>0.95%</b>                              |

## ■ Refinancing of long-term debt (JPY13.5bn) in February and March 2018

|        | Borrowing amount   | Weighted average interest rate | Average borrowing period |
|--------|--------------------|--------------------------------|--------------------------|
| After  | JPY <b>13.5</b> bn | <b>0.67%</b><br>(Fixed-rate)   | <b>9.3</b> years         |
| Before | JPY13.5bn          | 1.74%<br>(Fixed-rate)          | 7.0 years                |

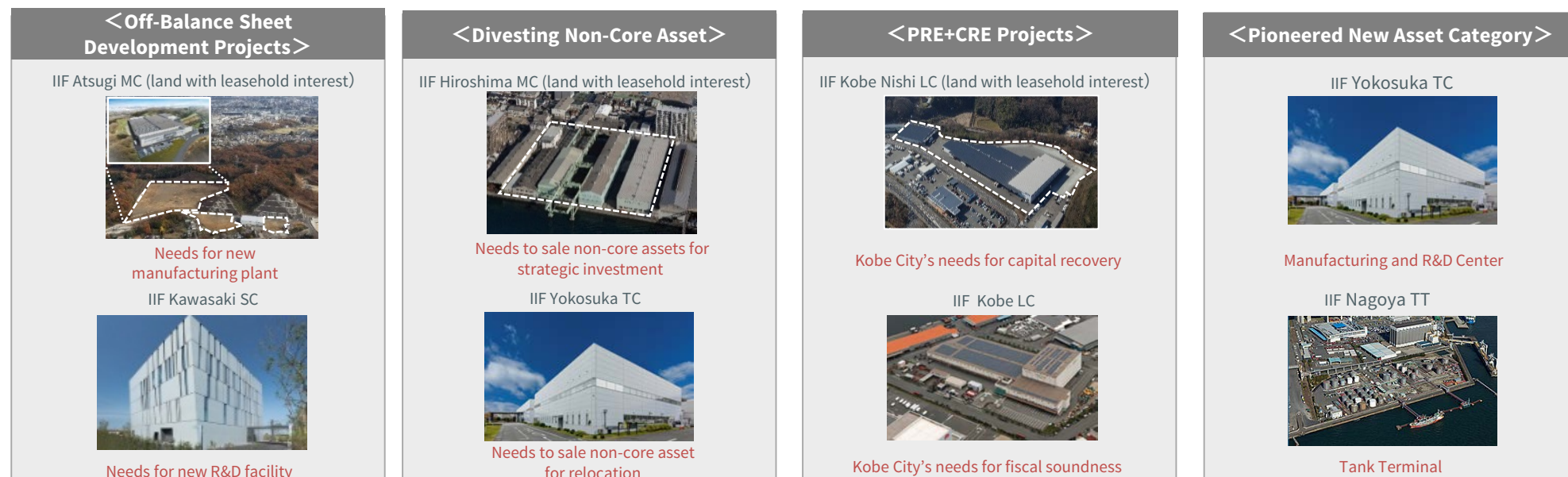


## 2. Investment Strategy Going Forward

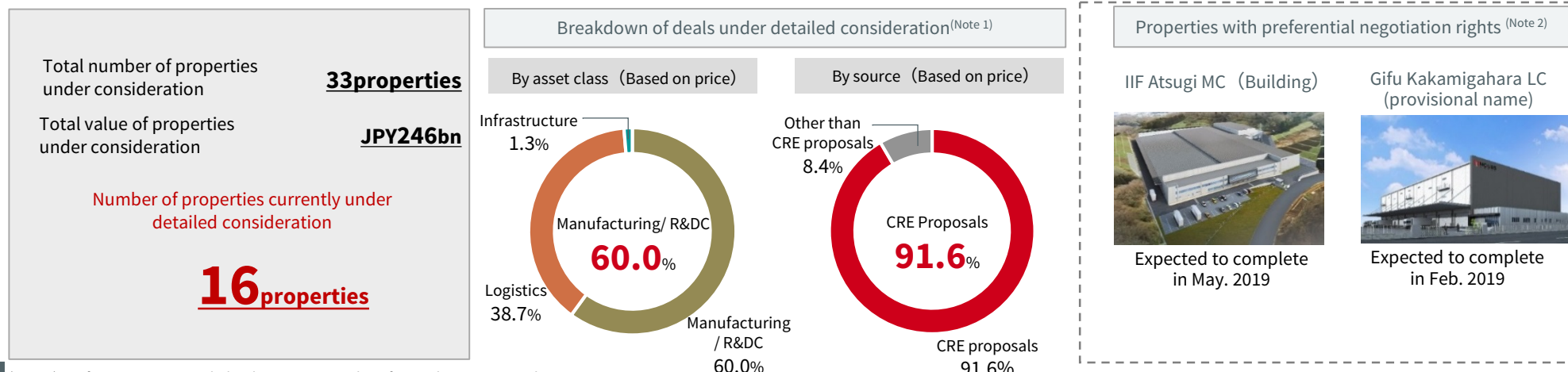


# Acquisitions of Highly Profitable Assets through Original CRE/PRE Proposals

## ■ Acquisitions of the highly profitable and less competitive assets through CRE proposals



### Pipeline Status

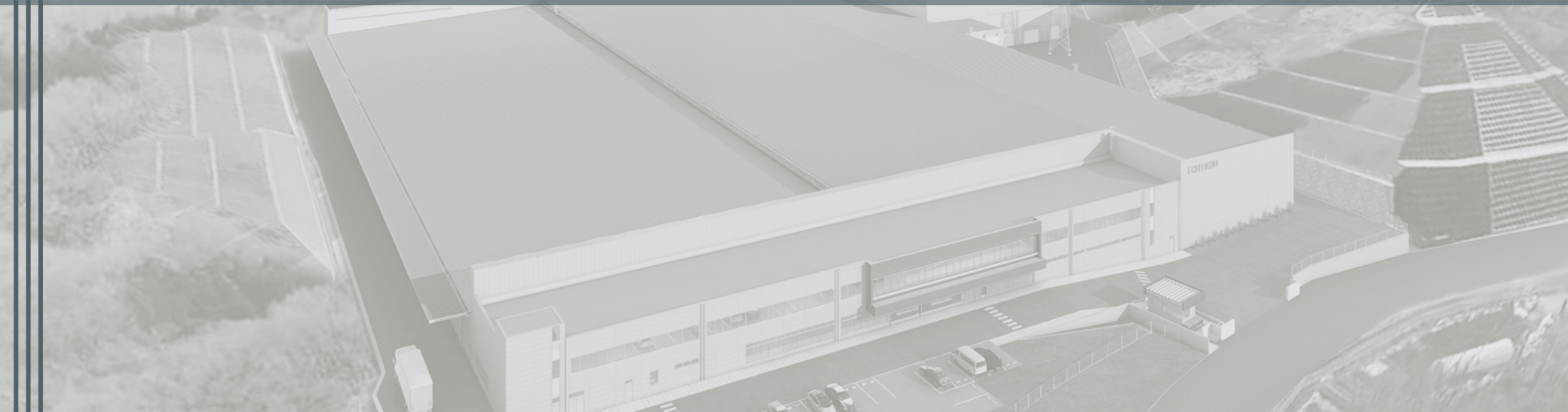


(Note 1) As of Mar. 15, 2018. It includes the properties with preferential negotiation rights.

