Industrial & Infrastructure Fund Investment Corporation

Industrial & Infrastructure Fund Investment Corporation (Tokyo Stock Exchange Company Code:3249)
News Release –February 25, 2015

Notice Concerning New Debt Financing

Industrial & Infrastructure Fund Investment Corporation (hereinafter, "IIF") announced today its decision with respect to new debt financing (hereinafter, "Debt Financing"), as outlined below.

1. Debt Financing

Debt Term	Amount (million yen)	Fixed / Variable	Interest Rate	Lender	Contract Date	Borrowing Date (planned)	Repayment Date	Method of Repayment
12 years	1,000	Fixed	To be determined	Development Bank of Japan Inc.	Feb. 25, 2015	Mar. 31, 2015	Mar. 31, 2027	Unsecured and non-guaranteed, lump sum repayment
11 years	850	Fixed	To be determined	New Lender Meiji Yasuda Life Insurance Company		Mar. 31, 2015	Mar. 31, 2026	
10 years	1,500	Fixed	To be determined	Sumitomo Mitsui Trust Bank, Limited		Mar. 31, 2015	Mar. 31, 2025	
10 years	1,350	Fixed	To be determined	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		Mar. 16, 2015	Mar. 14, 2025	
10 years	850	Fixed (Note 1)	JBA 3 month yen TIBOR (fixed in the interest swap contract) +0.40%	Shinsei Bank, Ltd.		Mar. 16, 2015	Mar. 14, 2025	
10 years	850	Fixed (Note 1)	JBA 3 month yen TIBOR (fixed in the interest swap contract) +0.40%	New Lender Mizuho Trust & Banking Co., Ltd.		Mar. 16, 2015	Mar. 14, 2025	
9.5 years	3,550	Fixed (Note 1)	JBA 3 month yen TIBOR (fixed in the interest swap contract) +0.35%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Sumitomo Mitsui Trust Bank, Limited		Mar. 16, 2015	Sep. 13, 2024	
9.5 years	1,150	Fixed (Note 1)	JBA 3 month yen TIBOR (fixed in the interest swap contract) +0.35%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Sumitomo Mitsui Trust Bank, Limited		Mar. 31, 2015	Sep. 30, 2024	
7.5 years	700	Fixed (Note 1)	JBA 3 month yen TIBOR (fixed in the interest swap contract) +0.225%	New Lender The Chugoku Bank, Limited.		Mar. 16, 2015	Sep. 15, 2022	

Average Borrowing Period (Note 2)	Total Amount	Average Debt Cost (estimate) (Note 3)
9.9 years	11,800 million yen	1.1%

(Note 1) Each loan agreement provides for a variable interest rate. IIF will execute interest rate swap agreements to fix the interest rate on and after the borrowing date.
(Note 2) Weighted average based on the borrowing amounts.
(Note 3) Weighted average rate based on the borrowing amounts. Individual interest rates are calculated by adding the spread set forth in each loan agreement to the rate calculated based on the offered rate, etc., of the fixed interest rate (Reuters Page 9154) published at 10:00 a.m. on February 5, 2015 (Tokyo Time), by taking into account the loan agreements associated with this new lending executed on February 25, 2015 as well as interest rate swap agreements to be executed (assuming the similar terms and conditions with those IIF executed in the past) after the execution of the loan agreements. Since the applicable interest rate is determined before each borrowing is completed based on the loan agreements executed on February 25, 2015 and interest rate swap agreements executed after the execution of the loan agreements, the interest rates above may differ from the actual applicable interest rates. The actual applicable interest rates may deviate significantly from the numerical value above when the trend of interest rates changes drastically due to factors such as rapid changes in the economic environment, among other factors.

(i) Reasons for New Debt Financing

As announced in "IIF to Acquire and Lease Six Properties in Japan" released as of today, IIF is planning to acquire six properties (hereinafter, "Anticipated Acquisitions") on or after March 17, 2015 for approximately 21,750 million yen (excluding tax and acquisition costs). The proceeds from the Debt Financing will be allocated to a portion of the acquisition costs for the Anticipated Acquisitions.

IIF aims to establish a stable balance sheet by adopting ALM (Asset Liability Management) strategies with financing long-term and fixed loan in line with long-term stable assets.

In respect of the ALM strategies, the Debt Financing is expected to contribute to enhancement of financial stability, by extending the overall period remaining to maturity (average maturity period of the Debt Financing is 9.9 years), and by fixing the interest rates with the execution of interest rate swap agreements.

Furthermore, IIF expects to diversify lenders by borrowing from new lenders, i.e. 850 million yen (borrowing period 11 years) from Meiji Yasuda Life Insurance Company, 850 million yen (borrowing period 10 years) from Mizuho Trust & Banking Co., Ltd., and 700 million yen (borrowing period 7.5 years) from The Chugoku Bank, Limited., respectively.

