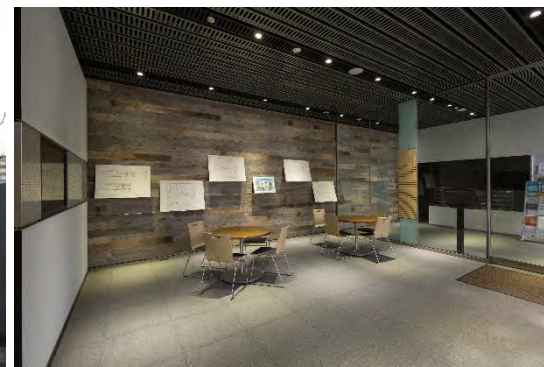


Think bold today for a brighter tomorrow.



Investor Presentation for the January 2019 (23rd) Period

Securities Code : **3249**

Industrial & Infrastructure Fund Investment Corporation



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Appendix

Portfolio Data and Other Materials

1. Executive Summary



Occupancy rate of IIF Shinagawa ITSC recovered to 98.9% Improved unitholder's value by asset disposition related initiatives

New acquisition & Asset disposition

Acquisition using cash reserves and Disposition capturing market condition

■ Acquisition using cash reserves

IIF Tsukuba MC (land with leasehold interest)

- NOI Yield after depreciation **8.3%**
- Unrealized gain ratio **+46.7%**

OTA Techno CORE (Silent partnership interest)

- **PRE development** and **ESG initiatives** by acquisition of **shared factory** (Tenant: **Ota city in Tokyo**)
- Expected dividend payout **7.6%**

■ Disposition of IIF Atsugi LC at a price well over book value and appraisal value

- Sales price : JPY **2.56bn** (Book Value **+67.2%**, Appraisal value **+18.5%**)
- To distribute gain on sales over the next two fiscal period

Existing Portfolio

Track record of solid internal growth

■ Occupancy rate of IIF Shinagawa ITSC recovered to **98.9%** with steady leasing

■ Continuous value-up approaches in IIF Sagamihara R&D Center

- Improved profitability by capturing Micron's expansion needs and by additionally leasing amenity building

	As of acquisition	After leasing the amenity
NOI Yield	7.7%	⇒ 9.6%
NOI Yield after depreciation	6.9%	⇒ 8.2%

■ Further approach to ESG

- IIF Atsugi LC III received CASBEE for Real Estate certification
- Published ESG report compiling ESG activities across MCUBS

Financial Strategy

Reinforced financial base, and decreased debt costs

■ Prepayment and refinance using gain on sales

- Prepay loans with high interest rate and refinance using gain on sales of IIF Atsugi LC

< Important indices of 7.85B debt financing >

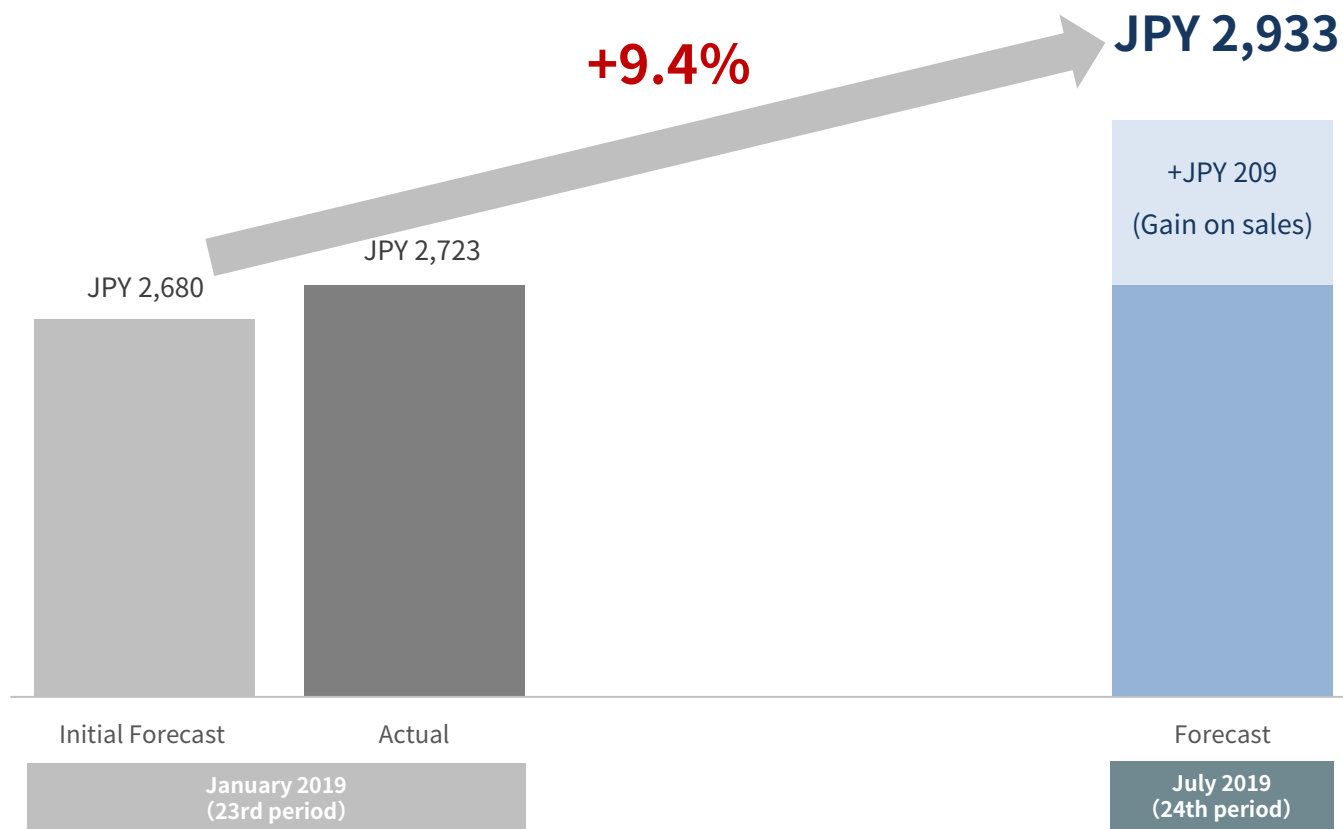
	Before refinance	(Note) After refinance
Average remaining period	1.2years	⇒ 8.6years
Average applicable interest rate	1.33%	⇒ 0.45%

DPU in 24th period is expected to increase significantly due to distribution of gain on sales

DPU forecast in 24th fiscal period

To increase by 9.4% compared to initial forecast in 23rd period due to gain on sales and internal growth of existing portfolio

【DPU】



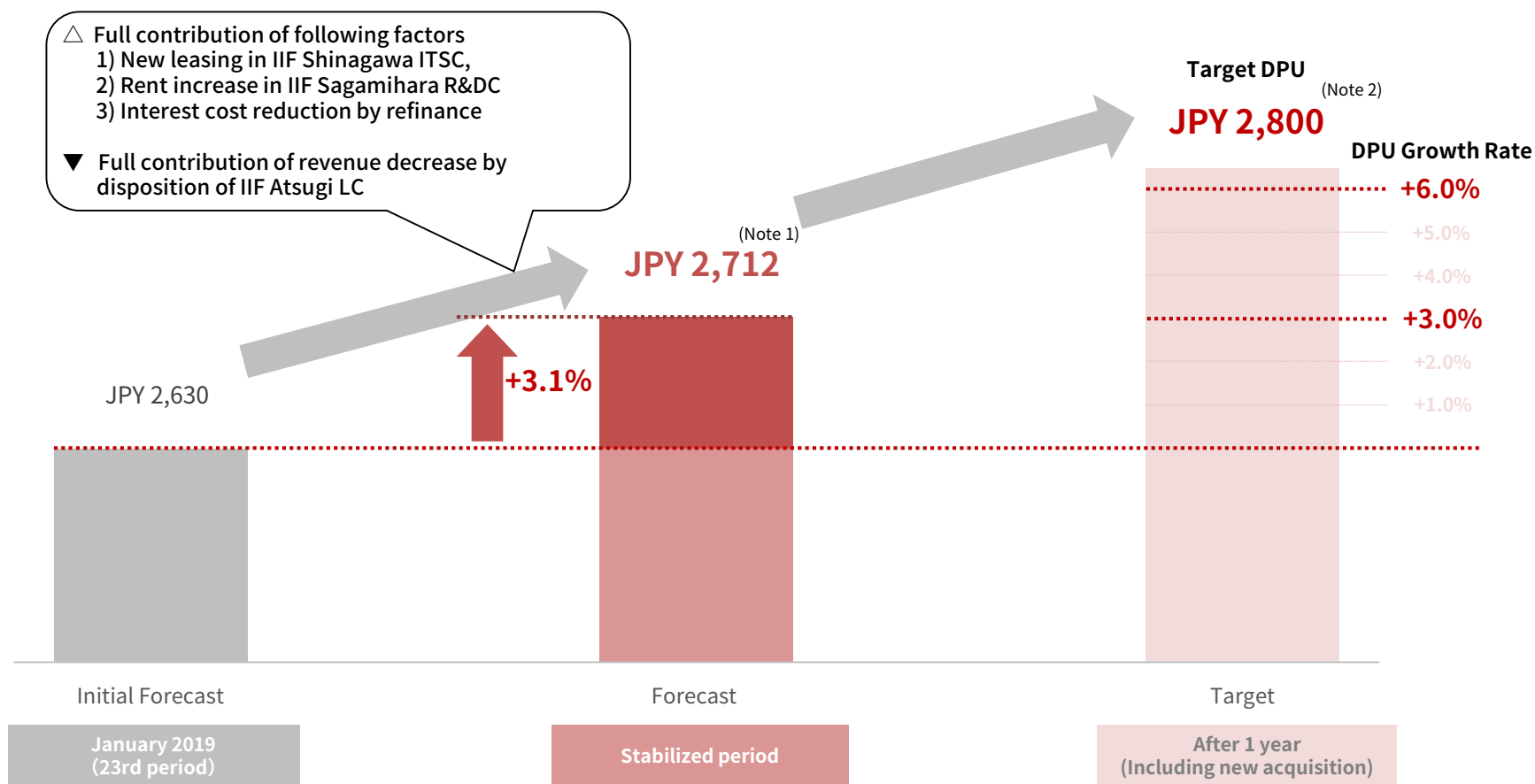
DPU (assuming expensing of property-related taxes) is expected to increase by 3.1%

DPU forecast (assuming expensing of property-related taxes)

Target DPU is JPY 2,800 including new acquisitions

【DPU forecast (excluding gain on sales)】

- △ Full contribution of following factors
 - 1) New leasing in IIF Shinagawa ITSC,
 - 2) Rent increase in IIF Sagamiyara R&DC
 - 3) Interest cost reduction by refinance
- ▼ Full contribution of revenue decrease by disposition of IIF Atsugi LC



DPU (assuming expensing of property-related taxes) grew by 6.7% and NAV per unit grew by 5.4% in the recent year

■ Important Indices

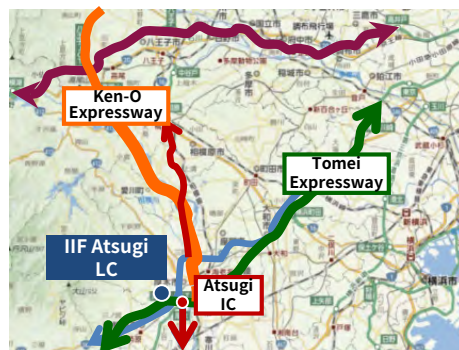
	Fiscal Period Ended Jan. 2018 (21 st Period)		Fiscal Period Ended Jan. 2019 (23 rd Period)
Number of Properties	59 _{properties}		67 _{properties}
Total Acquisition Price	JPY 246,615 _{mn}		JPY 275,664 _{mn}
Average NOI Yield / NOI Yield after depreciation	5.8% / 4.8%		5.8% / 4.8%
Unrealized gain on appraisal value (Unrealized gain ratio)	+JPY 44,423 _{mn} (+18.2%)		+JPY 51,621 _{mn} (+ 19.0%)
LTV (Booked Value ^(Note 1))	50.3%		50.1%
Weighted average interest rate	1.10%		0.95%
Distributions per Unit (assuming expensing of property-related taxes) ^(Note 2)	JPY 2,505 per unit		JPY 2,673 per unit (+ 6.7%)
Appraisal NAV per Unit ^(Note 3)	JPY 98,872 per unit		JPY 104,189 per unit (+ 5.4%)