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



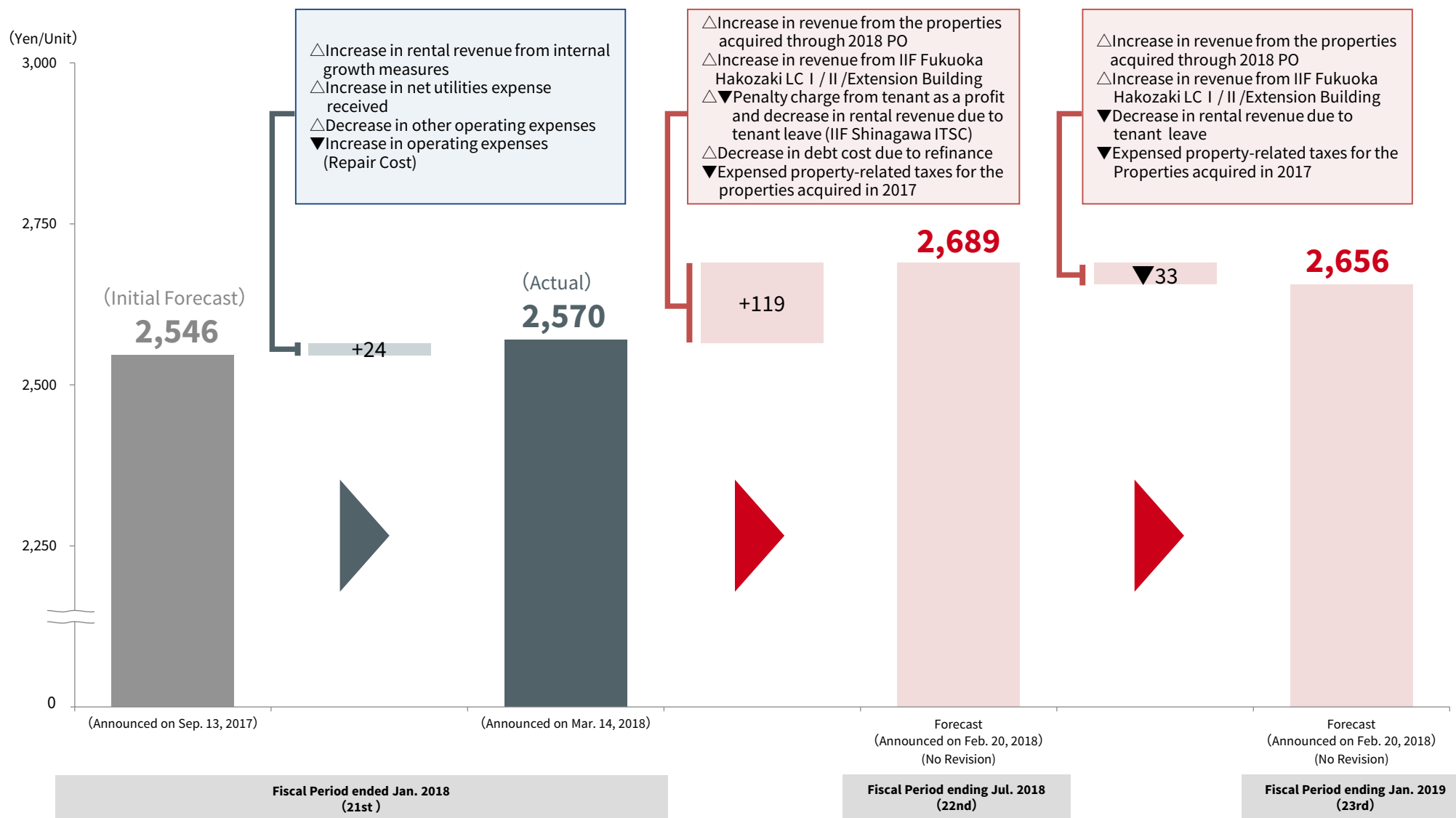
### 3. Operating Results for the January 2018 (21st) Fiscal Period and Earnings Forecast for the July 2018 (22nd) and January 2019 (23rd) Fiscal Period





# Continuous Strong DPU Growth though Property Acquisition through PO

## Trend in DPU



# Operating Results for the January 2018 (21st) Fiscal Period

|                 |                              | (JPY m)                           |                                |           |         | (JPY m)                 |                                |           |         |
|-----------------|------------------------------|-----------------------------------|--------------------------------|-----------|---------|-------------------------|--------------------------------|-----------|---------|
|                 |                              | Jul. 2017<br>(20th period actual) | Jan. 2018 (21st period actual) |           |         | Jan. 2018<br>(Forecast) | Jan. 2018 (21st period actual) |           |         |
|                 |                              |                                   | Period over period             |           |         |                         | Difference with estimate       |           |         |
| Key P/L Figures | Operating Revenue            | 10,054                            | 8,976                          | (1,078)   | (10.7)% | 8,983                   | 8,976                          | (6)       | (0.1)%  |
|                 | Operating expense            | 4,266                             | 3,905                          | (361)     | (8.5)%  | 3,945                   | 3,905                          | (40)      | (1.0)%  |
|                 | Operating Income             | 5,787                             | 5,071                          | (716)     | (12.4)% | 5,037                   | 5,071                          | +33       | +0.7%   |
|                 | None-operating income        | 0                                 | 2                              | 1         | +228.0% | -                       | 2                              | +2        | -       |
|                 | Non-operating expense        | 1,153                             | 991                            | (161)     | (14.0)% | 993                     | 991                            | (1)       | (0.2)%  |
|                 | Ordinary income              | 4,634                             | 4,082                          | (552)     | (11.9)% | 4,044                   | 4,082                          | +37       | +0.9%   |
|                 | Net income                   | 4,633                             | 4,081                          | (552)     | (11.9)% | 4,043                   | 4,081                          | +37       | +0.9%   |
|                 | Distributions per unit (yen) | 11,674                            | 10,282                         | (1,392)   | (11.9)% | 10,186                  | 10,282                         | +96       | +0.9%   |
| Other Figures   | Capital expenditure          | 649                               | 688 (Note 1)                   | +38       | +5.9%   | 775                     | 688                            | (87)      | (11.3)% |
|                 | Repair expense               | 73                                | 79 (Note 2)                    | +6        | +9.1%   | 71                      | 79                             | +8        | +11.6%  |
|                 | Total                        | 723                               | 768                            | +45       | +6.2%   | 847                     | 768                            | (79)      | (9.3)%  |
|                 | Depreciation                 | 1,442                             | 1,263                          | (179)     | (12.5)% | 1,260                   | 1,263                          | +2        | +0.2%   |
|                 | FFO                          | 6,076                             | 5,344                          | (732)     | (12.1)% | 5,303                   | 5,344                          | +40       | +0.8%   |
|                 | AFFO                         | 5,426                             | 4,655                          | (770)     | (14.2)% | 4,527                   | 4,655                          | +128      | +2.8%   |
|                 | Number of properties         | 59                                | 59                             | -         | -       | 59                      | 59                             | -         | -       |
|                 | Occupancy rate               | 99.9%                             | 100.0%                         | +0.1point | -       | 99.9%                   | 100.0%                         | +0.1point | -       |
|                 | Total book value             | 244,203                           | 243,699                        | (504)     | (0.2)%  |                         |                                |           |         |
|                 | Total appraisal value        | 286,807                           | 288,123                        | +1,316    | +0.5%   |                         |                                |           |         |
|                 | Unrealized gain              | 42,603                            | 44,423                         | +1,820    | +4.3%   |                         |                                |           |         |
|                 | Total debt                   | 131,500                           | 131,500                        | -         | -       |                         |                                |           |         |
|                 | LTV                          | 50.2%                             | 50.3%                          | +0.1point | -       |                         |                                |           |         |
|                 | Total net assets             | 117,008                           | 116,483                        | (524)     | (0.4)%  |                         |                                |           |         |
|                 | Net assets per unit          | 294,608                           | 293,287                        | (1,321)   | (0.4)%  |                         |                                |           |         |

(Note 1) Major capital expenditures for the 21<sup>st</sup> FP

Kobe DHC: JPY136m for renewal of central monitoring equipment; Shinagawa ITSC: JPY132m for renewal of air conditioning and lighting equipment; Shinagawa DC: JPY105m for renewal of emergency generator engine; Haneda Airport MC: JPY23m for renewal of pump in the mechanical room in basement floor

(Note 2) Major repair cost expensed for the 21<sup>st</sup> FP

Shinagawa ITSC: JPY10m for repair of air conditioning and lighting equipment; Kamata R&DC: JPY8m for replacement of solution for foam fire extinguishing system; Kashiwa LC: JPY7m for painting of eaves; Mitaka CC: JPY3m for replacement of seals for square pyramid on the roof

## Major Changes (Period over period)

(JPY m)

### Operating revenue

(1,078)

- ✓ Contribution from properties acquired through 2017 PO (full contribution) +162
- ✓ Increase in revenue from internal growth measures (Sagamihara R&DC, Atsugi LC, Kobe DHC, etc.) +18
- ✓ Difference due to change in fiscal period (7 months to 6 months) etc. (1,254)

### Operating expense

(361)

- ✓ Increase in expense from properties acquired through 2017 PO (full contribution) +20
- ✓ Increase in property-related taxes from properties acquired in 2016 (full contribution) +23
- ✓ Increase in operating expenses (brokerage fee) +14
- ✓ Increase in SG&A +10
- ✓ Difference due to change in fiscal period (7 months to 6 months) (427)