(ii) IIF's Debt after the Debt Financing (after March 31, 2015)

(millions of yen)

	Before Debt Financing	After Debt Financing	Change
Short-term Borrowings	0	0	0
Long-term Borrowings	84,400	96,200	+11,800
Total Borrowings	84,400	96,200	+11,800
Investment Corporation Bonds	12,000	12,000	0
Interest-bearing Debt in Total	96,400	108,200	+11,800

2. Others

There is no material change regarding the risks in association with the New Debt Financing from the "Investment Risk" stated in the Securities Registration Statement filed on February 25, 2015.

About IIF: Industrial and Infrastructure Fund Investment Corporation is the first J-REIT focused on acquiring and operating both industrial and infrastructure properties in Japan－properties that play a vital role in the Japanese economy, and for which IIF expects to see stable demand in the mid to long term. With respect to industrial properties, IIF intends to invest in a diverse portfolio of properties, including manufacturing and research and development facilities. Please refer to our website at **http://www.iif-reit.com/english/index.html**

Contacts: For further information relating to this press release as well as IIF and its Asset Manager, please feel free to contact Mr. Toshiaki Fukai (Telephone Number: 81-3-5293-7090), Head of Industrial Division at Mitsubishi Corp.-UBS Realty, Inc., Asset Manager for Industrial & Infrastructure Fund Investment Corporation.

Investor Relations: Telephone Number: 81-3-5293-7091

It is for informational purposes only, and the Japanese language release should be referred to as the original.

Industrial & Infrastructure Fund Investment Corporation

【Reference】

IIF's stable balance sheet with long-term and fixed loan in line with long-term stable assets

Long-term issuer rating (Note)
AA (Stable)

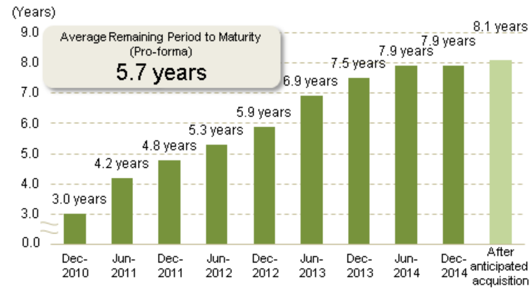
・Stable cash flow based on long-term leases: IIF targets property owners and tenants who are currently using properties for their core business operations

・Stable financial condition : IIF seeks to expand our long-term borrowing ratio and fixed debt ratio as part of ALM strategy

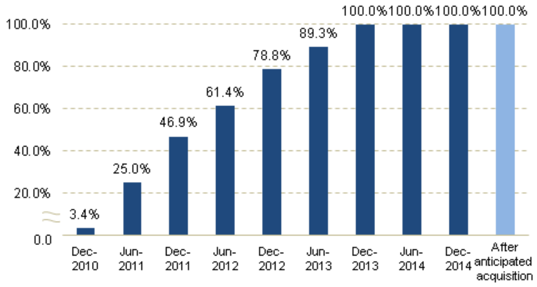
(Note) We are currently rated by the Japan Credit Rating Agency, Ltd. for Long-term Issuer Rating.

Enhancement of Long-term Stability

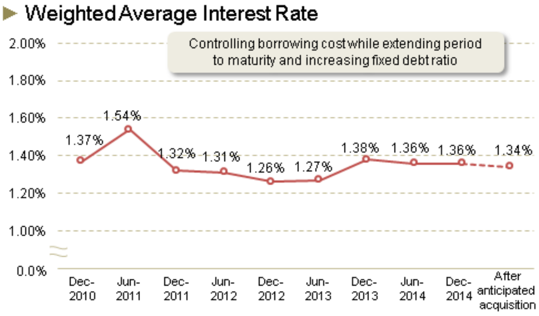
▶ Average Borrowing Period



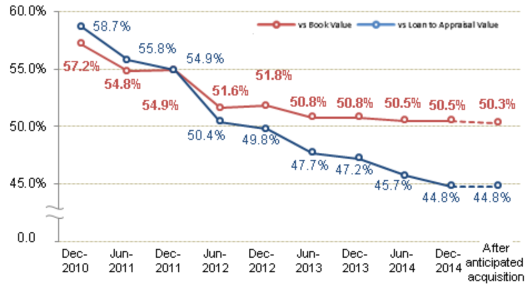
▶ Fixed Debt Ratio



▶ Weighted Average Interest Rate

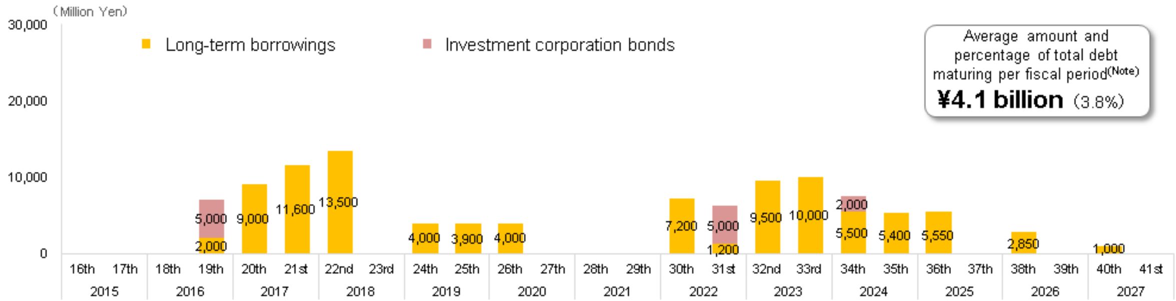


▶ LTV



Staggering of Debt Maturities

▶ **Staggering of Debt Maturities (after anticipated acquisitions)**



(Note) Average debt amount and percentage of total debt maturing per fiscal period after giving effect to the Anticipated Acquisitions (for detail of the Anticipated Acquisitions, please see "IIF to Acquire and Lease Six Properties in Japan" as of today). Average period measured from the beginning of the 16th fiscal period to the end of the 41st fiscal period.

