



Ninth Fiscal Period Results
(July 1, 2011 – December 31, 2011)

INDUSTRIAL & INFRASTRUCTURE FUND INVESTMENT CORPORATION
BALANCE SHEETS
As of June 30, 2011 and December 31, 2011

	As of		
	June 30, 2011	December 31, 2011	December 31, 2011 (in thousands of U.S. dollars)
	(in millions of yen)		
ASSETS			
Current assets:			
Cash and bank deposits(Notes 3 and 14)	¥ 2,648	¥ 2,955	\$ 38,013
Cash and bank deposits in trust(Notes 3 and 14).....	1,371	1,403	18,053
Rental receivables	3	4	45
Prepaid expenses.....	607	316	4,058
Deferred tax assets(Note 12)	0	0	0
Consumption taxes refundable	108	—	—
Other.....	0	0	2
Total current assets	4,737	4,678	60,171
Noncurrent assets:			
Property, plant and equipment(Notes 4 and 6):			
Buildings, at cost.....	25,202	25,238	324,650
Less: Accumulated depreciation.....	(1,779)	(2,031)	(26,132)
Buildings, net	23,423	23,207	298,518
Structures, at cost	2	27	346
Less: Accumulated depreciation	(0)	(0)	(1)
Structures, net.....	2	27	345
Tools, furniture and fixtures, at cost	—	1	5
Less: Accumulated depreciation.....	—	(0)	(0)
Tools, furniture and fixtures, net.....	—	1	5
Land	4,840	4,851	62,398
Buildings in trust, at cost	22,840	22,892	294,471
Less: Accumulated depreciation.....	(2,146)	(2,457)	(31,609)
Buildings in trust, net	20,694	20,435	262,862
Structures in trust, at cost.....	332	380	4,886
Less: Accumulated depreciation.....	(150)	(171)	(2,196)
Structures in trust, net.....	182	209	2,690
Tools, furniture and fixtures in trust, at cost.....	3	3	43
Less: Accumulated depreciation.....	(0)	(1)	(12)
Tools, furniture and fixtures in trust, net	3	2	31
Land in trust	39,026	39,026	502,013
Total net property, plant and equipment	88,170	87,758	1,128,862
Intangible assets (Notes 5 and 6):			
Leasehold right	19,834	19,834	255,132
Total intangible assets	19,834	19,834	255,132
Investments and other assets:			
Lease and guarantee deposits	10	10	128
Long-term prepaid expenses	449	629	8,099
Total investments and other assets	459	639	8,227
Total noncurrent assets	108,463	108,231	1,392,221
Deferred assets:			
Investment unit issuance costs.....	47	38	495
Investment corporation bond issuance costs.....	15	—	—
Total deferred assets	62	38	495
TOTAL ASSETS	¥ 113,262	¥ 112,947	\$ 1,452,887

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL & INFRASTRUCTURE FUND INVESTMENT CORPORATION
BALANCE SHEETS
As of June 30, 2011 and December 31, 2011

	As of		
	June 30, 2011	December 31, 2011	December 31, 2011 (in thousands of U.S. dollars)
	(in millions of yen)		
LIABILITIES			
Current liabilities:			
Operating accounts payable.....	¥ 44	¥ 79	\$ 1,017
Short-term loans payable(Notes 7 and 14).....	1,100	—	—
Accounts payable—other	271	246	3,168
Accrued expenses	82	11	146
Income taxes payable.....	1	1	11
Accrued consumption taxes	—	108	1,392
Advances received	898	569	7,322
Other.....	8	21	263
Total current liabilities	<u>2,404</u>	<u>1,035</u>	<u>13,319</u>
Noncurrent liabilities:			
Investment corporation bond—unsecured (Notes 8 and 14).....	8,000	—	—
Long-term loans payable(Notes 7 and 14).....	53,000	62,000	797,530
Tenant leasehold and security deposits(Note 14).....	1,298	1,298	16,690
Tenant leasehold and security deposits in trust (Note 14)	5,199	5,124	65,917
Other.....	98	90	1,159
Total noncurrent liabilities	<u>67,595</u>	<u>68,512</u>	<u>881,296</u>
TOTAL LIABILITIES	<u>69,999</u>	<u>69,547</u>	<u>894,615</u>
NET ASSETS (Note 9)			
Unitholders' equity:			
Unitholders' capital, 4,000,000 units authorized; 93,632 units (as of June 30, 2011 and December 31, 2011) issued and outstanding	42,241	42,241	543,364
Retained earnings.....	1,022	1,159	14,908
Total unitholders' equity	<u>43,263</u>	<u>43,400</u>	<u>558,272</u>
TOTAL NET ASSETS	<u>43,263</u>	<u>43,400</u>	<u>558,272</u>
TOTAL LIABILITIES AND NET ASSETS	<u>¥ 113,262</u>	<u>¥ 112,947</u>	<u>\$ 1,452,887</u>

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL & INFRASTRUCTURE FUND INVESTMENT CORPORATION
STATEMENTS OF INCOME AND RETAINED EARNINGS
For the six months ended June 30, 2011 and December 31, 2011