### Non-operating expense

(161)

- ✓ Increase in interest expense due to new debt/refinancing for 2017 PO (partial contribution) +5
- ✓ Decrease in interest expense and other related cost due to refinancing in Sep. 2017 (42)
- ✓ Difference due to change in fiscal period (7 months to 6 months) etc. (114)

## Major factors (Difference with estimate)

(JPY m)

### Operating revenue

(6)

- ✓ Increase in revenue from internal growth measures (Sagamihara R&DC) +10
- ✓ Increase in other rental income (Kobe LC, etc.) +2
- ✓ Decrease in receipt of utility costs (19)

### Operating expense

(40)

- ✓ Increase in rental expense (repair cost) +8
- ✓ Decrease in receipt of utility costs (27)
- ✓ Decrease in SG&A (22)

### Non-operating expense

(1)

- ✓ Decrease in interest expense due to refinancing in Sep. 2017 (3)
- ✓ Increase in stamp duty and other debt cost related expenses +1

# Earnings Forecast for the July 2018 (22nd) and January 2019 (23rd) Fiscal Period

| (JPY m)                      |                       |                                  |                    |            |          | (JPY m)                           |                        |        |
|------------------------------|-----------------------|----------------------------------|--------------------|------------|----------|-----------------------------------|------------------------|--------|
| Key P/L figures              | Jan. 2018             | Jul. 2018 (22nd period estimate) |                    |            |          | Jan. 2019                         | (23rd period estimate) |        |
|                              | (21st period actual)  |                                  | Period over period |            |          | Difference with pervious estimate |                        |        |
|                              | Operating revenue     | 8,976                            | 9,681              | +704       | +7.9%    | 9,710                             | +28                    | +0.3%  |
|                              | Operating expense     | 3,905                            | 4,157              | +252       | +6.5%    | 4,239                             | +82                    | +2.0%  |
|                              | Operating income      | 5,071                            | 5,524              | +452       | +8.9%    | 5,470                             | (53)                   | (1.0)% |
|                              | Non-operating income  | 2                                | -                  | (2)        | (100.0)% | -                                 | -                      | -      |
|                              | Non-operating expense | 991                              | 949                | (41)       | (4.2)%   | 951                               | +2                     | +0.2%  |
|                              | Ordinary income       | 4,082                            | 4,574              | +492       | +12.1%   | 4,518                             | (55)                   | (1.2)% |
|                              | Net income            | 4,081                            | 4,572              | +491       | +12.1%   | 4,517                             | (55)                   | (1.2)% |
| Distributions per unit (yen) | 2,570                 | 2,689                            | +119               | +4.6%      | 2,656    | (33)                              | (1.2)%                 |        |
| Other figures                | Capital expenditure   | 688                              | 770 (Note 1)       | +82        | +11.9%   |                                   |                        |        |
|                              | Repair expense        | 79                               | 98 (Note 2)        | +18        | +23.0%   |                                   |                        |        |
|                              | Total                 | 768                              | 868                | +100       | +13.1%   |                                   |                        |        |
|                              | Depreciation          | 1,263                            | 1,342              | +79        | +6.3%    |                                   |                        |        |
|                              | FFO                   | 5,344                            | 5,915              | +570       | +10.7%   |                                   |                        |        |
|                              | AFFO                  | 4,655                            | 5,144              | +488       | +10.5%   |                                   |                        |        |
|                              | Number of properties  | 59                               | 66                 | +7         | -        |                                   |                        |        |
|                              | Occupancy rate        | 100.0%                           | 99.8%              | (0.2)point | -        |                                   |                        |        |

(Note 1) Major capital expenditures for the 22<sup>nd</sup> FP

Mitaka CC: JPY110m for renewal of Constant Voltage Constant Frequency; Shinagawa DC: JPY49m for renewal of automatic fire alarm;  
Noda LC: JPY46m for installment of LED lighting

(Note 2) Major repair cost planned to be expensed for the 22<sup>nd</sup> FP

Osaka Toyonaka DC: JPY8m for maintenance of power generation equipment; Yokohama Tsuzuki LC: JPY4m for replacing storage battery;  
Atsugi LC III: JPY4m for replacement of smoke detectors

## ■ Major changes (Compared to 21<sup>st</sup> period)

(Period ending Jul. 2018 vs. Period ended Jan. 2018)

(JPY m)

### Operating revenue

+704

- ✓ Contribution from properties acquired through 2018 PO (partial contribution) +476
- ✓ Increase in revenue from acquisitions of Fukuoka Hakozaki LC I/II/ Extension building +201
- ✓ Increase in revenue from internal growth measures (Sagamihara R&DC, etc.) +10
- ✓ Penalty charge as profit from current tenant leaving (Shinagawa ITSC) +18

### Operating expense

+252

- ✓ Increase in expense from properties acquired through 2018 PO (partial contribution) +48
- ✓ Increase in expense from acquisitions of Fukuoka Hakozaki LC I/II/ Extension building +51
- ✓ Increase in property-related taxes from properties acquired in 2017 (partial contribution) +52
- ✓ Decrease in operating expenses (brokerage fees) (14)
- ✓ Increase in asset management fee for the properties acquired through 2018 PO +69
- ✓ Increase in SG&A +14

### Non-operating expense

(41)

- ✓ Increase in interest expense due to new debt for 2018 PO (partial contribution) +43
- ✓ Decrease in interest expense from refinancing in 2018 (partial contribution) (63)
- ✓ Decrease in interest expense from refinancing in Sep. 2017 (full contribution) (14)
- ✓ Decrease in interest expense due to the difference in business days (12)

## ■ Major factors (Compared to Jul. 2018(22<sup>nd</sup>) period)

(Period ending Jan. 2019 vs. Period ending Jul. 2018)

(JPY m)

### Operating revenue

+28

- ✓ Contribution from properties acquired through 2018 PO (full contribution) +153
- ✓ Decrease in revenue due to tenant leave, etc. (132)

### Operating expense

+82

- ✓ Increase in expense from properties acquired through 2018 PO (full contribution) +8
- ✓ Increase in property-related taxes from properties acquired in 2017 (full contribution) +50
- ✓ Increase in asset management fees due to the difference in business days +14

### Non-operating expense

+2

- ✓ Increase in interest expense due to new debt for 2018 PO (full contribution) +7
- ✓ Decrease in interest expense from refinancing in 2018 (full contribution) (15)
- ✓ Increase in interest expense due to the difference in business days +13



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## 4. Current Status of Operations and Initiatives Going Forward