2. Asset disposition disclosed yesterday “IIF Atsugi Logistics Center”



IIF Atsugi Logistics Center : Realized gain on sales and improved portfolio profitability

Profitability improvement through disposition of asset with NOI yield after depreciation of 2.1%, which is much lower than portfolio average

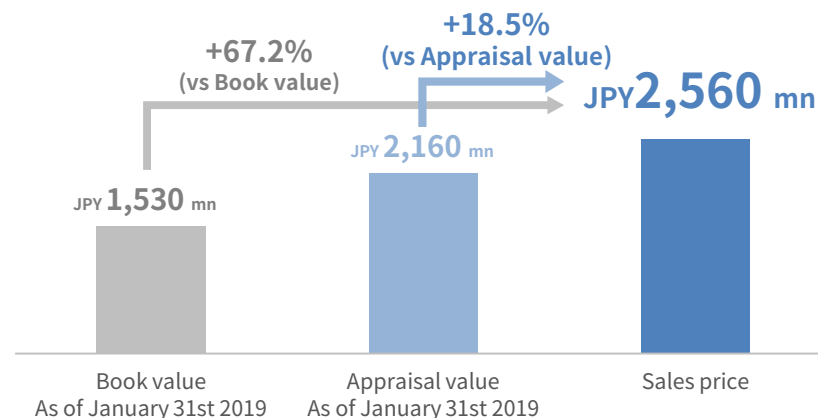


Property Characteristics

- Located approximately 2 km from Atsugi IC, which enables the tenant to cover broad metropolitan area by Tomei expressway and Ken-O Expressway
- Truckberth at northeast side of facility newly developed in July 2012 enables 6 trucks to park
- Expansion of rest room and installation of air conditioners on every floor brings high usability to tenant

Acquisition price	JPY 2,100mn
Location	Atsugi City, Kanagawa
Tenant	Fujilogitech Next, Inc.
Construction completion	January 31th, 2005
Land size / Total floor space	5,648.48m ² / 10,076.58m ²
Structure	4-story steel structure with galvanized steel sheet roof
NOI Yield (Note 1)	5.2% (Portfolio average : 5.8%)
NOI Yield after depreciation (Note 2)	2.1% (Portfolio average : 4.8%)

Realized Gain through disposition at a price well over appraisal value



Achievement by disposition

- ① Improvement of portfolio profitability
- ② Distribution of realized gain to unitholders
- ③ Initiatives to improve profitability using gain on sales and disposition proceeds

Scheduled disposition date

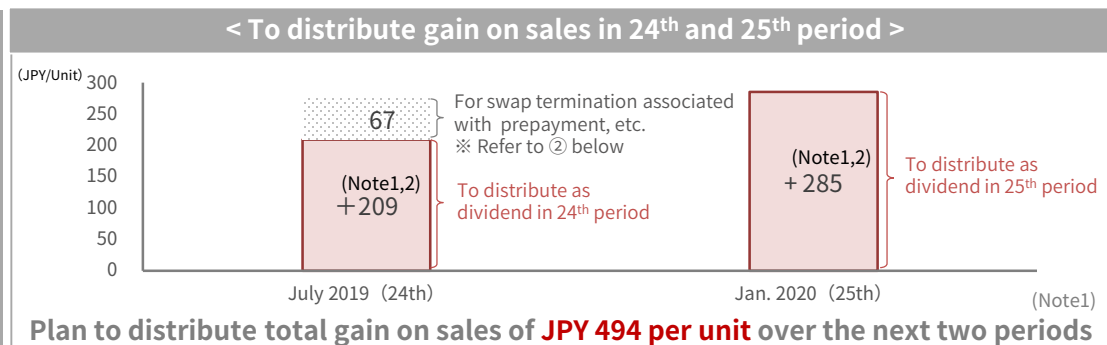
March 29th, 2019 (First 50% ownership)
August 1st, 2019 (Remaining 50% ownership)

IIF Atsugi Logistics Center : Plan to further improve profitability using gain on sales and disposition proceeds

Three initiatives using gain on sales and disposition proceeds

Initiatives by gain on sales and disposition proceeds

① Distribution of realized gain to unitholders



② Prepayment and refinance aiming for interest cost reduction

< Prepayment and refinance using gain on sales > (Note 1,3)

	Loan amount	Average remaining period	Average applicable interest rate
Before refinancing	JPY 7.85bn	1.2years	1.33%
After Refinancing	JPY 7.85bn	8.6years (+7.4years)	0.45% (▲0.88pt)

DPU increase
+JPY **20**

③ New acquisition using disposition proceeds

< DPU increase by new acquisition using disposition proceeds >

Disposition proceeds	NOI Yield after depreciation of new acquisition	DPU increase (Note 1,4)
JPY 1.5bn	5.0%	+JPY 22
	4.5%	+JPY 20
	4.0%	+JPY 18

(Note 1) The effect on dividends per unit is the estimate based on the total issued investment units of 1,698,816 as of Mar 14th, 2019.

(Note 2) "Gain on sales" is the estimation based on the disposition price, the book value of the property to be disposed at scheduled delivery date, the estimated cost to be expensed in relation to the disposition (brokerage fee, etc.) and costs related the cancellation of swap interest rate agreement. The figure is a reference value calculated by the Asset Manager, and the actual dividend may differ greatly from the reference value due to other factors.

(Note 3) "Average remaining period" and "Average applicable interest rate" after refinancing is the estimation based on the loan agreement executed on March 13, 2019. For the details, please refer to the news release "Notice Concerning Debt Financing (Refinancing), Prepayment, and Cancellation of Interest Rate Swap Agreement" dated March 13, 2019.

(Note 4) "DPU increase" is the estimation based on the estimated proceeds from the sale and assumed NOI yield after depreciation of new acquisition. There is no assurance for the realization of the figure shown. The actual dividend may defer due to the factors other than the estimated proceeds from the sale and assumed NOI yield after depreciation of new acquisition.



3. Recent acquisition and Investment Strategy Going Forward — “CRE Beyond”

“CRE Beyond” is the advanced investment strategy for CRE proposals based on (i) Our past track record and know-how for the acquisition of properties through original CRE proposals, (ii) Our established track-record as a CRE solution provider enhancing our potential for further growth, and (iii) Leveraging on our experience and reputation as a CRE solution provider to identify new investment opportunities.

Profitability improvement by acquisitions using cash reserves

- Acquired a manufacturing facility with high profitability, high versatility and large unrealized gain through CRE/PRE proposal

Manufacturing

IIF Tsukuba Manufacturing Center (land with lease hold interest)



Acquisition price

JPY 900mn

NOI Yield / (Note 1)
NOI Yield after depreciation

8.3% / 8.3%

Appraisal value/ (Note 2)
Unrealized gain (Ratio)

**JPY 1,320mn /
+JPY 420mn (+46.7%)**

Key Points

- Acquisition through a negotiation after IIF offered a CRE proposal to IDEC Corporation, a major control instrument manufacturer. It is in business for more than 70 years and listed on the first section of the Tokyo Stock Exchange
- Location within “Tsukuba-no Sato Industrial Park” comprised in Tsukuba International Strategic Zone, which means advantage in securing workforce
- The acquisition with NOI yield of 8.3% and unrealized gain ratio of 46.7% using cash reserves, contributes to the growth of dividend per unit and the net asset value

Manufacturing

OTA Techno CORE (Silent partnership interest)



Investment amount

JPY 100mn

Expected (Note 3)
dividend payout

7.6%

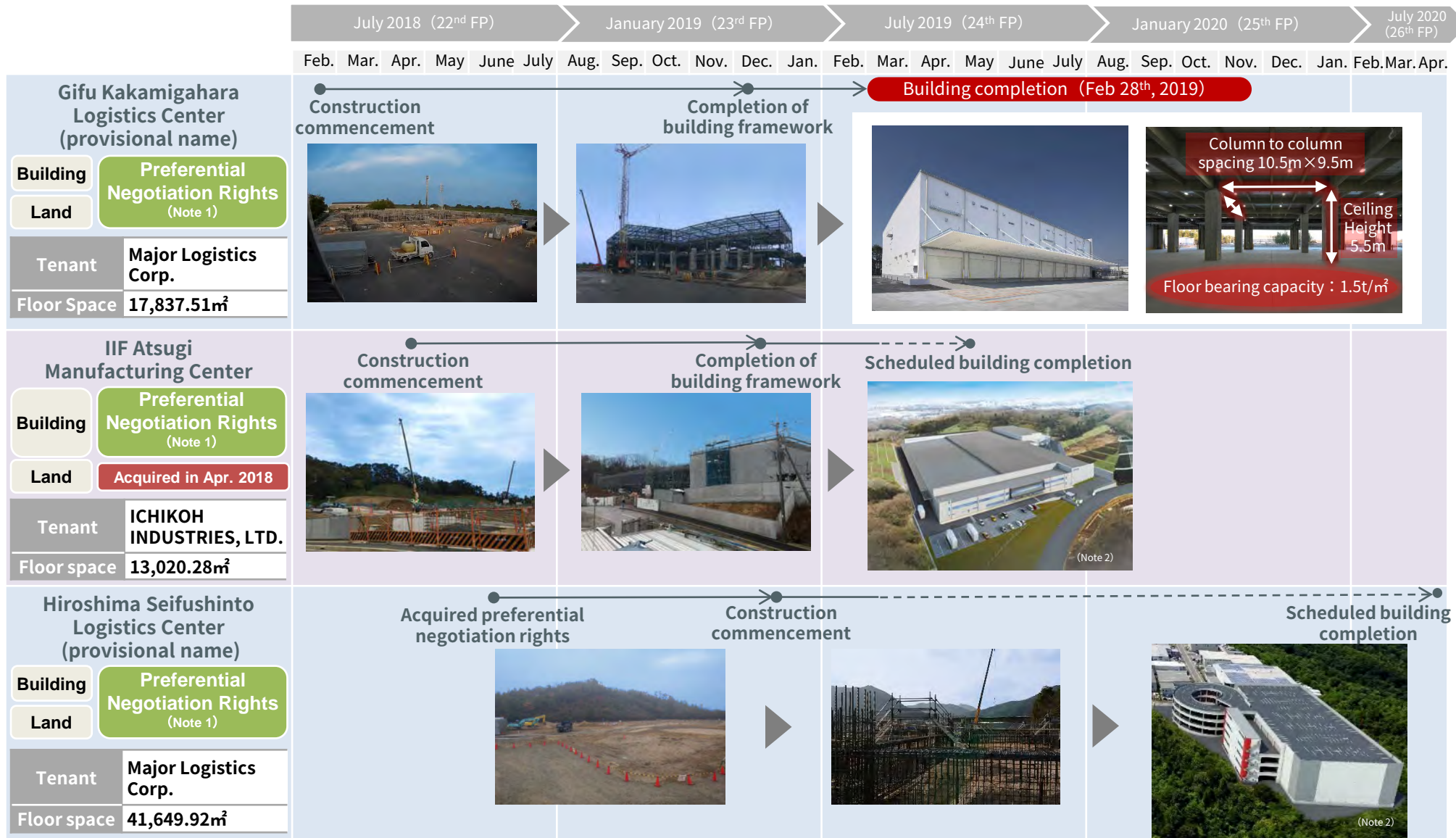
Investment Horizon

Approx. 5years
(Feb 28th, 2019~Feb 29th, 2024)