	For the six months ended		
	June 30, 2011	December 31, 2011	December 31, 2011
	(in millions of yen)		(in thousands of U.S. dollars)
Operating revenue			
Rent revenue—real estate (Note 11)	¥ 3,296	¥ 3,526	\$ 45,363
Total operating revenue	<u>3,296</u>	<u>3,526</u>	<u>45,363</u>
Operating expenses			
Expenses related to rent business(Note 11).....	1,253	1,237	15,917
Asset management fee	335	342	4,401
Directors' compensations	6	6	75
Asset custody fee	5	5	73
Administrative service fees	22	22	287
Other	52	79	1,012
Total operating expenses	<u>1,673</u>	<u>1,691</u>	<u>21,765</u>
Operating income	1,623	1,835	23,598
Non-operating income			
Interest income.....	1	0	7
Interest on refund	2	1	15
Other	0	1	11
Total non-operating income	<u>3</u>	<u>2</u>	<u>33</u>
Non-operating expenses			
Interest expenses	314	400	5,146
Interest expenses on investment corporation bonds	116	39	504
Amortization of investment corporation bond issuance costs.....	3	14	188
Borrowing related expenses	144	210	2,697
Amortization of investment unit issuance costs.....	6	9	114
Other.....	5	5	62
Total non-operating expenses	<u>588</u>	<u>677</u>	<u>8,711</u>
Ordinary income	1,038	1,160	14,920
Extraordinary loss			
Loss on disaster.....	15	—	—
Total extraordinary loss	<u>15</u>	<u>—</u>	<u>—</u>
Income before income taxes	1,023	1,160	14,920
Income taxes (Note 12):			
Current.....	1	1	13
Deferred.....	—	(0)	(0)
Total income taxes	<u>1</u>	<u>1</u>	<u>13</u>
Net income	1,022	1,159	14,907
Retained earnings brought forward	0	0	1
Unappropriated retained earnings (Note 10)	<u>¥ 1,022</u>	<u>¥ 1,159</u>	<u>\$ 14,908</u>

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL & INFRASTRUCTURE FUND INVESTMENT CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS
For the six months ended June 30, 2011 and December 31, 2011

	Unitholders' equity			Total net assets
	Unitholders' capital	Retained earnings	Total unitholders' equity	
	(in millions of yen)			
Balance as of December 31, 2010	¥ 36,529	¥ 798	¥ 37,327	¥ 37,327
<u>Changes during the period</u>				
Issuance of new investment units	5,712	—	5,712	5,712
Dividends from surplus	—	(798)	(798)	(798)
Net income	—	1,022	1,022	1,022
Total changes during the period	5,712	224	5,936	5,936
Balance as of June 30, 2011	¥ 42,241	¥ 1,022	¥ 43,263	¥ 43,263
<u>Changes during the period</u>				
Dividends from surplus	—	(1,022)	(1,022)	(1,022)
Net income	—	1,159	1,159	1,159
Total changes during the period	—	137	137	137
Balance as of December 31, 2011	¥ 42,241	¥ 1,159	¥ 43,400	¥ 43,400

	Unitholders' equity			Total net assets
	Unitholders' capital	Retained earnings	Total unitholders' equity	
	(in thousands of U.S. dollars)			
Balance as of June 30, 2011	\$ 543,364	\$ 13,152	\$ 556,516	\$ 556,516
<u>Changes during the period</u>				
Dividends from surplus	—	(13,151)	(13,151)	(13,151)
Net income	—	14,907	14,907	14,907
Total changes during the period	—	1,756	1,756	1,756
Balance as of December 31, 2011	\$ 543,364	\$ 14,908	\$ 558,272	\$ 558,272

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL & INFRASTRUCTURE FUND INVESTMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2011 and December 31, 2011

	For the six months ended		
	June 30, 2011	December 31, 2011	December 31, 2011
	(in millions of yen)		(in thousands of U.S. dollars)
Net cash provided by (used in) operating activities:			
Income before income taxes	¥ 1,023	¥ 1,160	\$ 14,920
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	575	586	7,539
Amortization of investment corporation bond issuance costs.....	3	15	188
Amortization of investment unit issuance costs	6	9	114
Interest income	(1)	(0)	(7)
Interest expenses.....	429	439	5,650
Loss on disaster	15	—	—
Changes in assets and liabilities:			
Decrease (increase) in operating accounts receivable	(0)	(0)	(3)
Decrease (increase) in consumption taxes refundable.....	(7)	107	1,375
Decrease (increase) in prepaid expenses	(347)	291	3,747
Decrease (increase) in long-term prepaid expenses	(155)	(181)	(2,326)
Increase (decrease) in operating accounts payable.....	(59)	12	159
Increase (decrease) in accounts payable—other.....	2	28	355
Increase (decrease) in accrued expenses.....	5	4	53
Increase (decrease) in accrued consumption taxes	—	110	1,421
Increase (decrease) in advances received	413	(329)	(4,235)
Decrease in other noncurrent liabilities	(8)	(8)	(105)
Other, net	(41)	(63)	(805)
Subtotal	1,853	2,180	28,040
Interest income received.....	1	0	7
Interest expenses paid.....	(433)	(514)	(6,614)
Payments for loss on disaster	(2)	(13)	(167)
Income taxes paid	(1)	(1)	(12)
Net cash provided by operating activities	1,418	1,652	21,254
Net cash provided by (used in) investing activities:			
Purchases of property, plant and equipment.....	(4,410)	(50)	(638)
Purchases of property, plant and equipment in trust	(7,524)	(111)	(1,433)
Proceeds from tenant leasehold and security deposits	190	—	—
Proceeds from tenant leasehold and security deposits in trust.....	266	0	4
Payments of tenant leasehold and security deposits in trust	(77)	—	—
Net cash used in investing activities	(11,555)	(161)	(2,067)
Net cash provided by (used in) financing activities:			
Increase in short-term loans payable	9,200	—	—
Decrease in short-term loans payable	(20,100)	(1,100)	(14,150)
Proceeds from long-term loans payable	13,500	19,500	250,836
Repayments of long-term loans payable	—	(10,500)	(135,065)
Redemption of investment corporation bonds	—	(8,000)	(102,907)
Proceeds from issuance of investment units.....	5,688	—	—
Payments for investment unit issuance expenses.....	—	(30)	(387)
Dividends paid.....	(799)	(1,022)	(13,149)
Net cash provided by (used in) financing activities.....	7,489	(1,152)	(14,822)
Net change in cash and cash equivalents	(2,648)	339	4,365
Cash and cash equivalents at beginning of period.....	6,667	4,019	51,701
Cash and cash equivalents at end of period (Note 3).....	¥ 4,019	¥ 4,358	\$ 56,066