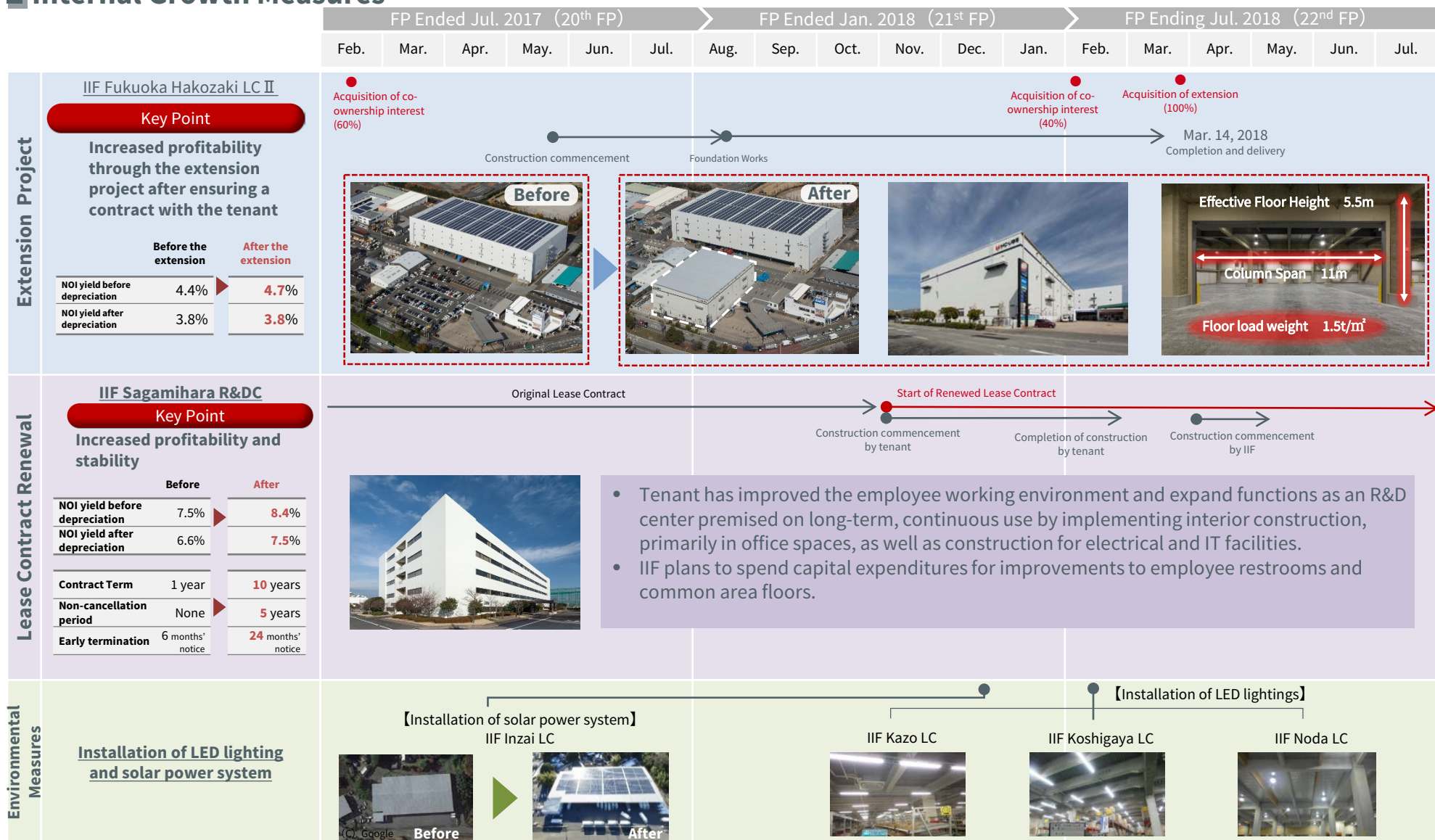
### (1) Management of Current Portfolio: “3C Management”



“3C Management” is a portfolio management method of (i) grasping tenants’ true needs through close communication(Communicate); (ii) strategically making custom-made proposals to meet tenants’ individual needs(Customize); and (iii) creating unitholder value through long-term stable management coupled with enhanced profitability and asset value (Create).

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

## Internal Growth Measures





# Secure Future Pipeline through New Development Projects

## New Development Projects (Scheduled)

| FP Ending Jul. 2018 (22 <sup>nd</sup> FP) |      |      |     |      |      |      | FP Ending Jan. 2019 (23 <sup>rd</sup> FP) |      |      |      |      | FP Ending Jul. 2019 (24 <sup>th</sup> FP) |     |      |     |      |      |  |
|---|------|------|-----|------|------|------|---|------|------|------|------|---|-----|------|-----|------|------|--|
| Feb.                                      | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sep.                                      | Oct. | Nov. | Dec. | Jan. | Feb.                                      | Mar | Apr. | May | Jun. | Jul. |  |

Execution of construction contract/Construction Commencement

● IIF acquires land

Building completion

After acquiring the land, lease agreement for temporary use of land is executed during the construction period

Fixed-term leasehold for business purpose

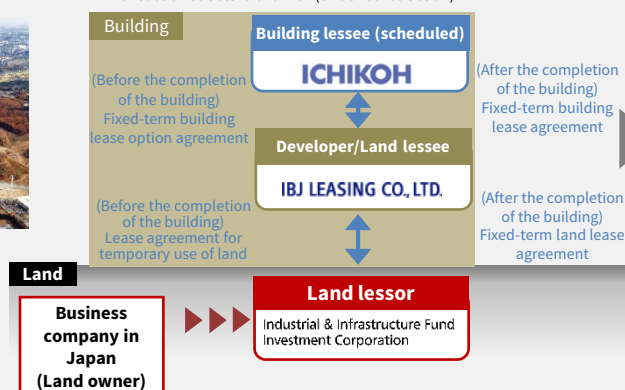
### IIF Atsugi Manufacturing Center

#### Key Point

- The first off-balance manufacturing facility development project for IIF
- Developed the scheme to limit the risks for development of the new manufacturing plant which is planned to produce tenant's main product



<Transaction structure overview(Under construction)>



IIF with  
**Preferential Negotiation Rights**

For the building



(Note)

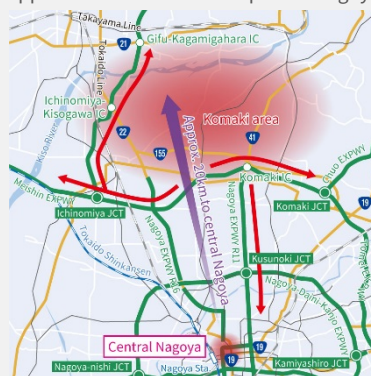
### Gifu Kakamigahara Logistics Center (provisional name)

#### Key Point

- Development project which captured the needs for new logistics hub of the major logistics company
- IIF has preferential negotiation rights to buy the constructed building and land

Construction Commencement

<Approx. 20km from central part of Nagoya >



- Located in transport hub approx. 20km away from Central Nagoya with highly convenient location
- Highly versatile logistics center with standard building specifications



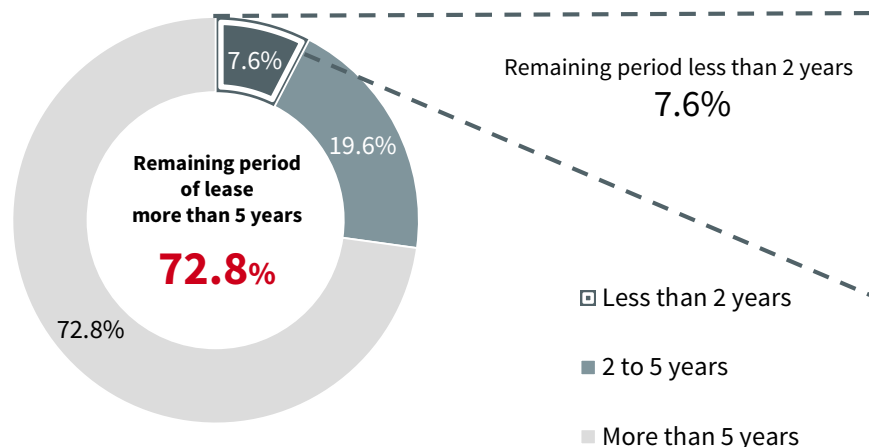
**Preferential negotiation rights are given to IIF**  
(For the land and the building)

(Note)

(Note) A conceptual image of the completed structure. The actual structure may differ.

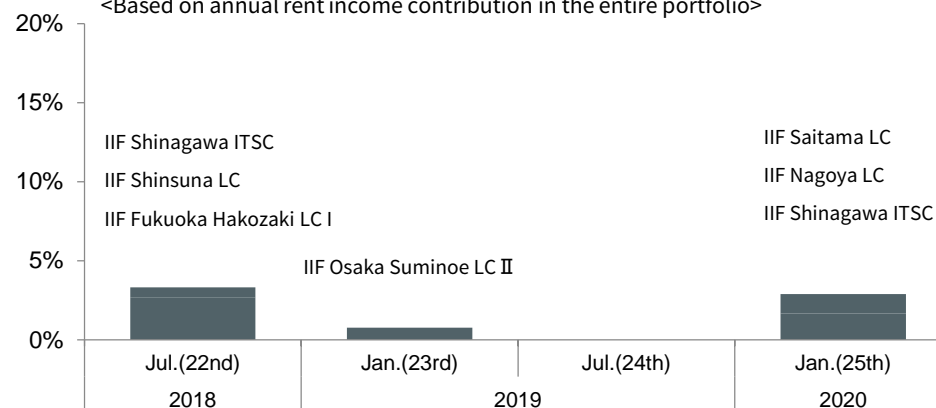
# Establish Long and Stable Profitability by Careful Support for Tenants Facing Lease Expiration

## Distribution of Lease Expiration Periods (annual rent basis, as of April 2, 2018) (Notes)



## Distribution of leases expiring within the next two years (annual rent basis, as of April 2, 2018)

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



※ Only assets accounting for 0.5% or more of the entire portfolio are listed above.  
 IIF Fukuoka Hakozaiki LC I is listed since more than 0.5% of the entire property's lease will expire.