Key Points

- The SPC established by funds from IIF and other investors invited the Development Bank of Japan Inc. as the senior lender and is going to acquire a rental factory (shared factory) of which Ota City in Tokyo being the tenant
- A preferential negotiation right will be given to IIF to acquire the trust beneficiary right at a price lower than the acquisition price of the SPC, and securing both future acquisition opportunities and high profitability over the medium term.
- PRE development and ESG measures will be undertaken on a continuous basis

Development of properties with preferential negotiation rights are on schedule



Steady pipeline expansion through unique CRE/PRE proposal

Pipeline Status

Total number of properties under consideration **29properties**

Total value of properties under consideration **JPY 233.6bn**

Number of properties currently under detailed consideration
16properties

Breakdown of deals under detailed consideration^(Note)

By asset class (Based on price)

Logistics
43.9%

Manufacturing/
R&DC /
Infrastructure
56.1%

Manufacturing/
R&DC /
Infrastructure
56.1%

By source (Based on price)

Other than CRE
Proposals
10.5%

CRE Proposals
89.5%

CRE Proposals
89.5%

Main pipelines with preferential negotiation rights

IIF Shinkawasaki R&D Center (Provisional name)



Floor Space 11,894.29m²

- Main R&DC of major manufacturing company listed on first section of the TSE
- Good location within walking distance to Shinkawasaki station, good access to Tokyo and Kanagawa

IIF Ichikawa Food Processing Center (Provisional name)



Floor Space 27,531.02m²

- Versatile manufacturing facility with refrigeration warehouse
- Good location near Tokyo metropolitan area with good access to expressways

Gifu Kakamigahara Logistics Center (provisional name) (Completion in Feb. 2019)

Development



Tenant Major Logistics Corp.

Floor Space 17,837.51m²

IIF Atsugi Manufacturing Center (Completion in May 2019)

Development



Tenant ICHIKOH INDUSTRIES, LTD.

Floor space 13,020.28m²

Hiroshima Seifushinto Logistics Center (provisional name) (Completion in Apr. 2020)

Development



Tenant Major Logistics Corp.

Floor space 41,649.92m²



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).

IIF Shinagawa IT Solution Center : Occupancy rate recovered to 98.9%

■ Occupancy rate recovers quickly despite former tenant leaves due to hub integration



Property Characteristics

- Located in Nishi Gotanda, Shinagawa-ku with good access from central Tokyo having strong company demand
- Highly convenient with a 2 minute walk from Fudomae Station on the Tokyu Meguro Line and a 11 minute walk from Gotanda Station on the Yamanote Line
- High specification with two emergency power generation equipments, floor-loading capacity of 400 kg/m² to1t/m2, and electric capacity of 40VA/m²

<Leasing Status>

【As of tenant leave】

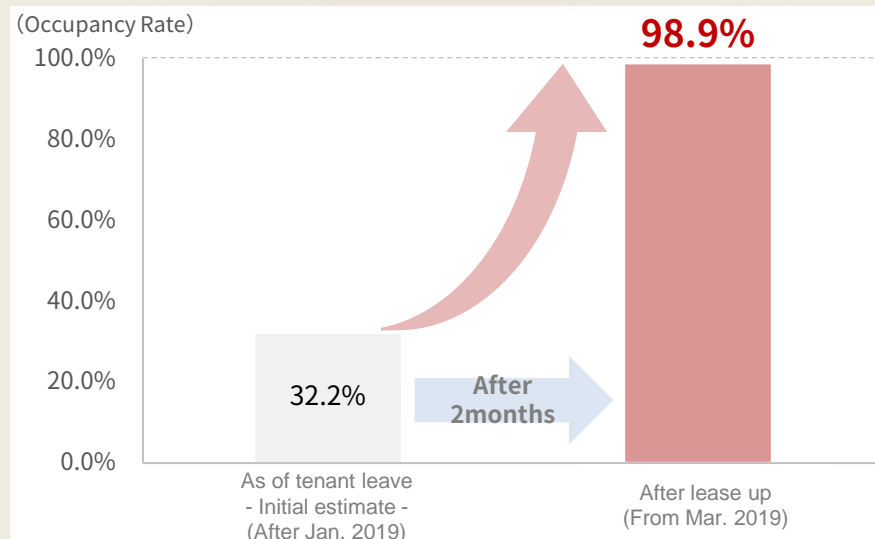
4F	Existing Tenant (789.51m ²)
3F	Vacant (1,410.90m ²)
2F	Vacant (2,091.00m ²)
1F	Existing Tenant (1,493.52m ²)
B1F	Vacant (1,272.10m ²)
(Total Rentable Area : 7,057.03m ²)	

【As of Mar. 2019】

4F	Existing Tenant (789.51m ²)	
3F	E-commerce (1,410.90m ²)	
2F	IT (1) (1,620.25m ²)	IT (2) (454.81m ²)
1F	Existing Tenant (1,493.52m ²)	Vacant (15.94m)
B1F	IT (1) (1,207.64m ²)	Vacant (64.46m ²)
(Total Rentable Area : 7,057.03m ²)		

Initially, occupancy was expected to fall to 32.2% from Jan. 2019

Occupancy rate recovers to **98.9%** from Mar. 2019 by capturing strong office lease demands and area characteristics



DPU is expected to increase by **64**yen due to quick lease up (vs 23rd fiscal period)^(Note)

IIF Sagamihara R&D Center : Great improvement of unitholder's value by continuous value-up approaches

■ Expanding rentable area by converting amenity building into office



Property Characteristics

- The core R&D center of Micron Memory Japan Inc., which is a Japanese subsidiary of Micron Technology, Inc.
- Surrounded by Sagamiha Machinery and Metal Industrial Park and Oyama Industrial Park, etc. and is a suitable area for research and development facilities
- Including a ceiling height of 2,800 mm and OA floor of 300 mm which satisfies the basic specifications for research and development facilities.



As of Acquisition
(Mar. 2015)

- Acquired through CRE proposal to capture NEC's needs to dispose non-core asset
- Originally, leased to 6 tenants for 1 year period with annual contract renewal

① 1st Value-up

Nov. 2017

Changed the contract with Micron to lease entire main building

② 2nd value-up

Oct. 2018

Contracted with Micron to lease entire parking area in site

③ 3rd Value-up

Mar. 2019

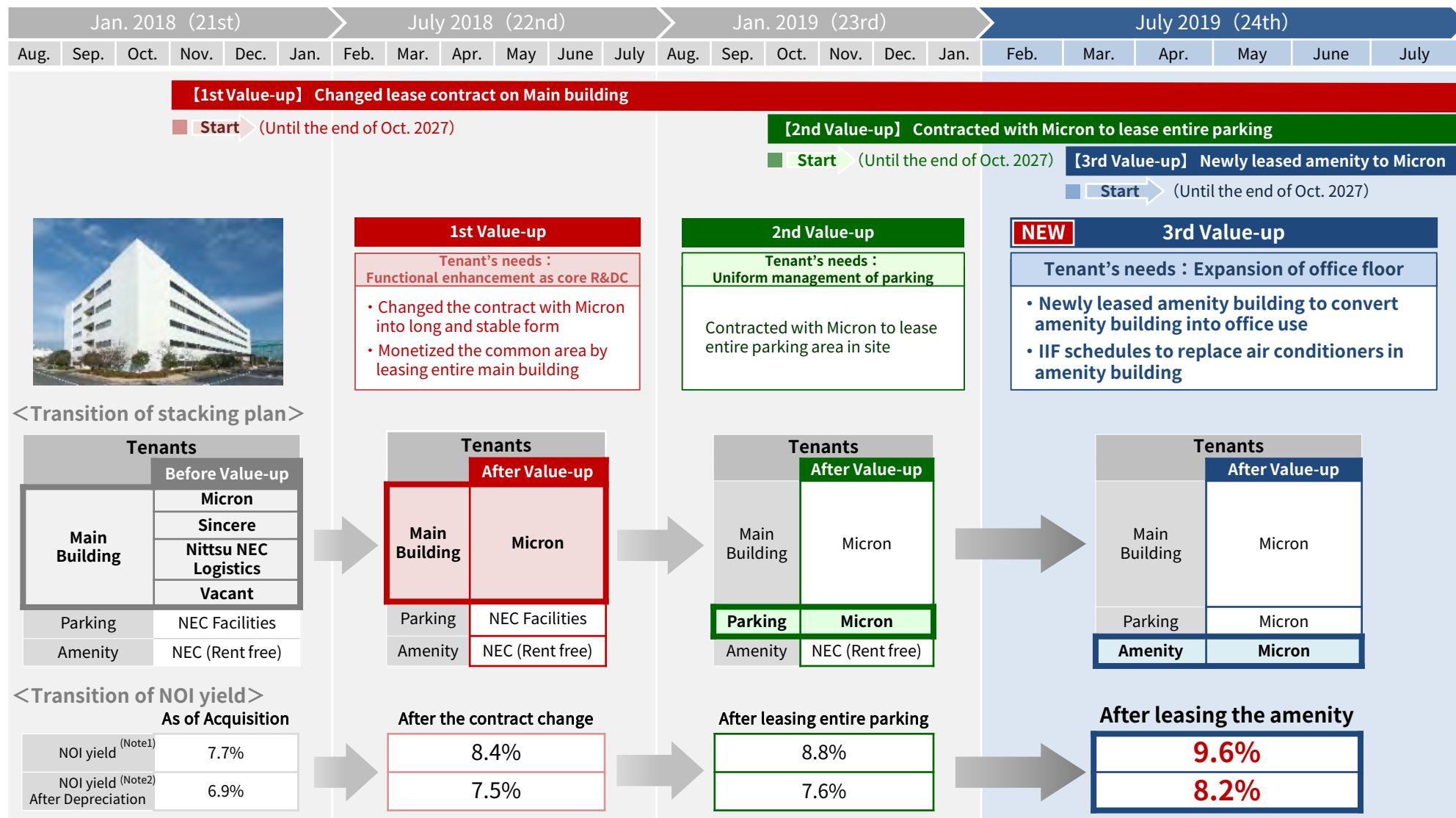
Newly contracted with Micron to lease amenity building, and convert amenity building into office

Great improvement in stability, asset value and profitability by value-up approaches

	As of acquisition Acquisition Price JPY 3.1bn		After value-up
Lease type	Other	Stability Improvement	Other
Lease term	1year		10 years
Non cancellation period	None		5 years from lease commencement
Early termination	6 months notice		24 months notice
Number of tenant	6 tenants		1 tenant
Appraisal value (Unrealized gain ratio)	JPY 3,460mn	Asset Value Improvement	JPY4,650mn (+41.8%)(Note3)
NOI Yield (Note1)	7.7%	Profitability Improvement	9.6%
NOI Yield (Note2) after depreciation	6.9%		8.2%

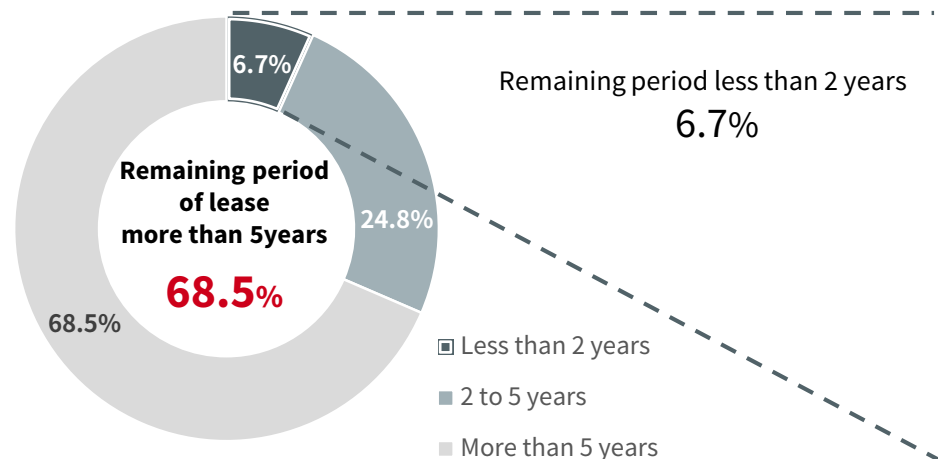
IIF Sagamihara R&D Center : Value-up approaches capturing tenant needs