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL & INFRASTRUCTURE FUND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the six months ended June 30, 2011 and December 31, 2011

Note 1 — Organization

Industrial & Infrastructure Fund Investment Corporation (the “Company”), a real estate investment corporation, with initial capital of ¥200 million, was incorporated on March 26, 2007, under the Act on Investment Trusts and Investment Corporations of Japan (the “Investment Trust Act”). The Company is externally managed by a registered asset management company, Mitsubishi Corp.-UBS Realty Inc. (the “Asset Manager”). The Asset Manager is currently owned 51% by Mitsubishi Corporation and 49% by UBS AG. The Company was formed to invest primarily in industrial and infrastructure properties in Japan. On October 17, 2007, the Company raised ¥35,112 million through an initial public offering of 76,000 investment units.

On October 19, 2007, the day after the Company was listed on the J-REIT section of the Tokyo Stock Exchange, the Company acquired nine properties which consist of eight logistics facilities (IIF Shinonome Logistics Center and others) and one infrastructure property (IIF Kobe District Heating and Cooling Center) for an aggregate purchase price of ¥66 billion by utilizing net proceeds from the initial public offering and loans payable from a bank syndicate, and operations of the Company commenced on this date. On November 19, 2007, the Company issued 2,635 investment units domestically in connection with the exercise of an over-allotment option, generating net proceeds of ¥1,217 million.

Subsequent to that, the Company acquired IIF Haneda Airport Maintenance Center for a purchase price of ¥41,110 million on February 29, 2008 in cash and through loans payable from a bank syndicate.

During the six months ended June 30, 2009, the Company issued ¥8,000 million of subordinated investment corporation bond and sold IIF Musashi Murayama Logistics Center amounted to ¥7,863 million in the aggregate net book value as of December 31, 2008, to a third party for ¥8,040 million. Net proceeds were used to partially repay outstanding loans payable.

Subsequently, the Company sold IIF Funabashi Logistics Center to a third party for ¥9,020 million with the result of a gain on sales of property amounted to ¥460 million and acquired two properties for an aggregate purchase price of ¥5,690 million during the six months ended June 30, 2010, and acquired one additional property for a purchase price of ¥1,100 million by utilizing internal cash during the six months ended December 31, 2010.

On March 8, 2011, the Company completed its second public offering of 14,200 investment units at a price of ¥405,945 (US\$5,028) per unit in connection with a Japanese Primary Offering. On March 24, 2011, the Company issued 397 investment units domestically in connection with the exercise of an over-allotment option. Net proceeds of approximately ¥5.7 billion (US\$70.6 million) from the second offering were used to acquire five additional properties.

On August 31, 2011, the Company redeemed all subordinated investment corporation bond in advance of the due date from Mitsubishi Corporation at a price of ¥8,000 million (par value) by raising funds through new loans payable.

As of December 31, 2011, the Company’s portfolio consisted of 16 properties.

Note 2 — Summary of Significant Accounting Policies

(a) Basis of Presentation

The Company maintains its accounts and records in conformity with accounting principles and practices generally accepted in Japan (“Japanese GAAP”), including provisions set forth in the Investment Trust Act, the Companies Act of Japan, the Financial Instruments and Exchange Act, and other related regulations, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards or accounting principles generally accepted in the United States of America.

The accompanying financial statements are a translation of the financial statements of the Company, which were prepared in accordance with Japanese GAAP. In preparing the accompanying financial statements, certain information in the notes has been added to the financial statements issued domestically for the convenience of the readers outside Japan.

The financial statements are not intended to present the financial position and the results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The Company’s fiscal period is a six-month period which ends at the end of June and December of each year.