## Response to Key Tenants Facing Lease Expiration in Next Two Years

|   | Lease Expiry    | Property Name              | Tenant                        | Achievements/Action Plans  |
|---|-----------------|----------------------------|-------------------------------|--|
| Jul. 2018 period<br>(22 <sup>nd</sup> ) | May 31, 2018    | IIF Shinagawa ITSC         | Not Disclosed                 | Lease contract started in Sep. 2016, yet plans to leave in May 2018 due to the business expansion and consolidation of the offices. Currently, IIF is seeking the new tenants for the lot.   |
|   | July 14, 2018   | IIF Shinsuna LC            | Sagawa Express Co., Ltd.      | The tenant has a plan for continued use of the current area. IIF has been in discussions with the tenant for the lease contract renewal.   |
|   | July 31, 2018   | IIF Fukuoka Hakozaiki LC I | Fukuoka Soko Co., Ltd.        | Fukuoka Soko Co., Ltd. has executed the fixed-term lease contracts for three and five years since current lease contracts for two lots reached its maturity. The lots will continue to be used as the largest and the most important hub for the tenant. |
|   |                 |                            | Sagawa Express Co., Ltd.      | Plans to leave in the end of July 2018 due to the maturity of the fixed-term lease contract. The advantage of its location and versatility of the property were highly valued and IIF was able to find candidate tenants.                                |
| Jan. 2019 period<br>(23 <sup>rd</sup> ) | August 31, 2018 | IIF Osaka Suminoe LC II    | Toshiba Logistics Corporation | The tenant has a plan for continued use of the current area and keep operating steadily.   |

※For the details of the footnotes, see Page 28~29.

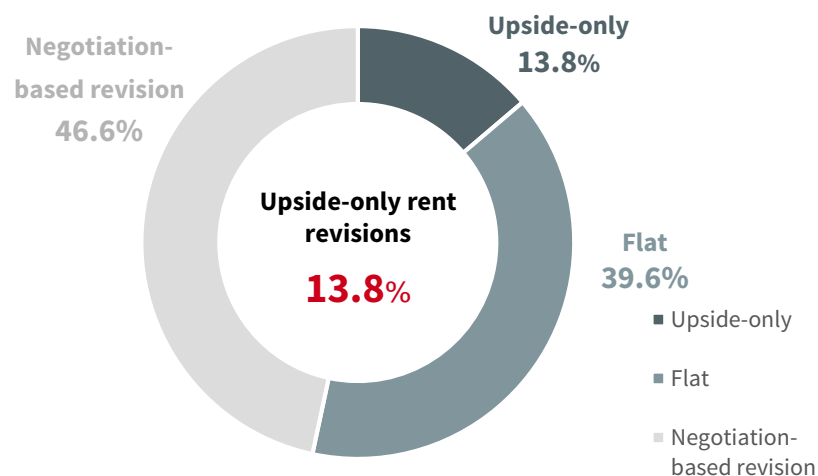


# Increase in Earnings by Capturing Opportunity of Rent Revisions to Achieve Internal Growth

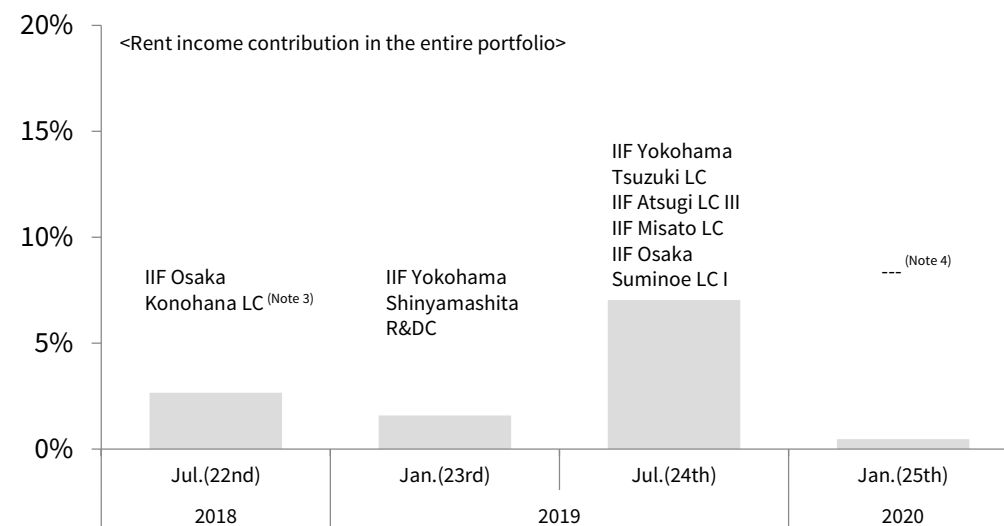
## Key Internal Growth Initiatives

|  | Effective Date<br>(Scheduled) | Property Name                   | Tenant  | Internal Growth Measures  | Annual Rent Increase          |               |
|--|-------------------------------|---------------------------------|---|---|-------------------------------|---------------|
| Jan. 2018<br>(21 <sup>st</sup> period) | January, 2018                 | IIF Inzai LC                    | Sun Logistics Co., Ltd.   | Internal growth achieved by installing solar power generator on the roof (Note 1) | <b>Rent Increased</b>         | + JPY 600K    |
| Jul. 2018<br>(22 <sup>nd</sup> period) | March, 2018                   | IIF Kazo LC                     | PIP CO., LTD  | Sharing the monetary benefit resulting from the installation of LED lighting      | <b>Rent Increased</b>         | + JPY 2,004K  |
|  | March, 2018                   | IIF Koshigaya LC                | Tsukasa Co., Ltd.   | Sharing the monetary benefit resulting from the installation of LED lighting      | <b>Rent Increased</b>         | + JPY 1,054K  |
|  | March, 2018                   | IIF Noda LC                     | Mitsubishi Electric Logistics Corporation<br>Japan Logistic Systems Corp. | Sharing the monetary benefit resulting from the installation of LED lighting      | <b>Rent Increase Expected</b> | + JPY 6,038K  |
| Jan. 2019<br>(23 <sup>rd</sup> period) | October, 2018                 | IIF Yokohama Shinyamashita R&DC | TRW Automotive Japan Co., Ltd.  | Rent increase due to the rent revision clause (CPI linked)                        | <b>Rent Increase Expected</b> | Not Disclosed |

## Rent Revisions (annual rent basis) (Note 2)




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



(Note) Only assets accounting for 0.5% or more of the entire portfolio are listed above