Continuous value-up measures capturing the Micron's needs



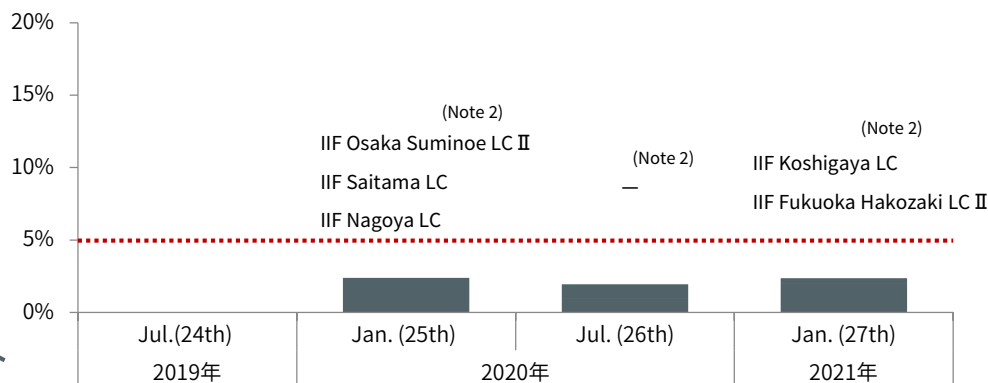
Continuous actions to key tenants facing lease expiration

Distribution of Lease Expiration Periods (annual rent basis)



Distribution of leases expiring within the next two years (Note 1) (annual rent basis)

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



Response to Key Tenants Facing Lease Expiration in Next Two Years

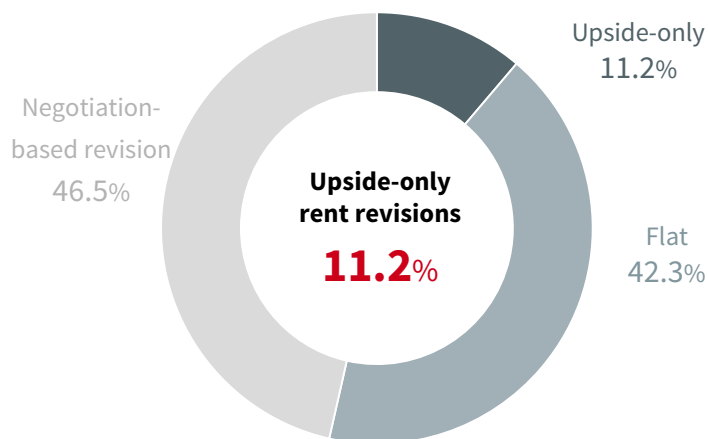
	Lease Expiry	Property Name	Tenant	Achievements/ Action Plans	
Jan. 2019 (23 rd)	2018/12/31	IIF Shinagawa ITSC	<div>old</div> <div>New</div> Not disclosed IT related company/ E-commerce related company	Occupancy rate (lease contract base) recovered to 98.9% upon the conclusion of lease contract with new tenant	Concluded
Jan. 2020 (25 th)	2019/8/31	IIF Osaka Suminoe LC II	Toshiba Logistics Corporation	Confirmed intention of continuous use. Stable operation continues	In progress
	2019/11/30	IIF Saitama LC	MM Corporation	Concluded a fixed-term lease contract with the current tenant for 3 years.	Concluded
	2020/1/31	IIF Nagoya LC	Japan Airways Co., Ltd.	Confirmed intention of continuous use. On-going negotiation for the lease contract renewal.	In progress
Jan. 2021 (27 th)	2020/12/31	IIF Koshigaya LC	Tsukasa Co., Ltd.	After confirming intention of continued use, start negotiation for contract terms and assuming renewal.	In progress
	2020/12/31	IIF Fukuoka Hakozaki LC II	NTT LOGISCO Inc.	After confirming intention of continued use, start negotiation for contract terms and assuming renewal.	In progress

Achieve internal growth while continuously executing measures for environmental conservation

Key internal growth measures

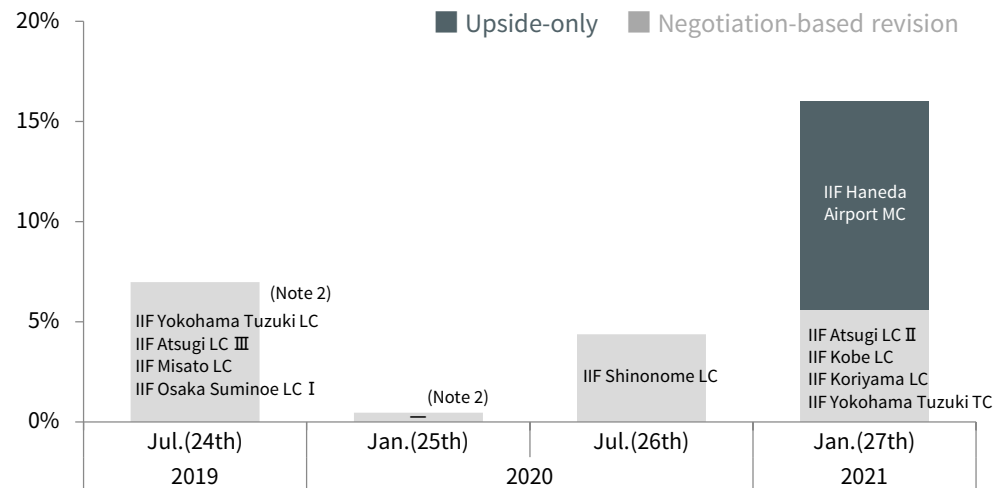
	Effective Date	Property Name	Tenant	Measures	Annual Rent Increase	
Jan. 2019 (23rd)	2018/8	IIF Yokohama Shinyamashita R&DC	TRW Automotive Japan Co., Ltd.	Rent increase due to the rent revision clause (CPI linked)	Increased	Not disclosed
	2018/9	IIF Sagamihara R&DC	Micron Memory Japan, G.K	Concluded a blanket contract for the parking lot area within the premise.	Increased	Not disclosed
	2018/12	IIF Itabashi LC	Higashi Twenty One Co., Ltd.	Partial benefit from the reduced electricity charge due to the installation of LED lighting. Also extended the non-cancellable period until May 2022.	Increased	Not disclosed
Jul. 2019 (24 th)	2019/2	IIF Morioka LC	Nippon Access, Inc.	Partial benefit from the reduced electricity charge due to the installation of LED lighting.	Increased	Not disclosed
	2019/3	IIF Sagamihara R&DC	Micron Memory Japan, G.K	Concluded a new lease contract for the annex building used by the tenant as their office.	Increased	Not disclosed
Jan. 2021 (27 th)	2021/1	IIF Haneda Airport MC	Japan Airlines Co., Ltd	3% rent increase from the current rent starting from January 1, 2021.	To be increased	+ JPY 58,402K

Rent Revisions (annual rent basis) (Note 1)



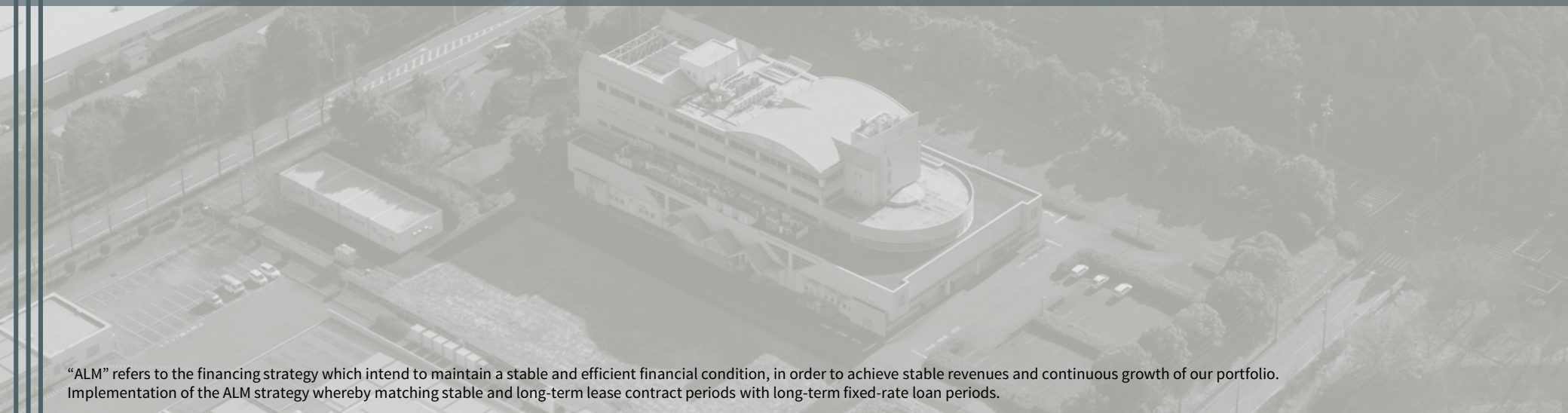
Properties of which the rent may be revised within the next two year

<Rent income contribution in the entire portfolio>



4. Current Status of Operations and Initiatives Going Forward

(2) Financial Strategy: “ALM”