Note: This press release is intended as general information for the press regarding IIF's debt financing in Japan, and has not been prepared for the purpose of solicitation of investment.

(Regarding page 3) Notes on "【Reference】IIF's stable balance sheet with long-term and fixed loan in line with long-term stable assets"

(1) Average borrowing period is calculated as a weighted average of the amount of interest-bearing debt and the existing borrowing term (from effective date to maturity date). For the average borrowing period as adjusted to give effect to the anticipated debt financings, we use the expected borrowing term of interest-bearing debt as of May 29, 2015 for the calculation.

(2) Average period remaining to maturity is the weighted average of periods remaining to maturity based on loan amounts. Average maturity period subsequent to acquisition of the Anticipated Acquisitions utilizes the period from May 29, 2015 (the expected date of the completion of the Anticipated Acquisitions) and is based on loan amounts.

(3) Each index as of the end of each period is calculated based on the following formulae:

Fixed debt ratio ＝ Total amount of fixed interest-bearing debt ÷ Total amount of interest-bearing debt

* Variable interest-bearing debt for which interest is fixed (or scheduled to be fixed) through interest rate swap agreements is considered as fixed-interest debt for the purpose of calculating fixed debt ratio.

Average debt cost is the weighted average of interest rates based on loan amounts.

LTV ＝ Total amount of interest-bearing debt ÷ Total assets*

Loan to Appraisal Value ＝ Total of interest-bearing debt ÷ (Total assets* + Total of difference between appraisal value and book value of properties owned)

* Total assets ＝ Total liabilities ＋ Net assets

(4) Indices after the Anticipated Acquisitions are calculated based on the following formulae:

Fixed debt ratio ＝ (Total amount of fixed interest-bearing debt as of the end of the 15th fiscal period + Total amount of fixed interest-bearing debt with respect to the Debt Financing) ÷ (Total amount of interest-bearing debt as of the end of the 15th fiscal period + Total amount of the Debt Financing)

* Variable interest-bearing debt for which interest is fixed (or scheduled to be fixed) through interest rate swap agreements is considered as fixed-interest debt for the purpose of calculating fixed debt ratio.

Average debt cost is the weighted average of interest rates with respect to interest-bearing debt as of the end of the 15th fiscal period and the Debt Financing, based on the amount of interest-bearing debt.

LTV ＝ (Total amount of interest-bearing debt as of the end of the 15th fiscal period + Total amount of the Debt Financing) ÷ (Total assets after the Anticipated Acquisitions*)

Loan to Appraisal Value ＝ (Total amount of interest-bearing debt as of the end of the 15th fiscal period + Total amount of Debt Financing) ÷ (Total assets after Anticipated Acquisitions* + Total of difference between appraisal value and book value of both properties owned and properties to be acquired)

* Total assets after the Anticipated Acquisitions ＝ Total liabilities as of the end of the 15th fiscal period + Net assets as of the end of the 15th fiscal period + Amount of equity financing to be raised in the offerings in connection with the Anticipated Acquisitions + security deposits in connection with the Anticipated Acquisitions

Amount of equity financing to be raised through the offerings in connection with the Anticipated Acquisitions is the total acquisition price for the Anticipated Acquisitions plus acquisition costs, less amounts to be allocated to cash reserves, which we expect to be ¥23,473,683,000. IIF will procure financing for the Anticipated Acquisitions through the offerings and third party allotment determined at our board of directors meeting on February 25, 2015, and the Debt Financing.

LTV and Loan to Appraisal Value after the acquisition of the Anticipated Acquisitions is calculated assuming that IIF will raise ¥11,395,686,456 from the offerings, and ¥277,996,544 from the third party allotment. Such amounts are calculated based on the closing price for IIF investment units on the Tokyo Stock Exchange as of Thursday, February 5, 2015, and assumes the issue price at ¥542,962 per unit. With respect to the domestic and international offerings, we assume that the option to issue additional investment units are exercised and paid in full. Accordingly, if the actual issue price is lower than our assumption, or the over-allotment options are not exercised and paid in full and the amount of equity financing raised is less than our estimate above, actual LTV and Loan to Appraisal Value will be higher. Furthermore, if the amount of equity financing raised decreases and IIF is required to incur additional debt, actual figures for average maturity period, fixed debt ratio, average debt cost, LTV and Loan to Appraisal Value may differ.

(5) Indices after the Anticipated Acquisitions are calculated based on unaudited figures. Actual indices may be different from these figures.