## 4. Current Status of Operations and Initiatives Going Forward

### (2) Financial Strategy: “ALM”

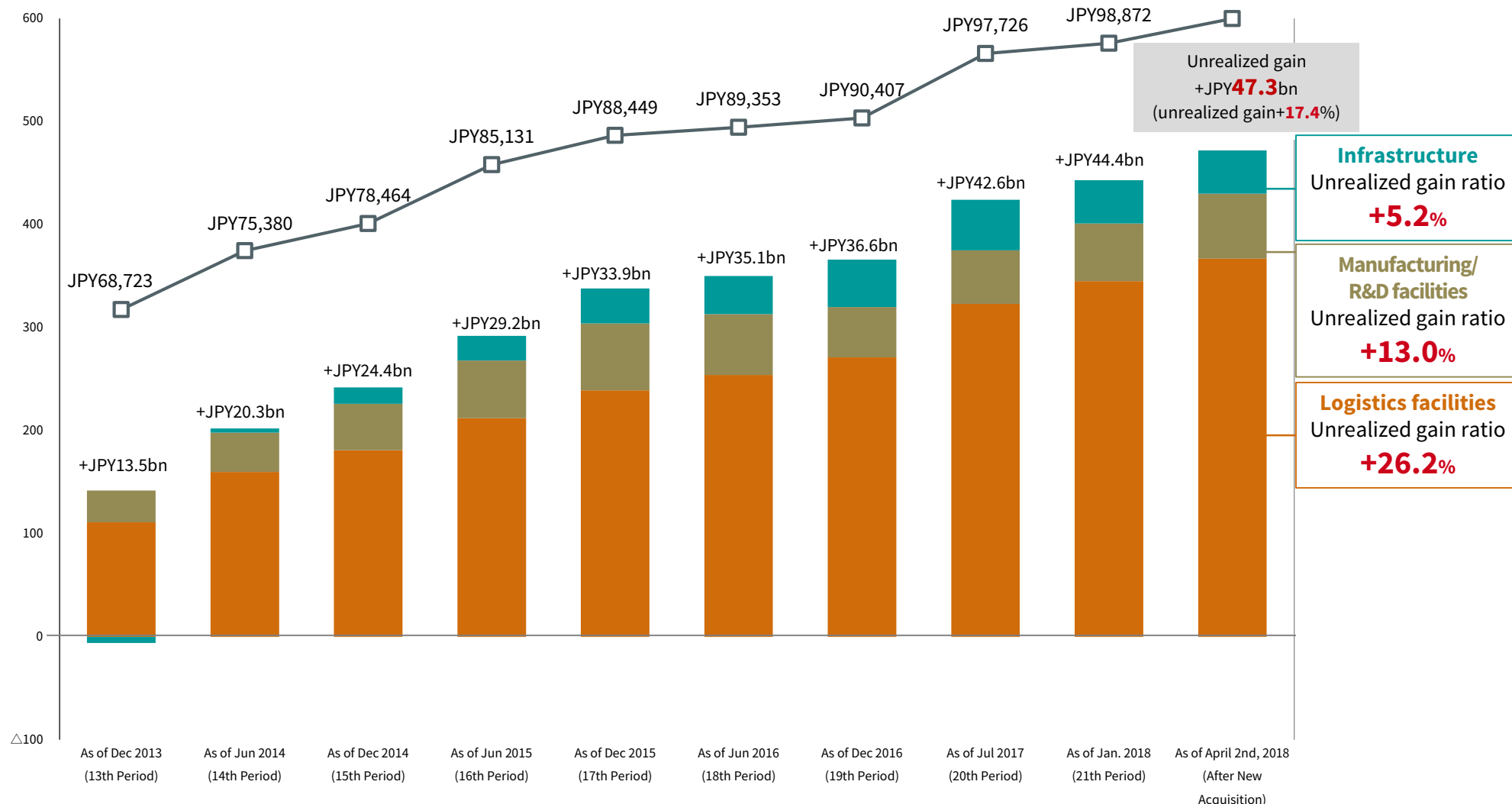


“ALM” refers to the financing strategy which intend to maintain a stable and efficient financial condition, in order to achieve stable revenues and continuous growth of our portfolio. Implementation of the ALM strategy whereby matching stable and long-term lease contract periods with long-term fixed-rate loan periods.

# Unrealized Gain Reached JPY47.3bn (ratio+17.4%) and NAV Per Unit Increased by Approx. 4.1%

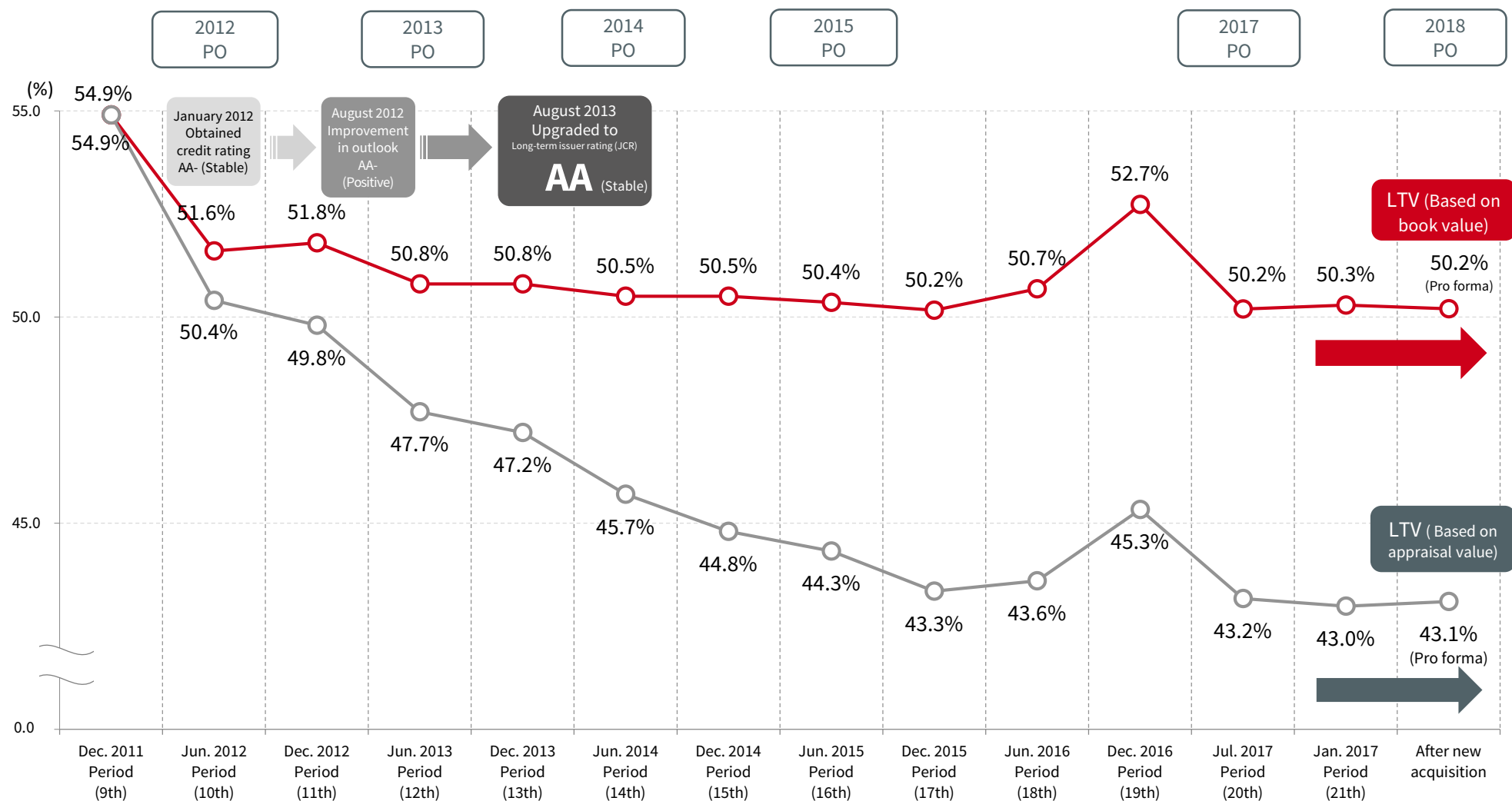
## Unrealized gain / NAV per unit

(Unrealized gain: JPY100m)