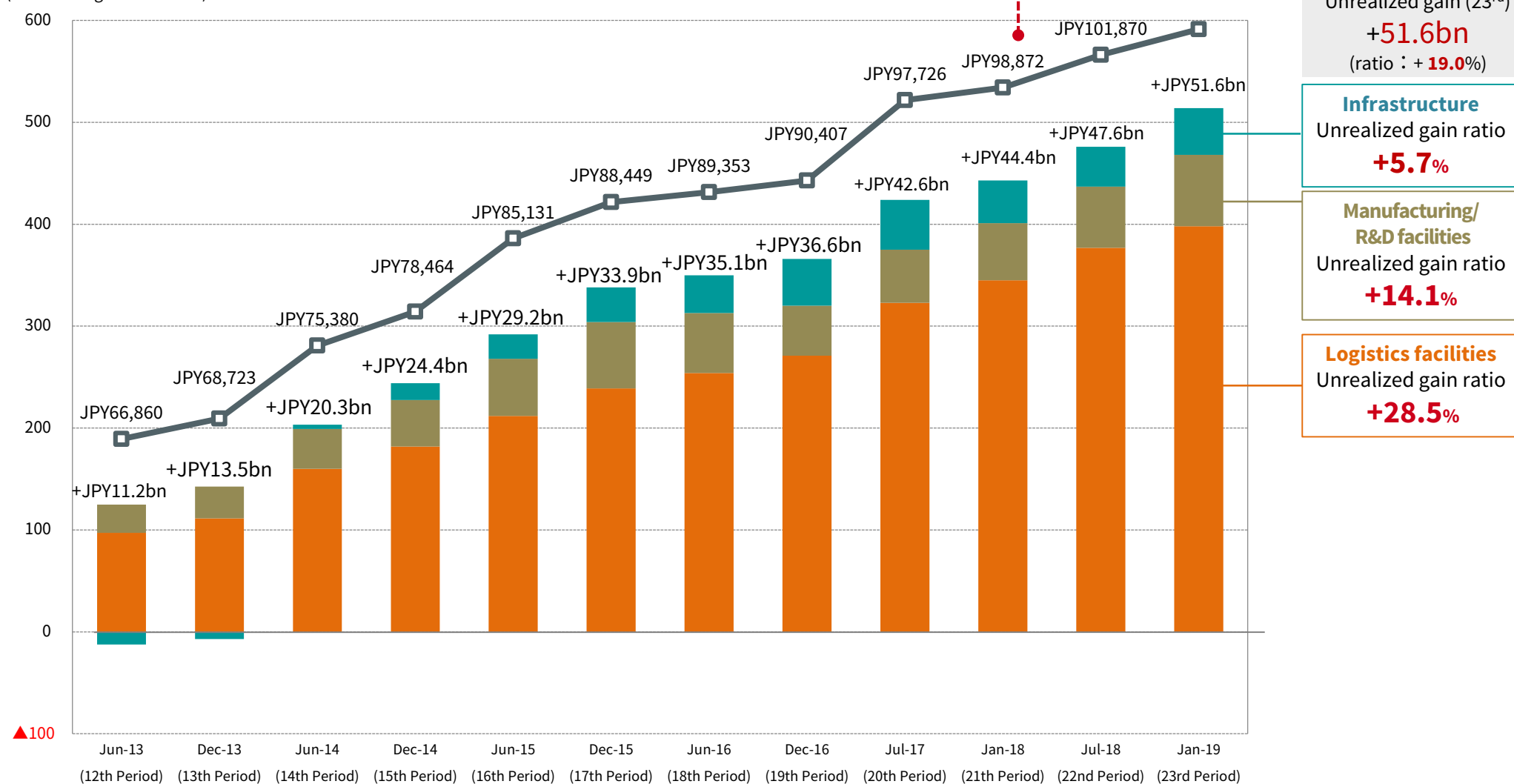


“ALM” refers to the financing strategy which intend to maintain a stable and efficient financial condition, in order to achieve stable revenues and continuous growth of our portfolio. Implementation of the ALM strategy whereby matching stable and long-term lease contract periods with long-term fixed-rate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

Unrealized gain reached JPY51.6bn (ratio+19.0%) and NAV per unit increased by approx. 5.4%

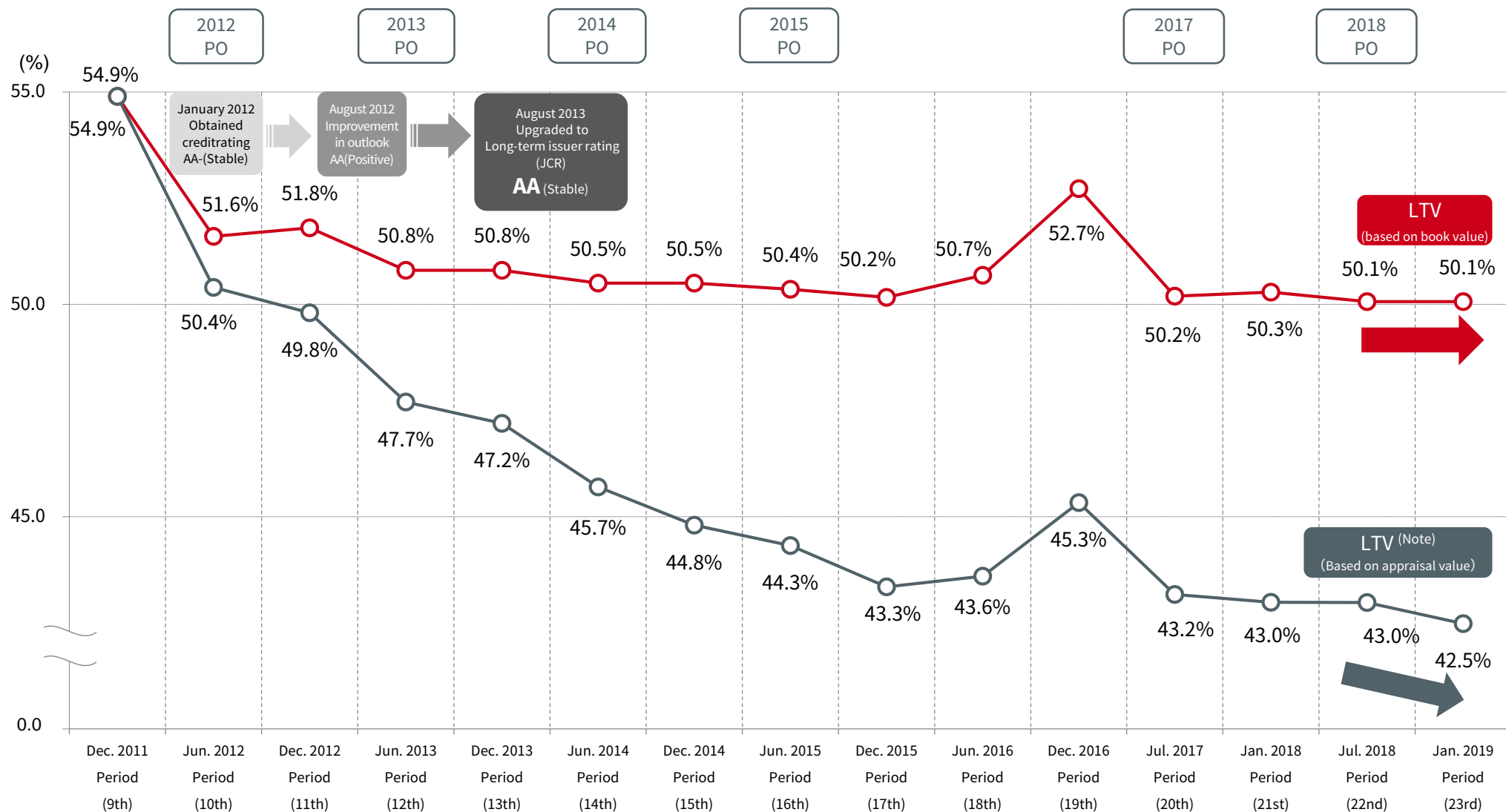
■ Unrealized gain / NAV per unit

(Unrealized gain: JPY100m)



LTV (based on appraisal value) is dropped to 42.5% due to rise in appraisal value

Historical LTV



Gain on sales utilized for refinancing and prepayment significantly reduced interest cost

Utilizing gain on sales for prepayment and refinancing

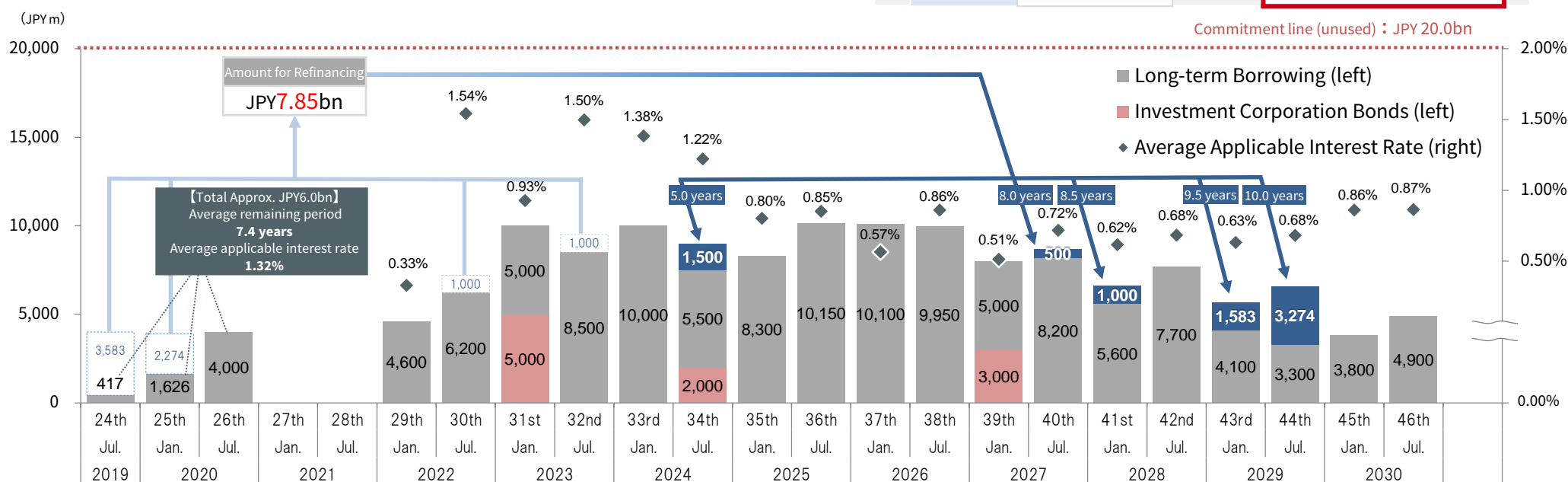
	Amount	Average remaining period	Average applicable interest rate
Before	JPY7.85bn	1.2 years	1.33%
After	JPY7.85bn	8.6 years (+7.4 years)	0.45% (▲0.88pt)

DPU increase
Approx.
+20yen/unit

Improving financial strength of the portfolio by refinancing

	<Key indices after refinancing>	
	Before Refinancing	After Refinancing
Average borrowing period	9.3 years	9.4 years (+0.1 year)
Average remaining period	6.0 years	6.3 years (+0.3 year)
Average applicable interest rate	0.95%	0.90% (▲0.05pt)
LTV	50.1%	50.1% (±0.0pt)

Maturity ladder and weighted average interest rate





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5. Approach to ESG



Continuous MC-UBS group initiatives for ESG

MCUBS participation in initiatives



Signatory of:



Signatory of:



- ※ Since 2016 MCUBS has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labor, the environment and anti-corruption.

ESG working groups where MC-UBS attends and proposes

■ Ministry of Land, Infrastructure, Transport and Tourism Investigative commission for ESG Real Estate Investment

The only
J-REIT AM

- Purpose : Investigate needed environment for real estate market in Japan to attract over mid-term investment based on ESG and SDGs
- Main members : Leading Professor, Consultant, Expert, etc.

■ PRI Japan Network Property Working Group

The only
J-REIT AM

- Purpose : Promote implementation of ESG in property investors and investment managers, raising awareness and sharing case studies.
- Main members : Major Financial Institution, Consulting firm, etc.



■ UNEP FI Property Working Group

- Purpose : Research, Promotion of environmental friendly business models, Information share, Training, Reporting, Organization of international meeting, etc.
- Main members : Major Financial Institution, Insurance firm, Asset management company, etc.



Inclusion in MSCI Japan ESG Select Leaders Index



2018 Constituent
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 3rd, 2017.
IIF has received "A" as the highest rank among the J-REITs as of Mar.14th, 2019.

Third-Party Evaluations

■ GRESB Real Estate Assessment



In Sep. 2018, awarded the "Green Star", the highest rank, for 6 consecutive years.

■ CASBEE



IIF Atsugi LCⅢ newly received "CASBEE for Real Estate Certification" in Jan. 2019"

IIF Atsugi LCⅢ



CASBEE for Real Estate Certification

IIF Kyotanabe LC	IIF Kashiwa LC
IIF Higashi-Osaka LC	IIF Fukuoka Hakozaiki LCⅡ
IIF Iruma LC	IIF Atsugi LCⅢ

■ BELS

As of Mar.14th, 2019, 8 properties awarded BELS certification.



BELS Certification

IIF Kashiwa LC	IIF Yokohama Tsuzuki LC
IIF Nishinomiya LC	IIF Hiroshima LC
IIF Atsugi LCⅢ	IIF Shinagawa ITSC
IIF Kawasaki SC	IIF Haneda Airport MC

■ DBJ Green Building Certification

As of the Mar.14th 2019, 5 properties have received the DBJ Green Building certification.