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes thereto represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥77.74 = US\$1, the

effective rate of exchange prevailing at December 31, 2011. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended December 31, 2011 is solely for the convenience of readers outside Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, U.S. dollars at that or any other rate.

Amounts less than ¥1 million and US\$1 thousand have been rounded.

The Company does not prepare consolidated financial statements as it has no subsidiaries.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash, demand deposits, and short-term investments which are highly liquid and readily convertible to cash, have a low risk of price fluctuation, and mature within three months from the date of acquisition.

(c) Property, Plant and Equipment

Property, plant and equipment is recorded at cost. Depreciation of property, plant and equipment, except for land, is calculated on a straight-line basis over the estimated useful lives of the assets as stated below:

	For the six months ended	
	June 30, 2011	December 31, 2011
Buildings	13-63 years	13-63 years
Structures	7-20 years	7-20 years
Tools, furniture and fixtures....	6-10 years	6-15 years

(d) Long-term Prepaid Expenses

Long-term prepaid expenses are amortized on a straight-line basis.

(e) Impairment of Fixed Assets

An assessment for impairment is carried out on an asset or group of assets, such as fixed assets, intangible assets and investments, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If the asset or group of assets is deemed to be impaired, an impairment loss is recognized for the difference between the carrying amount and the fair value of the asset or group of assets using the discounted cash flow model.

(f) Accounting Treatment of Trust Beneficiary Interests in Real Estate Trusts

For trust beneficiary interests in real estate trusts, which are commonly utilized to obtain ownership in investment properties in Japan and through which the Company holds all of its real estate, all assets and liabilities with respect to assets in trust, as well as all income generated and expenses incurred with respect to assets in trust, are recorded in the relevant balance sheet and income statement accounts of the Company in proportion to the percentage interest that such trust beneficiary interest represents. Certain material accounts with respect to assets and liabilities in trust are presented separately from other accounts in the balance sheets of the Company.

(g) Hedge Accounting

In accordance with the Company's risk management policy and its internal rules, the Company uses derivative instruments for the purpose of hedging risks prescribed in the Company's articles of incorporation. The Company hedges fluctuations in interest rates of loans payable by interest rate swaps as hedging instruments. The interest rate swaps which qualify for hedge accounting and meet specific criteria are not measured at fair value and interests received or paid under the interest rate swap contracts are recognized on an accrual basis.

(h) Investment Unit Issuance Costs

Investment unit issuance costs are capitalized and amortized on a straight-line basis over three years.

(i) Investment Corporation Bond Issuance Costs

Investment corporation bond issuance costs are capitalized and amortized on a straight-line basis over the maturity period of the investment corporation bond.

(j) Income Taxes

Deferred tax assets and liabilities are computed based on the temporary differences between the financial statement and income tax basis of assets and liabilities using the applicable statutory tax rate.

(k) Consumption Taxes

Consumption taxes withheld and consumption taxes paid are not included in the statements of income and retained earnings. The consumption taxes paid are generally offset against the balance of consumption taxes withheld. As such, the excess of payments over amounts withheld are included in current assets and the excess of amounts withheld over payments are included in current liabilities as the case may be.

(l) Taxes on Property, Plant and Equipment

Property, plant and equipment are annually subject to various taxes, such as property taxes and urban planning taxes. An owner of a property is registered in the record maintained by the local government in each jurisdiction, and such taxes are imposed on the owner registered in the record as of January 1 of each year based on the assessment made by the local government.

Under the above tax rules, a seller of a property at the time of disposal is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued tax liabilities and the amount of settlement reflects this adjustment. For the purchaser, a portion of such taxes calculated from the acquisition date to the end of the calendar year is capitalized as a cost of the property in accordance with Japanese GAAP. In subsequent calendar years, half of such taxes on property, plant and equipment for each calendar year are charged as operating expenses in each fiscal period.

Taxes on property, plant and equipment capitalized as part of the acquisition cost of properties amounted to ¥74 million for the six months ended June 30, 2011. For the six months ended December 31, 2011, no taxes on property, plant and equipment were capitalized.

(m) Revenue Recognition

Revenue from the leasing of properties is recognized on an accrual basis over the life of each lease. Revenue includes fixed rental revenues, recoveries of utility charges and other miscellaneous income.

(Additional Information)

The New Accounting Standard for Accounting Changes and Error Corrections

Effective for the six-month period ended December 31, 2011, the Company adopted the Accounting Standard for Accounting Changes and Error Corrections (the Accounting Standards Board of Japan Statement No.24, December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No.24, December 4, 2009).

This new accounting standard requires that accounting changes and corrections of prior period errors which are made after the beginning of the fiscal year beginning on or after April 1, 2011, should be adopted or corrected retrospectively.

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents shown in the statements of cash flows consist of the following balance sheet items.

	As of		
	June 30, 2011	December 31, 2011	December 31, 2011
	(in millions of yen)		(in thousands of U.S. dollars)
Cash and bank deposits.....	¥ 2,648	¥ 2,955	\$ 38,013
Cash and bank deposits in trust	1,371	1,403	18,053
Cash and cash equivalents	¥ 4,019	¥ 4,358	\$ 56,066

Note 4 – Property and Equipment

The following tables show the summary of movement in property and equipment for the six months ended June 30, 2011 and December 31, 2011, respectively.