# Maintaining Solid Financial Base to Enable Flexible Financial Operation after the PO

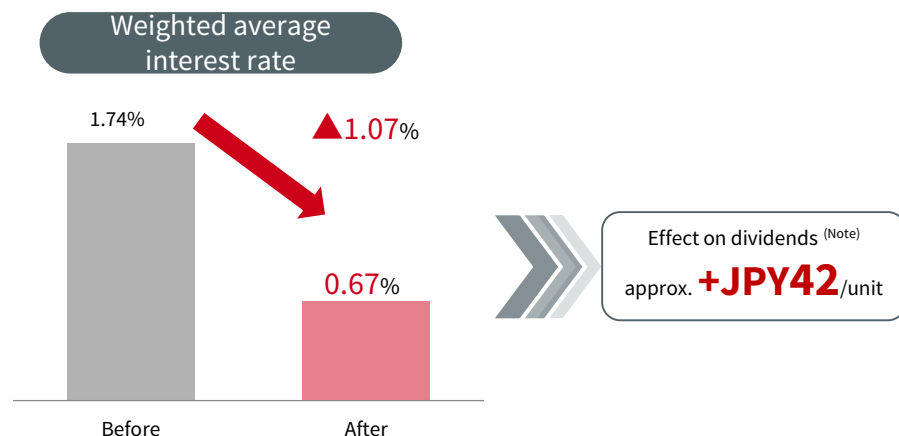
## Historical LTV





# Reduce Interest Costs by Diversification of Loan Maturity Dates

## Refinancing Executed in Feb. and Mar. 2018 (JPY 13.5bn)



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

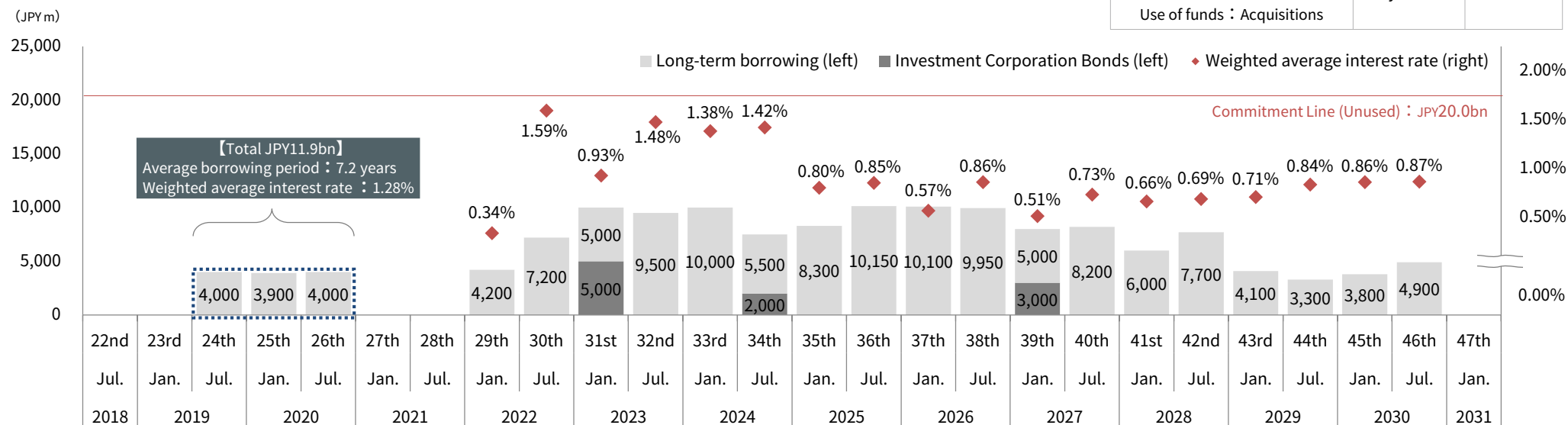
<Announced on Feb. 20, 2018>

|  | Assumed Condition |
|--|-------------------|
| Total borrowing amount                     | JPY20.8bn         |
| Weighted average interest rate (pro forma) | 0.65%             |
| Average borrowing period                   | 8.9 years         |

### [Ref: Conditions for total JPY20.8bn borrowings]

| New Debt  | Borrowing period | Weighted average interest rate |
|---|------------------|--------------------------------|
| (Amount borrowed in Feb. and Mar. 2018)<br><b>JPY13.5bn</b><br>Use of funds : Refinancing     | 9.3 years        | <b>0.67%</b><br>(Actual)       |
| (Amount borrowed on Mar. 8, 2018)<br><b>JPY2.3bn</b><br>Use of funds : Acquisitions           | 10.0 years       | <b>0.65%</b><br>(Actual)       |
| (Anticipated borrowing date: Mar. 30, 2018)<br><b>JPY5.0bn</b><br>Use of funds : Acquisitions | 7.3 years        | TBA                            |

## Maturity Ladder and Weighted Average Interest Rate (pro forma)





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## 5. Approach to ESG



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

## Inclusion in MSCI Japan ESG Select Leaders Index



IIF has been included in the MSCI Japan ESG Select Leaders Index which was launched by MSCI on July 3, 2017.  
IIF has received “A” as the highest rank among the J-REITs as of March 15, 2018.

## Third-Party Evaluations

### ■ GRESB Real Estate Assessment

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



### ■ CASBEE

IIF Higashi-Osaka LC and IIF Kyotanabe LC became the first J-REIT-owned logistics properties to receive “CASBEE for Real Estate Certification”.



IIF Higashi-Osaka LC



### ■ BELS

In Jan. 2018, three IIF properties were awarded BELS certification. IIF Yokohama Tsuzuki LC, and IIF Kashiwa LC received the highest BELS rating of 5 stars. As of the end of Jan. 2018, 8 properties awarded BELS Certification.



IIF Kashiwa LC



### ■ DBJ Green Building Certification

As of the end of Jan. 2018, five properties have received the DBJ Green Building certification.



DBJ Green Building

IIF Hiroshima LC



## Continuous Efforts Regarding ESG

|      |   |
|------|---|
| 2013 | <ul style="list-style-type: none"> <li>Established the environmental charter</li> <li>Established the Responsible Property Investment (RPI) Policy</li> <li>Signed the Principles for Responsible Investment (PRI) proposed by the UN</li> <li>Became the first J-REIT asset manager to sign 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</li> </ul> |
|      | <ul style="list-style-type: none"> <li>Became the first J-REIT asset manager to sign the UN PRI Montreal Carbon Pledge, a new commitment to reduce CO2</li> </ul>   |
|      | <ul style="list-style-type: none"> <li>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</li> <li>Became the first J-REIT asset manager to sign the United Nations Global Compact (UNGC), an organization led by the UN Secretary General</li> </ul>   |



Signatory of:



Signatory of:



# 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) IIF has decided to borrow total JPY20.8bn by borrowing new debt to acquire new properties (JPY7.3bn) and to refinance current long-term debt(JPY 13.5bn) with respect to the public offering announced on February 20, 2018.  
The indicators for the new debt with respect to the public offering are stated below;  
  - Average borrowing period is calculated by the weighted average of the borrowing amounts of each loan agreements executed on February 20, 2018. The same shall apply hereafter.
  - Average applicable interest rate is based on the loan agreements executed on February 20, 2018 and by adding the spread set forth in each loan agreement to the rate calculated based on the offered rate of the fixed interest rate (Reuters Page 9154) published at 10:00 a. m. on January 29, 2018 (Tokyo Time). The same shall apply hereafter.
- P.4 (Note 1) Due to the 2-for-1 investment unit split implemented in January 1, 2015 and the 4-for-1 investment unit split implemented in February 1, 2018, the figures for DPU and NAV per unit from the period ended June 2015 (16<sup>th</sup> period) up to the period ended July 2017(20<sup>th</sup> period) are divided by 4 and rounded down to the nearest unit for each period. The figures for DPU and NAV per unit before the period ended December 2014 (15<sup>th</sup> period ) are divided by 8 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.
- P.5 (Note 1) The “Assets” means the ten properties to be acquired by the funds from the public offering announced on February 20, 2018.  
  - Average NOI yield and average NOI yield after depreciation of the “assets” are calculated based on the following formula:  

$$\text{Average NOI yield} = \text{Total NOI} \div \text{Total of (anticipated) acquisition price}$$

$$\text{Average NOI yield after depreciation} = (\text{Total NOI} - \text{Total of depreciation expenses}^{**}) \div \text{Total of (anticipated) acquisition price}$$
    - \*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 as of January 1, 2018 of the respective properties.
    - \*\*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 “Unrealized gain” 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 “Unrealized gain ratio” is calculated based on the following formula:  