DBJ Green Building Certification

IIF Hiroshima LC	IIF Kobe LC
IIF Tosu LC	IIF Koshigaya LC
IIF Noda LCⅡ	

Recent initiatives (1) : Identify and visualize ESG materiality using SDGs concept

MC-UBS Group's ESG materiality and SDGs idea



MC-UBS have identified and visualized ESG material issues related to sustainability (materiality) as follows.

These issues were identified based on the Group's Corporate Philosophy and Environmental Charter but also incorporate the ideas of the Sustainable Development Goals (SDGs^(Note)), globally shared goals promoted by the United Nations.

<ESG Materiality Selection Process>

STEP
1

• Identification of Sustainability Issues

We compiled lists of sustainability issues related to REITs based on the SDGs, global ESG disclosure criteria, and benchmark studies by overseas companies in the same industry.

STEP
2

• Establishment of Priority Order

We established an order of priority for the issues we identified by taking into account their level of importance to asset management companies, each fund under the Company's management, overseas companies in the same industries, and external organizations.

STEP
3

• Confirmation of Validity

To ensure objectivity, we underwent a review by CSR Design Green Investment Advisory, Co., Ltd. regarding our ESG materiality and its selection process.

STEP
4

• Discussion and Approval by Senior Management

The Company's Sustainability Committee discussed and approved the selected ESG materiality.

Our ESG Materiality and Closely Related SDGs

Level of importance	ESG materiality	Closely related SDGs
★★★★ Most Important	Response to sustainability certifications	9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
	Building resilience	9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
	Response to climate change	13 CLIMATE ACTION
	Energy efficiency	7 AFFORDABLE AND CLEAN ENERGY
	Ensuring of health and well-being of and convenience for people (tenants)	3 GOOD HEALTH AND WELL-BEING
	Employee cultivation and level of satisfaction	8 DECENT WORK AND ECONOMIC GROWTH
★★★ Important	Efficient water use	6 CLEAN WATER AND SANITATION
	Waste disposal	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Partnership with tenants	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS
	Collaboration with local communities	17 PARTNERSHIPS FOR THE GOALS

Recent initiatives (2) : Investment based on the Principles for Positive Impact Finance

■ The first case for J-REIT to invest based on the Principles for Positive Impact Finance - OTA Techno CORE -

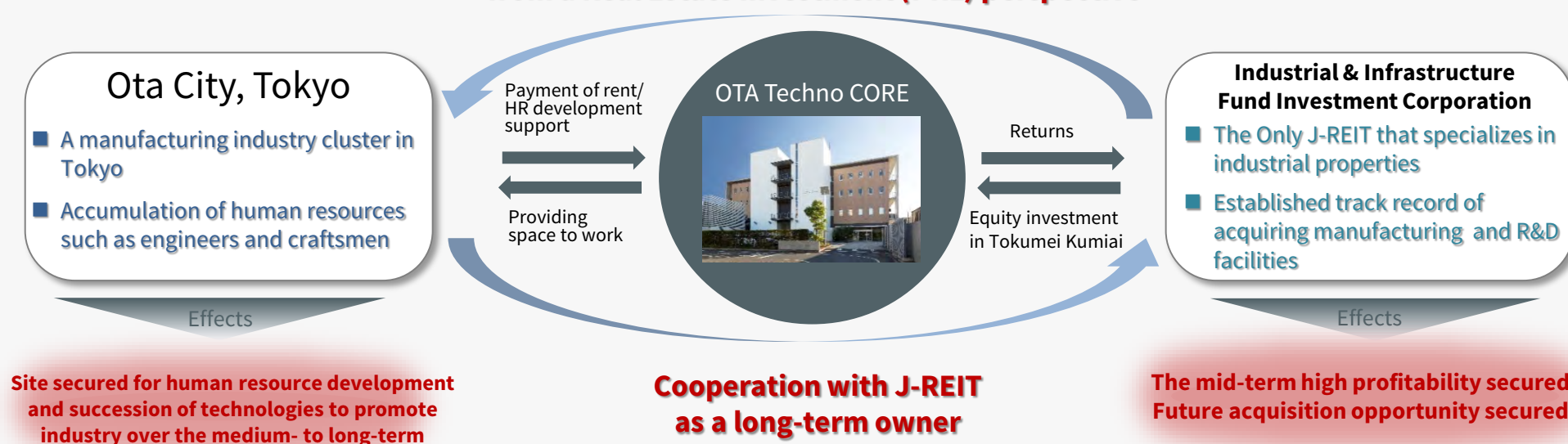
- The equity investment in the Tokumei Kumiai is in line with SDGs materiality emphasized by the Asset Manager and will contribute to a sustainable society.
- Furthermore, a third-party opinion ^(Note 1) has been obtained stating that the project is in accordance with the Principles for Positive Impact ^(Note 2) of the United Nations Environment Programme Finance Initiative (UNEP FI).

**SUSTAINABLE
DEVELOPMENT
GOALS**



■ Image of measures for a sustainable society

Measures for Supporting Regional Economic Development from a Real Estate Investment (PRE) perspective



MCUBS has compiled ESG activities across the entire Group and published an ESG report, with the hope of sharing the Group's basic ESG approach and activities with all of our stakeholders.

[illegible][illegible]

URL: https://www.iif-reit.com/english/sustainability/ea9gav000000438y-att/ESGReport_e.pdf



6. Operating Results for the January 2019 (23rd) Fiscal Period and Earnings Forecast for the July 2019 (24th) Fiscal Period



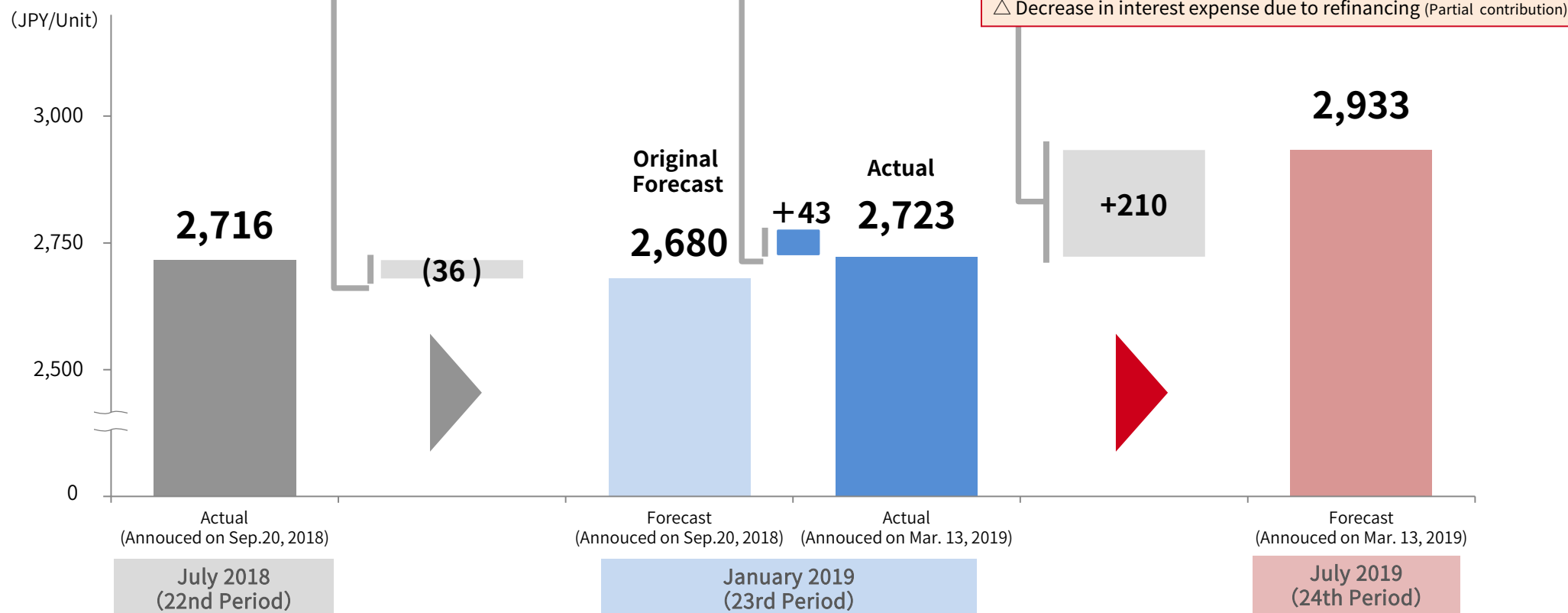
DPU in 24th period is expected to increase due to distribution of gain on sales

Trend in DPU

- △ Full contribution from the properties acquired through PO in 2018
- ▼ Decrease in revenue due to tenant leave (IIF Shinagawa ITSC) and penalty fee for the early termination
- ▼ Expensed property-related taxes for the properties acquired in 2017 (Full contribution)
- ▼ Increase in operating expenses (SG&A)

- △ Partial contribution from the property acquired in 23rd (IIF Tsukuba MC)
- △ Increase in revenue due to internal growth (IIF Shinagawa ITSC and IIF Sagamihara R&DC)
- △ Increase in other rental revenue (insurance claim)
- △ Decrease in rental expenses (Brokerage fee, etc.)
- △ Decrease in operating expenses (SG&A)