For the six months ended June 30, 2011:

	At cost				Ending balance (in millions of yen)	Accumulated depreciation	Depreciation for the period	Net property, plant and equipment
	Beginning balance	Increase	Decrease					
Buildings	¥ 23,627	¥ 1,575	¥ —	¥ 25,202	¥ 1,779	¥ 253	¥ 23,423	
Structures.....	—	2	—	2	0	0	2	
Land.....	2,018	2,822	—	4,840	—	—	4,840	
Buildings in trust.....	21,119	1,721	—	22,840	2,146	302	20,694	
Structures in trust	322	10	—	332	150	20	182	
Tools, furniture and fixtures in trust.....	2	1	—	3	0	0	3	
Land in trust	33,282	5,744	—	39,026	—	—	39,026	
Total	¥ 80,370	¥ 11,875	¥ —	¥ 92,245	¥ 4,075	¥ 575	¥ 88,170	

For the six months ended December 31, 2011:

	At cost				Ending balance (in millions of yen)	Accumulated depreciation	Depreciation for the period	Net property, plant and equipment
	Beginning balance	Increase	Decrease					
Buildings	¥ 25,202	¥ 36	¥ —	¥ 25,238	¥ 2,031	¥ 253	¥ 23,207	
Structures.....	2	25	—	27	0	0	27	
Tools, furniture and fixtures.....	—	1	—	1	0	0	1	
Land.....	4,840	11	—	4,851	—	—	4,851	
Buildings in trust.....	22,840	52	—	22,892	2,457	311	20,435	
Structures in trust	332	48	—	380	171	21	209	
Tools, furniture and fixtures in trust.....	3	—	—	3	1	1	2	
Land in trust	39,026	—	—	39,026	—	—	39,026	
Total	¥ 92,245	¥ 173	¥ —	¥ 92,418	¥ 4,660	¥ 586	¥ 87,758	

	At cost				Ending balance (in thousands of U.S. dollars)	Accumulated depreciation	Depreciation for the period	Net property, plant and equipment
	Beginning balance	Increase	Decrease					
Buildings	\$ 324,177	\$ 473	\$ —	\$ 324,650	\$ 26,132	\$ 3,258	\$ 298,518	
Structures.....	21	325	—	346	1	1	345	
Tools, furniture and fixtures.....	—	5	—	5	0	0	5	
Land.....	62,255	143	—	62,398	—	—	62,398	
Buildings in trust.....	293,800	671	—	294,471	31,609	4,003	262,862	
Structures in trust	4,266	620	—	4,886	2,196	270	2,690	
Tools, furniture and fixtures in trust.....	43	—	—	43	12	6	31	
Land in trust	502,013	—	—	502,013	—	—	502,013	
Total	\$ 1,186,575	\$ 2,237	\$ —	\$ 1,188,812	\$ 59,950	\$ 7,538	\$ 1,128,862	

Note 5 – Intangible Assets

Intangible assets consist of leasehold right to use nationally-owned land on which IIF Haneda Airport Maintenance Center is located with approval of the authorities under Article 18-6 and 19 of the National Property Act of Japan. There was no movement in intangible assets from the six-month period ended June 30, 2011 to that ended December 31, 2011.

Note 6– Fair Value of Investment and Rental Property

The following table shows the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended June 30, 2011 and December 31, 2011.

	As of / For the six months ended		
	June 30, 2011	December 31, 2011	December 31, 2011
	(in millions of yen)		(in thousands of U.S. dollars)
Net book value⁽ⁱ⁾			
Balance at the beginning of the period	¥ 96,704	¥ 108,004	\$ 1,389,295
Net increase (decrease) during the period ⁽ⁱⁱ⁾	11,300	(412)	(5,301)
Balance at the end of the period	¥ 108,004	¥ 107,592	\$ 1,383,994
Fair value⁽ⁱⁱⁱ⁾	¥ 106,090	¥ 107,640	\$ 1,384,615

Notes:

- (i) The net book value includes leasehold right.
(ii) Changes in the net book value are mainly due to the following transactions (except for depreciation):

			Increase (decrease) in net book value (in millions of yen)
<i>For the six months ended June 30, 2011:</i>	Acquisitions:	IIF Nagoya Logistics Center	¥ 1,084
		IIF Yokohama Tsuzuki Logistics Center	2,455
		IIF Atsugi Logistics Center II	3,279
		IIF Saitama Logistics Center	1,559
		IIF Narashino Logistics Center II (land with leasehold interest)	3,436
			Increase (decrease) in net book value
			(in millions of yen)
<i>For the six months ended December 31, 2011:</i>			(in thousands of U.S. dollars)
	Capital expenditures:		¥ 127
			\$ 1,643

- (iii) Fair value has been determined based on the appraisal or researched value provided by independent real estate appraisers.

For rental revenues and expenses for the six months ended June 30, 2011 and December 31, 2011, please refer to “Note 11 - Rent Revenue-Real Estate and Expenses Related to Rent Business.”

Note 7 – Loans Payable

The following tables show the details of loans payable for the six months ended June 30, 2011 and December 31, 2011.