$$\text{Unrealized gain ratio} = \text{Total of the difference between appraisal and (anticipated) acquisition price} \div \text{Total of (anticipated) acquisition price}$$
- (Note 2) IIF plans to acquire the land shown with the dotted line. The same shall apply for the (anticipated) acquisition hereafter.
- (Note 3) For IIF Itabashi Logistics Center, 60% co-ownership interest was acquired on February 20, 2017 and the remaining 40% co-ownership interest was additionally acquired. For IIF Osaka Suminoe Logistics Center I and IIF Osaka Suminoe Logistics Center II, 75% co-ownership interests were acquired on March 21, 2017 respectively, and the remaining 25 % co-ownership interests were additionally acquired.
- (Note 4) The “Offering” means the public offering and the third-party allotment announced in the press release dated February 20, 2018 “IIF to Issue New Investment Units and Conduct Secondary Offering of Investment Units”.
- (Note 5) The “Equity finance by the issue of new investment units” is calculated based on the issue value of JPY 115,517 announced in the press release dated February 28, 2018 “IIF Announces the Determination of the Issue and Selling Prices of its Investment Units” and the offered units (109,275 units) as well as the third-party allotment (2,600 new investment units as the maximum) announced in the press release dated March 5, 2018 “IIF Announces the Determination of the Number of New Investment Units to be Issued”  
The actual amount may differ.  
  - The “Number of investment units to be offered through public offering” is based on the third-party allotment units to be issued in full amount by SMBC Nikko Securities Inc. as decided at the board of directors’ meeting on February 20, 2018.
  - The “Ratio of units offered to outstanding” is calculated by the figure mentioned above divided by the current number of issued units.
  - The “Global Offering” means domestic offering, third-party allotment by way of the overallotment, and overseas offering announced in the press release dated February 20, 2018 “IIF to Issue New Investment Units and Conduct Secondary Offering of Investment Units”
- P.7 (Note 1) “Property acquisitions announced of January 10, 2018” refers to the three properties including IIF Fukuoka Hakozaki LC I (40% co-ownership interest ), IIF Fukuoka Hakozaki LC II (40% co-ownership interest), and IIF Fukuoka Hakozaki LC II (extension building ).
- (Note 2) “Property acquisitions announced on January 10, 2018” includes additional acquisitions of co-ownership interests and the acquisition of the extension building on the premises of the properties owned at the end of the 21<sup>st</sup> period .  
Three out of ten properties to be acquired for the public offering are the additional acquisitions of the co-ownership interests in properties owned at the end of the 21<sup>st</sup> period. Since the additional acquisition of the co-ownership interests in the current properties are not counted as one property, the number of properties after acquisitions of new acquisition will increase to 66 properties or the seven additional properties compared to the 21<sup>st</sup> period.
- (Note 3) “Distributions per unit (assuming expensing of property-related taxes)” means the distributions per unit in pro forma base assuming the property taxes, city planning taxes, and depreciable assets tax during each calculation period to be expensed.  
For the period ended January 2018 (21<sup>st</sup> period) , the figure is calculated based on the actual result . The figures for “Forecast/ Pro forma (After acquisitions of new acquisition )” is calculated based on the estimate for period ending January 2019( 23<sup>rd</sup> period).
- (Note 4) NAV per Unit = NAV ÷ number of issued investment units at the end of the latest fiscal period  
  - The “NAV” is calculated based on the following formula to evaluate the difference of the asset, real estate-related asset value based on appraisal value (or researched value), and the liabilities of the IIF’s balance sheet as of the end of the relevant fiscal period.  

$$\text{NAV} = \text{Unitholders' Equity} + (\text{Real estate-related appraisal value(or researched value)} - \text{booked value of real estate-related assets}^*)$$
    - \* Booked value of the unitholders’ equity and real estate –related assets as of the end of the relevant fiscal period comes from the figures on the balance sheet as of the end of the relevant fiscal period.
- NAV per Unit for “Forecast/Pro forma (After acquisitions of new acquisition)” is calculated based on the following formula;  

$$\text{NAV per Unit} = \{ \text{Unitholders' Capital as of the end of January 2018 (21<sup>st</sup> period)} + \text{The maximum amount to be paid in}^* + \text{sum of the unrealized gains from the properties to be acquired for the offering}^{**} \} \div \text{total number of issued units after acquisitions of properties to be acquired}$$
  - \*The maximum amount to be paid in is based on the third-party allotment units to be issued in full amount and paid in by SMBC Nikko Securities Inc.
  - \*\*NAV per Unit for “Forecast/ Proforma (After acquisitions of new acquisition)” is the estimate , based on the assumptions stated above, NAV as of the end of January 2018 is computed by totaling the appraisal value of the entire portfolio as of the end of January 2018 (21<sup>st</sup> period), unitholders’ capital as of the end of January 2018 (21<sup>st</sup> period) , and the unrealized gains for the properties to be acquired in the press release dated January 10, 2018 and the properties to be acquired for the public offering (For the additional acquisition of co-ownership, appraisal value based on the entire ownership is used), and divided by the total number of investment units after the acquisitions of properties to be acquired.
- The figure is the estimate and may not be same as the actual NAV per Unit. The same shall apply hereafter.



# Notes (Part②)

- P.8 (Note) "LTV (based on appraisal value)" is derived by total of interest-bearing debts ÷ total amount of assets
- Total amount of assets after acquisitions of properties to be acquired = (Total amount of liabilities as of the end of January 2018 (21<sup>st</sup> period) + Total amount of debts incurred in connection with the acquisition of the properties in 22<sup>nd</sup> period) ÷ (Total amount of net assets after the acquisitions of properties to be acquired\*)
  - \*Total amount of net assets after the acquisitions of properties to be acquired is the estimated net assets as of the end of 22<sup>nd</sup> period assuming 109,275 investment units to be offered and additional investment units(maximum 2,600 units) to be issued as third-party allotment to be exercised in full as announced in the press release date March 5, 2018 "IIF Announces the Determination of the Number of New Investment Units to be Issued"
- "LTV(based on appraisal value)" is derived by total of interest-bearing debts ÷ (total amount of net assets+ total amount of unrealized gains)
- |  |   |
|--|---|
| 【Average applicable interest rate】     | Weighted average of interest rates applied to the respective interest-bearing debt as of the end of each period. The weighted average interest rate after acquisition of properties to be acquired is calculated based on the amount of borrowings as of the end of January 21, 2018 (21 <sup>st</sup> period), excluding the refinancing of the current long-term debt in February and March 2018), the amount of interest-bearing debts during the period ending July 2018 (22 <sup>nd</sup> period), and the new debts incurred in connection with the offering. |
| 【Average period remaining to maturity】 | Weighted average of periods up to the repayment date of the respective interest-bearing debt. March 30, 2018 is the date used to calculate for the average period remaining to maturity after acquisitions of properties to be acquired.  |
| 【Fixed debt ratio】                     | Ratio of fixed debt ratio = Total amount of fixed-rate debts ÷ Total amount of interest-bearing debts<br>The interest swap agreement is categorized in the fixed-rate debts in this calculation.  |
- P.19 (Note) • IIF has not obtained the necessary permission from Hitachi Systems, Ltd., the lessee of IIF Shinagawa ITSC, to disclose the information regarding lease expiration date and therefore intentionally omitting the property names and other information.  
• One of the lease contracts with Fukuoka Soko Co., Ltd., the tenant of IIF Fukuoka Hakozaki Logistics Center I, has expired on March 20, 2018 and executed new fixed-term lease contract for five years. This new contract is included in "Distribution of leases expiring within the next two years".
- P.20 (Note 1) Roof space for the PV systems is rented by Orix Corporation
- (Note 2) "Upside-only" is the lease contracts which conditioned with the automatic rent escalation for every few years, or the lease contracts which only allows rent increase negotiation.  
"Flat" is the lease contracts which does not allow rent revision during the contract term or for the first ten years after the acquisition of the property, or the contract basically does not allow rent revision with exceptions to the rent increase when certain conditions are met. IIF categorizes the lease contract for IIF Iruma Logistics Center as "flat" contract.  
"Negotiation-based revision" is any lease contract other than the above two categories and it allows negotiations to revise rent.
- (Note 3) For IIF Osaka Konohana Logistics Center, which the current lease contract will reach its maturity during the period ending July 2018, Sagawa Express Co., Ltd. has agreed to continued use of the property with current rent.
- (Note 4) The assets does not account for 0.5% or less of the entire portfolio and the names are omitted intentionally.
- P.24 (Note) The effect on dividends per unit is the estimate assuming 2,600 investment units of third-party allotment by way of over allotment to be exercised in full with the total investment units of 1,700,531 to be offered. The figure is rounded off to one decimal place.



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## Industrial & Infrastructure Fund Investment Corporation

- This material may contain information such as data on future performance, plans, management targets, and strategies. Such descriptions with regard to the future are based on current hypotheses and assumptions about future events and trends in the business environment, but these hypotheses and assumptions are not necessarily correct. As such, actual results may vary significantly due to various factors
- This material is prepared based on Japanese accounting principles 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
- IIF is a publicly-offered real estate investment corporation (J-REIT) investing in real estate and related assets the prices of which may fluctuate. Unitholders of the Investment Corporation may suffer loss when unit prices decline in the market or an amount of distributions declines, according to economic and interest rate circumstances, a balance of supply and demand for units, real estate market environment, fluctuations of prices of, and rent revenues from real estate properties under management, disasters, aggravation of financial status of IIF and other reasons. For details, please see "Investment Risk" in the Securities Registration Statement (offering circular) and the Securities Report of IIF

Asset Management Company : Mitsubishi Corp.- UBS Realty Inc.

(Financial Instruments Dealer Director of Kanto Financial Bureau (Financial Instruments Dealer)

Number 403, Member of The Investment Trusts Association, Japan)