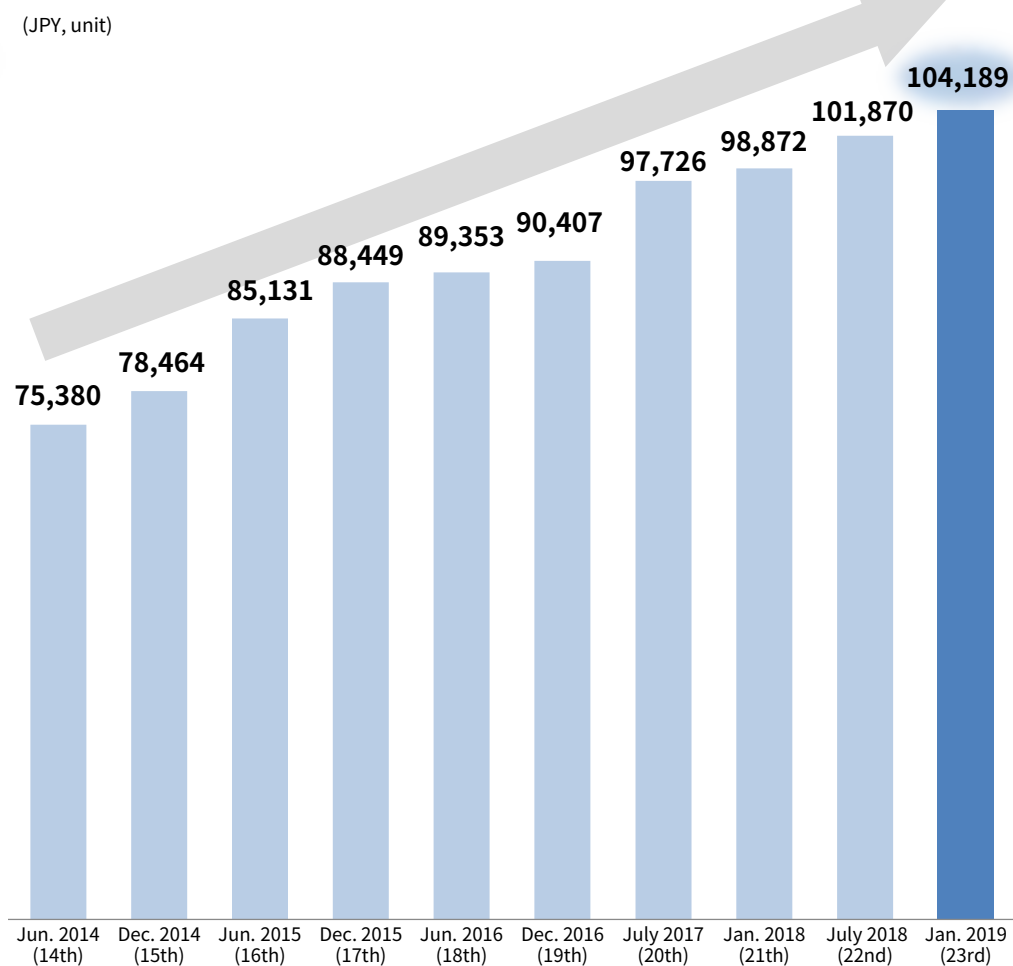
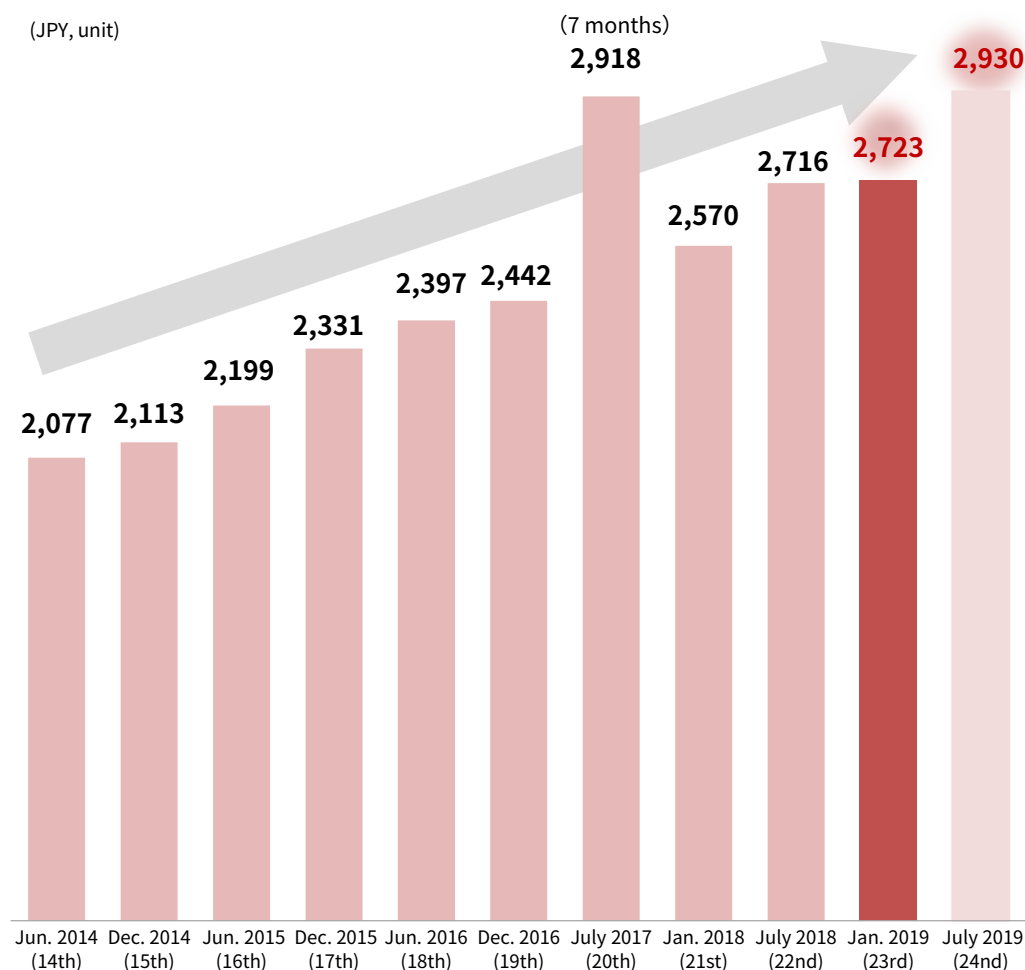
- △ Partial contribution from the property to be disposed in 24th (IIF Atsugi LC)
- △ Increase in revenue due to full contribution from the property acquired in 23rd (IIF Tsukuba MC)
- △ Increase in revenue due to internal growth (IIF Shinagawa ITSC, IIF Sagamihara R&DC, etc.)
- ▼ Expensed property-related taxes for the properties acquired in 2018 (Partial contribution)
- ▼ Increase in finance related costs due to prepayment of debt
- △ Decrease in interest expense due to refinancing (Partial contribution)



Continuous Strong Growth in DPU and NAV

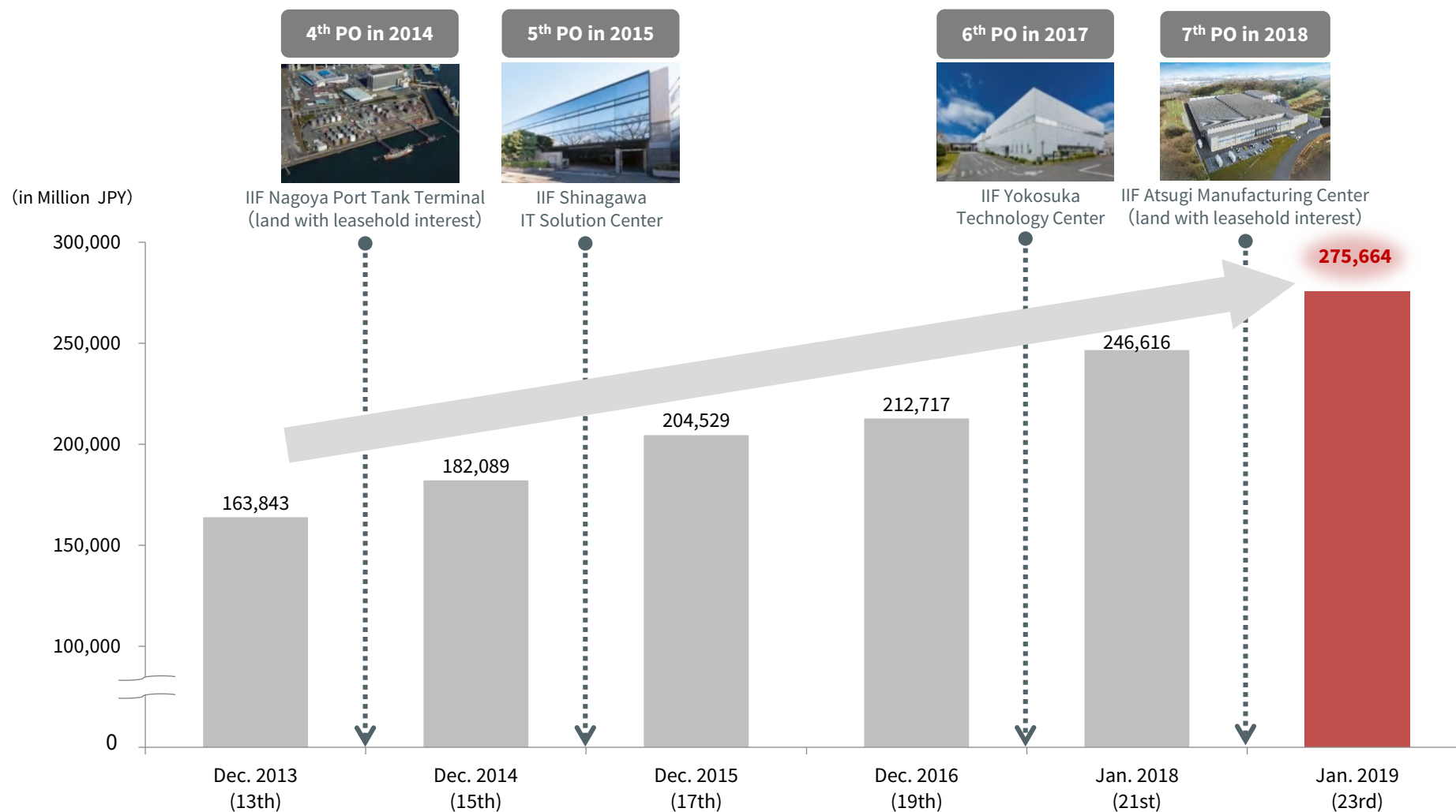
DPU grew by approx. 1.3 times
over the five-year period ^(Note 1)

Appraisal NAV per Unit grew by approx. 1.4 times
over the five-year period ^(Note 1)



Steady Growth of Asset Size by Property Acquisition via Continuous Public Offerings

Asset Size grew by approx. 1.7 times over the five-year period



Operating Results for the Jan. 2019 (23rd) Fiscal Period

		(JPY mn)				(JPY mn)			
		July. 2018	Jan. 2019 (23rd period actual)			Jan. 2019	Jan. 2019 (23rd period actual)		
		(22nd period actual)		Period over period		(Forecast)		Difference with estimate	
Key P/L Figures	Operating revenue	9,686	9,806	+120	+1.2%	9,789	9,806	+16	+0.2%
	Operating expense	4,132	4,243	+110	+2.7%	4,296	4,243	▲53	▲1.2%
	Operating Income	5,553	5,562	+9	+0.2%	5,493	5,562	+69	+1.3%
	None-operating income	0	1	+1	+317.1%	-	1	+1	-
	Non-operating expense	939	939	+0	+0.0%	939	939	▲0	▲0.0%
	Ordinary income	4,614	4,625	+10	+0.2%	4,553	4,625	+71	+1.6%
	Net income	4,612	4,624	+11	+0.2%	4,552	4,624	+72	+1.6%
	Distributions per unit (yen)	2,716	2,723	+7	+0.3%	2,680	2,723	+43	+1.6%
Other Figures	Capital expenditure	721	742 (Note1)	+20	+2.8%	808	742	▲65	▲8.2%
	Repair expense	97	92 (Note2)	▲5	▲5.4%	98	92	▲6	▲6.4%
	Total	819	834	+15	+1.9%	906	834	▲72	▲8.0%
	Depreciation	1,331	1,365	+33	+2.6%	1,365	1,365	▲0	▲0.0%
	FFO	5,944	5,990	+45	+0.8%	5,918	5,990	+72	+1.2%
	AFFO	5,223	5,247	+24	+0.5%	5,110	5,247	+137	+2.7%
	Number of properties	66	67	-	-	66	67	-	-
	Occupancy rate	99.8%	99.6%	▲0.2pt	-	99.6%	99.6%	+0.0pt	-
	Total book value	271,937	272,296	+359	+0.1%				
	Total appraisal value	319,620	323,910	+4,290	+1.3%				
	Unrealized gain	47,682	51,613	+3,930	+8.2%				
	Total debt	144,800	144,800	-	-				
	LTV	50.1%	50.1%	▲0.0pt	▲0.0%				
	Total net assets	129,765	129,780	+14	+0.0%				
	Net assets per unit	76,385	76,394	+9	+0.0%				

(Note 1) Major capital expenditures for the 23rd FP

IIF Mitaka CC	: JPY 76m for renewal of Constant Voltage Constant Frequency
IIF Haneda Airport MC	: JPY 69m for renewal of M2 building disaster prevention equipment
IIF Shinagawa ITSC	: JPY 55m for renovation of rest room/hot water supply room and renewal of common area
IIF Zama ITSC	: JPY 42m for repair of exterior wall

(Note 2) Major repair cost expensed for the 23rd FP

IIF Shinagawa ITSC	: JPY 10m for renovation of rest room/hot water supply room and renewal of common area
IIF Mitaka CC	: JPY 9m for cleaning of heat storage tank
IIF Shinagawa DC	: JPY 3m for replacement of air conditioning room ventilation fan parts on each floor
IIF Sagamiyara R&DC	: JPY 3m for repair of fan-coil drain pipe

■ Major Changes (Period over period)

(JPY mn)