For the six months ended June 30, 2011:

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Average interest rate ^(a)	Maturity date	Use of proceeds	Remarks
		(in millions of yen)							
Short-term loans payable	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥ 4,517	¥ -	¥ 4,517	¥ -	0.8%	February 28, 2011	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	4,165	-	4,165	-				
	The Sumitomo Trust and Banking Co., Ltd.	3,318	-	3,318	-				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	2,630	2,630	-	0.7%	March 11, 2011	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	-	2,430	2,430	-				
	The Sumitomo Trust and Banking Co., Ltd.	-	1,940	1,940	-				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	413	413	-	0.8%	June 30, 2011	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	-	382	382	-				
	The Sumitomo Trust and Banking Co., Ltd.	-	305	305	-				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	413	-	413	0.8%	September 30, 2011	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	-	382	-	382				
	The Sumitomo Trust and Banking Co., Ltd.	-	305	-	305				
Total short-term loans payable		¥ 12,000	¥ 9,200	¥ 20,100	¥ 1,100				
Long-term loans payable ⁽ⁱⁱ⁾	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥ 4,050	¥ -	¥ -	¥ 4,050	1.6%	October 19, 2012	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	3,675	-	-	3,675				
	The Sumitomo Trust and Banking Co., Ltd.	2,775	-	-	2,775				
	American Life Insurance Company	2,000	-	-	2,000	1.7%	December 25, 2014	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,765	-	-	3,765	1.1%	February 28, 2013	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	3,471	-	-	3,471				
	The Sumitomo Trust and Banking Co., Ltd.	2,764	-	-	2,764				
	The Sumitomo Trust and Banking Co., Ltd.	2,500	-	-	2,500	0.9%	September 30, 2013	Repayment of outstanding long-term loans payable	Unsecured and unguaranteed
	The Nomura Trust and Banking Co., Ltd.	2,000	-	-	2,000				
	Resona Bank, Limited.	2,000	-	-	2,000				
	The Yamaguchi Bank, Ltd.	1,000	-	-	1,000	0.9%	October 18, 2013	Repayment of outstanding long-term loans payable	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,900	-	-	3,900				
	Mitsubishi UFJ Trust and Banking Corporation	3,600	-	-	3,600				
	Sumitomo Mitsui Banking Corporation	2,000	-	-	2,000	1.0%	December 30, 2014	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	Development Bank of Japan Inc.	-	5,000	-	5,000	1.7%	February 27, 2018	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	3,200	-	3,200	1.0% ⁽ⁱⁱⁱ⁾	March 9, 2018	Acquisition of real estate property and repayment of outstanding short-term loans payable	Unsecured and unguaranteed
Mitsubishi UFJ Trust and Banking Corporation	-	2,950	-	2,950					
The Sumitomo Trust and Banking Co., Ltd.	-	2,350	-	2,350					
Total long-term loans payable		¥ 39,500	¥ 13,500	¥ -	¥ 53,000				

For the six months ended December 31, 2011:

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate ⁽ⁱ⁾	Maturity date	Use of proceeds	Remarks
		(in millions of yen)				(in thousands of U.S. dollars)							
Short-term loans payable	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥ 413	¥ -	¥ 413	¥ -	\$ 5,313	\$ -	\$ 5,313	\$ -	0.8%	September 30, 2011	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	382	-	382	-	4,914	-	4,914	-				
	The Sumitomo Trust and Banking Co., Ltd.	305	-	305	-	3,923	-	3,923	-				
	Total short-term loans payable	¥ 1,100	¥ -	¥ 1,100	¥ -	\$ 14,150	\$ -	\$ 14,150	\$ -				
Long-term loans payable	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥ 4,050	¥ -	¥ 4,050	¥ -	\$ 52,097	\$ -	\$ 52,097	\$ -	1.6%	October 19, 2012 ⁽ⁱⁱ⁾	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	3,675	-	3,675	-	47,273	-	47,273	-				
	The Sumitomo Trust and Banking Co., Ltd.	2,775	-	2,775	-	35,696	-	35,696	-				
	American Life Insurance Company	2,000	-	-	2,000	25,727	-	-	25,727	1.7%	December 25, 2014	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,765	-	-	3,765	48,431	-	-	48,431	1.1%	February 28, 2013	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	3,471	-	-	3,471	44,649	-	-	44,649				
	The Sumitomo Trust and Banking Co., Ltd.	2,764	-	-	2,764	35,554	-	-	35,554				
	The Sumitomo Trust and Banking Co., Ltd.	2,500	-	-	2,500	32,158	-	-	32,158	0.9%	September 30, 2013	Repayment of outstanding long-term loans payable	Unsecured and unguaranteed
	The Nomura Trust and Banking Co., Ltd.	2,000	-	-	2,000	25,727	-	-	25,727				
	Resona Bank, Limited.	2,000	-	-	2,000	25,727	-	-	25,727				
	The Yamaguchi Bank, Ltd.	1,000	-	-	1,000	12,863	-	-	12,863				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,900	-	-	3,900	50,167	-	-	50,167	0.9%	October 18, 2013	Repayment of outstanding long-term loans payable	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	3,600	-	-	3,600	46,308	-	-	46,308				
	Sumitomo Mitsui Banking Corporation	2,000	-	-	2,000	25,727	-	-	25,727	1.0%	December 30, 2014	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	Development Bank of Japan Inc.	5,000	-	-	5,000	64,317	-	-	64,317	1.7%	February 27, 2018	Repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,200	-	-	3,200	41,163	-	-	41,163	1.8% ^(iv)	March 9, 2018	Acquisition of real estate property and repayment of outstanding short-term loans payable	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	2,950	-	-	2,950	37,947	-	-	37,947				
	The Sumitomo Trust and Banking Co., Ltd.	2,350	-	-	2,350	30,229	-	-	30,229				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	3,440	-	3,440	-	44,250	-	44,250	1.7%	August 31, 2016 ^(vi)	Repayment of outstanding investment corporation bond	Unsecured and unguaranteed Subordinated loan
	Sumitomo Mitsui Banking Corporation	-	2,460	-	2,460	-	31,644	-	31,644				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	2,000	-	2,000	-	25,727	-	25,727	1.2 ^(v)	August 31, 2016	Repayment of outstanding investment corporation bond	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	4,463	-	4,463	-	57,409	-	57,409	1.3 ^(v)	September 29, 2017	Repayments of outstanding short-term loans payable and outstanding long-term loans payable	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation	-	4,057	-	4,057	-	52,187	-	52,187				
The Sumitomo Trust and Banking Co., Ltd.	-	3,080	-	3,080	-	39,619	-	39,619					
Total long-term loans payable	¥ 53,000	¥ 19,500	¥ 10,500	¥ 62,000	\$ 681,760	\$ 250,836	\$ 135,066	\$ 797,530					

Notes:

- (i) The average interest rate indicates a weighted average of interest rate for each six-month period, rounded to the first decimal place.
- (ii) Long-term loans payable include current portion.
- (iii) These long-term loans payable were hedged by interest rate swap contracts entered into on March 9, 2011. The effective interest rates on or after July 1, 2011 are 1.765%.
- (iv) All of the principal were repaid on September 30, 2011 in advance of the maturity date.
- (v) These long-term loans payable are hedged by interest rate swaps and the average interest rate of these long-term loans payable is calculated adjusting the effect of the interest rate swaps.
- (vi) The principal is repaid on each interest payment date from March 31, 2014 at an amount of ¥70 million for each interest payment date and the remaining balance (¥ 5,200 million) is repaid on due date.

Annual repayments of long-term loans payable (except for current portion) scheduled for next five years after each balance sheet date were as follows:

	As of		
	June 30, 2011	December 31, 2011	December 31, 2011
	(in millions of yen)		(in thousands of U.S. dollars)
1-2 years.....	¥ 20,500	¥ 25,000	\$ 321,585
2-3 years.....	15,000	4,280	55,055
3-4 years.....	4,000	280	3,602
4-5 years.....	—	7,340	94,417

Note 8 – Investment Corporation Bond

The details of unsecured investment corporation bond issued and outstanding as of June 30, 2011 and December 31, 2011 and the average interest rate for each period were as follows:

	As of		
	June 30, 2011	December 31, 2011	December 31, 2011
	(in millions of yen)		(in thousands of U.S. dollars)
Investment corporation bond—unsecured			
¥8,000 million of 5-year subordinated bonds, issued on February 27, 2009, maturing on February 27, 2014 with floating interest rate.....	¥ 8,000	¥ —	\$ —
Total.....	¥ 8,000	¥ —	\$ —
Average interest rate for each six-month period.....	2.9%	2.8%	—

Net proceeds from the issuance of the investment corporation bond were used for repayment of outstanding loans payable and working funds.

The investment corporation bond was redeemed on August 31, 2011 in advance of the maturity date.

Note 9 – Net Assets

The Company issues only non-par value units in accordance with the Investment Trust Act, and the entire amount of the issue price of new units is allocated to unitholders' capital within net assets. The Company is required to maintain net assets of at least ¥50 million (US\$643 thousand) as required by Article 67-4 of the Investment Trust Act.

The number of units issued and outstanding were 93,632 units as of June 30, 2011 and December 31, 2011.

Note 10 – Appropriation of Retained Earnings

In accordance with the distribution policy in Article 25, Paragraph 1, Item 2 of the Company's articles of incorporation which stipulates making distributions in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, the Company generally intends to distribute all of retained earnings except for fractional distribution per investment unit less than one yen as regular distributions to unitholders with respect to its semi-annual fiscal periods, ending at the end of June and December of each year.

The following table shows the appropriation of retained earnings for the six months ended June 30, 2011 and December 31, 2011, respectively.

	For the six months ended		
	June 30, 2011	December 31, 2011	December 31, 2011
	(in millions of yen)		(in thousands of U.S. dollars)
Unappropriated retained earnings.....	¥ 1,022	¥ 1,159	\$ 14,908
Cash distribution declared.....	(1,022)	(1,159)	(14,908)
Retained earnings carried forward.....	¥ 0	¥ 0	\$ 0

A dividend in respect of the six months ended December 31, 2011 of ¥12,377 (US\$159) per investment unit, amounting to a total dividend of ¥1,159 million (US\$14,907 thousand) was proposed and approved at the board of directors meeting on February 15, 2012. These financial statements do not reflect this dividend payable.