Operating revenue

+120

- ✓ Contribution from properties acquired through 2018 PO (Full contribution) +181
- ✓ Increase in revenue from internal growth measures (IIF Osaka Toyonaka DC, IIF Shinagawa ITSC, etc.) +19
- ✓ Decrease in revenue (including penalty fee) due to tenant leave ▲73
- ✓ Increase in rental revenue due to new acquisition (IIF Tsukuba MC) +4
- ✓ Decrease in facility use charge (IIF Sagamiyara R&DC) - offsetting ▲24
- ✓ Increase in other rental revenue (insurance claim) +10

Operating expense

+110

- ✓ Increase in lease expenses (Brokerage fee, etc.) +14
- ✓ Decrease in lease expense (Property management fee) - offsetting ▲24
- ✓ Increase in property-related taxes from properties acquired in 2017 (Full contribution) +50
- ✓ Increase in depreciation +33
- ✓ Increase in asset management fee due to 2018 PO +13
- ✓ Increase in other operating expenses (SG&A) +19

Non-operating expense

+0

- ✓ Increase in interest expense due to new debt for 2018 PO (Full contribution) +6
- ✓ Decrease in interest expense due to refinancing in 2018 (Full contribution) ▲13
- ✓ Increase in interest expense due to difference in business days +11

■ Major factors (Compared to original forecast)

(JPY m)

Operating revenue

+16

- ✓ Increase in revenue due to the property acquisition (IIF Tsukuba MC) +4
- ✓ Increase in profit from internal growth (IIF Shinagawa ITSC, IIF Sagamiyara R&DC etc.) +5
- ✓ Increase in other rental revenue (insurance claim) +10

Operating Expense

▲53

- ✓ Decrease in lease expenses (Brokerage fee, etc.) ▲12
- ✓ Decrease in utilities fee expensed ▲10
- ✓ Decrease in lease expenses (Repair and maintenance fee) ▲6
- ✓ Decrease in other operating expenses (SG&A) ▲17

Earnings Forecast for the July 2019 (24th) Fiscal Period

(JPY mn)				
	Jan. 2019	July 2019 (24th period forecast)		
	(23rd period actual)		Period over period	
Key P/L Figures	Operating revenue	9,806	10,310	+504 +5.1%
	Operating expense	4,243	4,310	+67 +1.6%
	Operating Income	5,562	5,999	+437 +7.9%
	None-operating income	1	-	▲1 ▲100.0%
	Non-operating expense	939	1,017	+77 +8.3%
	Ordinary income	4,625	4,982	+357 +7.7%
	Net income	4,624	4,981	+356 +7.7%
Other Figures		2,723	2,933	+210 +7.7%
	Capital expenditure	742	879 (Note 1)	+137 +18.5%
	Repair expense	92	100 (Note 2)	+7 +8.3%
	Total	834	979	+144 +17.3%
	Depreciation	1,365	1,377	+11 +0.8%
	FFO	5,990	5,889	▲100 ▲1.7%
	AFFO	5,247	5,010	▲237 ▲4.5%
	Number of properties	67	67	- -
	Occupancy rate	99.6%	99.6%	+0.0pt -

(Note 1) Major capital expenditures planned in the 24th FP

IIF Haneda Airport MC	: JPY 96m for renewal of M1 building disaster prevention equipment
IIF Mitaka CC	: JPY 73m for renewal of Chiller unit
IIF Kobe LC	: JPY 72m for renovation of exterior wall in main building and annex

(Note 2) Major repair cost planned in the 24th FP

IIF Sapporo LC	: JPY 10m for repair of interior
IIF Nishinomiya LC	: JPY 4m for repair of leakage in south side
IIF Mitaka CC	: JPY 3m for replacement of four-sided pyramid seal on the rooftop

■ Major Factors of Change for 24th Period (Compared to 23rd Actual) (JPY mn)

Operating revenue	+504
✓ Gain on sales of the property disposed in 24 th (IIF Atsugi LC/Partial)	+469
✓ Decrease in rental revenue due to property disposition (IIF Atsugi LC/Partial contribution)	▲21
✓ Increase in rental revenue due to the property acquired in 23rd (IIF Tsukuba MC/Full contribution)	+34
✓ Increase in rental revenue due to internal growth (IIF Shinagawa ITSC, IIF Sagamiyara R&DC, etc.)	+24
Operating expense	+67
✓ Decrease in lease expenses due to property disposition (IIF Atsugi LC/Partial contribution)	▲11
✓ Increase in lease expenses (property management fee)	+11
✓ Expensed property-related taxes on the properties acquired in 2018 (Partial contribution)	+43
✓ Increase in depreciation	+22
✓ Decrease in asset management fee due to difference in business days	▲12
✓ Increase in other operating expenses (SG&A)	+13
Non-operating expense	+77
✓ Increase in related costs due to prepayment of debt	+113
✓ Decrease in interest expense for refinancing upon the prepayment (partial contribution)	▲11
✓ Decrease in interest expense due to refinancing in 2019 (partial contribution)	▲12
✓ Decrease in interest expense due to the difference in business days	▲12

Notes (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.4 (Note) The figure is estimation based on the loan agreements executed on March 13, 2019. For details, please refer to the news release “Notice Concerning Debt Financing (Refinancing), Prepayment, and Cancellation of Interest Rate Swap Agreement” dated March 13, 2019.
- P.6 (Note 1) The figure is estimation considering the factors such as the leasing activities of IIF Shinagawa ITSC, the new leasing in IIF Sagamiyama R&DC, the refinancing and the disposition of trust beneficiary right in IIF Atsugi LC.
There is no assurance that such figure may actually realized. The actual dividend may vary due to the effect of the factors mentioned above.
(Note 2) The figure is target value as of March 14, 2019 and there is no assurance that such figure may realized.
- P.7 (Note 1) “LTV(based on booked value)” is derived by total of interest-bearing debts divided by total amount of assets. The same shall apply hereinafter.
(Note 2) “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 (21st period), the figure is calculated based on the actual result. For the period ended January 2019(23rd period), the figure is calculated based on the actual result as well.
(Note 3) NAV per Unit = NAV divided by the 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 real estate related asset value based on appraisal value (or researched value) and the liabilities of the IIF’s balance sheet.
NAV = Unitholders’ Equity* + (Appraisal value(or researched value) of real estate related assets as of the end of the relevant fiscal period - booked value of real estate related assets* as of the end of the relevant fiscal period)
* 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.
- P.9 (Note 1) $\text{NOI Yield} = \text{NOI} \div \text{Acquisition price of the property}$
(Note 2) $\text{NOI yield (after depreciation)} = (\text{NOI} - \text{depreciation}^{**}) \div \text{Acquisition price}$
**NOI is calculated by annualizing NOI of the actual result of the period ended January 2019 (23rd period) .
***Depreciation is calculated by annualizing depreciation of the actual result of the period ended January 2019(23rd period) .
- P.12 (Note 1) The figures used for the calculation of NOI is the first-year net revenue with the DCF method as described in the real estate appraisal as of January 1, 2019.
(Note 2) “Unrealized gain” is the difference between appraisal value and the acquisition price. “Unrealized gain ratio” is derived by dividing unrealized gain by acquisition price. There is no assurance that such figure may realize.
(Note 3) The expected dividend payout is calculated by dividing (A) the product of (a) the simulated silent partnership interest dividend, which is calculated by deducting (i) simulated expenses such as operating expense of the SPC and the interest of debt from (ii) the first year net revenue with the DCF method as described in the real estate appraisal report prepared by the Japan Real Estate Institute with September 30, 2018 as the appraisal date (If special circumstances are expected in the first year, the second or later year net revenue is used), and (b) IIF’s investment ratio to total silent partnership interest amount (6.06%), by the IIF’s silent partnership interest amount. The owner of the property will receive subsidies from Ota-city, Tokyo until 2021, and the expected dividend payout is calculated using the net operating income in the first year in which the effects from those subsidies are not present. Further, the anticipated amounts of expenses are reference values calculated by the Asset Manager, and the actual dividend payout may differ greatly from the reference values or dividends may not be paid at all.
- P.14 (Note) The figures as of March 13, 2019.
- P.16 (Note) Impacted amount of distributions due to re-tenant is an estimate amount regarding impact of leasing of IIF Shinagawa ITSC against announced actual distributions for 23rd fiscal period and is not guaranteed. Actual distribution amount may fluctuate due to factors other than leasing of IIF Shinagawa ITSC.
- P.17 (Note 1) $\text{NOI Yield} = \text{NOI} \div \text{Acquisition Price of the property}$
(Note 2) $\text{NOI yield (after depreciation)} = (\text{NOI} - \text{depreciation}^{**}) \div \text{acquisition price}$
*The figures used for the calculation of NOI at the time of acquisition is the first-year net revenue with the DCF method as described in the real estate appraisal report as of January 1, 2015. For the calculation of NOI after value up is the first-year net revenue with the DCF method as described in the real estate appraisal report as of January 31, 2019.
**Depreciation at the time of acquisition is calculated based on the annualized actual result of the June 2016 (18th) and the depreciation after value up is calculated based on the annualized actual result of January 2019(23rd).
(Note 3) “Unrealized gain” is the difference between appraisal value and the acquisition price. There is no assurance that the figure may realize.
- P.18 (Note 1) The figure used for the calculation of NOI is the first-year net revenue with the DCF method as described in the real estate appraisal as of January 1, 2015.
The figure used for the calculation of NOI after contract change is the first-year net revenue with the DCF method as described in the real estate appraisal as of January 31, 2018.
The figure used for the calculation of NOI after contracting uniform management of the parking lot is the sum of the first-year net revenue with the DCF method as described in the real estate appraisal as of July 31, 2018 and the fluctuation of the revenue from parking lot.
The figure used for the calculation of NOI after executing lease contract for the amenity building is the second-year net revenue with the DCF method as described in the real estate appraisal as of January 31, 2019.
(Note 2) Depreciation at the time of acquisition is calculated by annualizing depreciation of the actual result of the period ended June 2016(18th period).
Depreciation after contract change is calculated by annualizing depreciation of the actual result of the period ended January 2019(23rd period).
Depreciation after contracting uniform management of the parking lot is calculated by annualizing forecasted depreciation of the relative period.
Depreciation after the value up measures is calculated by annualizing forecasted depreciation of the relative period.

Notes (2)

- P.19 (Note 1) 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.
(Note 2) The assets does not account for 0.5% or less of the entire portfolio and the names are omitted intentionally.
- P.20 (Note 1) “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 2) The assets does not account for 0.5% or less of the entire portfolio and the names are omitted intentionally.
- P.23 (Note) “LTV(based on appraisal value)” is derived by total of interest-bearing debts ÷ (total amount of net assets+ total amount of unrealized gains)
- P.28 (Note) The Sustainable Development Goals (SDGs) are the core of the 2030 Agenda for Sustainable Development adopted at the United Nations summit in September 2015. The Asset Manager has investigated its vision and targets for sustainability and taken measures to carry them out until now, but with rising interest in ESG, it has engaged in dialogue and taken action with stakeholders, identified material issues relating to sustainability, and adopted SDGs with a high degree of relevancy. Details can be found on the IIF's web site. <https://www.iif-reit.com/english/sustainability/index.html>
- P.29 (Note 1) Principles adopted in January 2017 by members of the United Nations Environment Programme Finance Initiative (UNEP FI), namely financial institutions, to achieve sustainable development and the SDGs as a series of shared principles for financing that will lead to efforts to maximization of the positive impact on the economy, society, and the environment while addressing any negative impacts on these same three items.
(Note 2) Details can be found on the IIF's web site. (IR/PR News : Jan. 09,2019 Third-party Opinion on Impact Investment Project by Industrial & Infrastructure Fund Investment Corporation)
- P.32 (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 (16th period) up to the period ended July 2017(20th 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 (15th period) are divided by 8 and rounded down to the nearest unit for each period.
(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.

Think bold today for a brighter tomorrow.



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)