Cash distributions per investment unit were ¥10,919 and ¥12,377 (US\$159) for the six months ended June 30, 2011 and December 31, 2011, respectively.

Note 11 – Rent Revenue—Real Estate and Expenses Related to Rent Business

Rent revenue—real estate and expenses related to rent business for the six months ended June 30, 2011 and December 31, 2011 consist of the following:

	For the six months ended		
	June 30, 2011	December 31, 2011	December 31, 2011
	(in millions of yen)		(in thousands of U.S. dollars)
Rent revenue—real estate:			
Rental and parking revenue	¥ 3,278	¥ 3,430	\$ 44,130
Common area charges.....	11	13	167
Other.....	7	83	1,066
Total rent revenue—real estate	¥ 3,296	¥ 3,526	\$ 45,363
Expenses related to rent business:			
Property management fees.....	¥ 11	¥ 13	\$ 166
Facility management fees	16	21	266
Utilities	12	15	194
Property-related taxes.....	226	240	3,085
Insurance	9	9	118
Repair and maintenance.....	5	32	413
Depreciation	575	586	7,538
Trust fees	7	8	104
Leasehold rents.....	392	313	4,029
Other.....	0	0	4
Total expenses related to rent business	¥ 1,253	¥ 1,237	\$ 15,917
Operating income from property leasing activities.....	¥ 2,043	¥ 2,289	\$ 29,446

Note 12 – Income Taxes

The Company is subject to corporate income taxes in Japan at a statutory rate of approximately 40%. The Company may deduct from its taxable income the amounts distributed to its unitholders, provided the requirements are met under the Special Taxation Measures Act of Japan. Under this act, the Company must meet a number of tax requirements, including a requirement to distribute in excess of 90% of distributable profit for the fiscal period in order to be able to deduct such amounts. If the Company does not satisfy all of the requirements, the entire taxable income of the Company will be subject to regular corporate income taxes in Japan.

The Company has a policy of making distributions in excess of 90% of its distributable profit for the fiscal period to qualify for conditions set forth in the Special Taxation Measures Act of Japan to achieve a deduction of distributions for income tax purpose and it distributes approximately 100% of distributable profit. Hence, the Company has treated the distributions as a tax allowable deduction as defined in the Special Taxation Measures Act of Japan.

A reconciliation of the Company's effective tax rates and statutory tax rates are as follows:

	For the six months ended	
	June 30, 2011	December 31, 2011
	(Rate)	
Statutory tax rate	39.33%	39.33%
Deductible cash distributions.....	(39.29)	(39.29)
Other.....	0.06	0.05
Effective tax rate	0.10%	0.09%

Deferred tax assets consist of the following:

	As of		
	June 30, 2011	December 31, 2011	December 31, 2011
	(in millions of yen)		(in thousands of U.S. dollars)
Deferred tax assets:			
Current:			
Enterprise tax payable.....	¥ 0	¥ 0	\$ 0
Total.....	0	0	0
Net deferred tax assets.....	¥ 0	¥ 0	\$ 0

Note 13 – Lease Rental Revenues

The Company leases its properties mainly to corporate tenants. Future minimum rental revenues pursuant to existing rental contracts as of June 30, 2011 and December 31, 2011 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

	As of		
	June 30, 2011	December 31, 2011	December 31, 2011
	(in millions of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 5,955	¥ 6,108	\$ 78,570
Due after one year	56,677	60,172	774,018
Total.....	<u>¥ 62,632</u>	<u>¥ 66,280</u>	<u>\$ 852,588</u>

Note 14 – Financial Instruments

Qualitative and quantitative information for financial instruments for the six months ended June 30, 2011 and December 31, 2011 was as follows:

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

The Company raises funds through loans payable, the issuance of investment corporation bond or investment unit for the acquisition of real estate properties, expenditures on property maintenance and/or repayment of existing debt. Surplus funds are managed carefully by investing in financial instruments taking into account liquidity and safety in light of the current financial market condition. Derivative instruments are used only for hedging purposes and not for speculation.

(ii) Nature and extent of risks arising from financial instruments and risk management

The funds raised through loans payable or issuance of investment corporation bond are mainly used to acquire real estate properties or properties in trust, and for the repayment of existing loans payable. Tenant leasehold and security deposits are deposits from tenants. Although loans payable with floating interest rates are subject to fluctuations in market interest rates, the Asset Manager manages interest fluctuation risk by monitoring market interest rates and measuring the effect on the results of operation of the Company. In addition, a certain portion of loans payable with floating interest rates is hedged by derivative instruments (interest rate swaps) as hedging instruments. The assessment of hedge effectiveness is omitted when the interest rate swaps meet specific criteria indicating a high correlation between the hedged items and hedging instruments. The Company uses derivative instruments in accordance with its risk management policy and internal rules.

Liquidity risks relating to loans payable, investment corporation bonds or tenant leasehold and security deposits are managed by preparing monthly plans for funds, maintaining high liquidity and entering into commitment line agreements with banks.

(iii) Supplemental information on fair value of financial instruments

The fair value of financial instruments is based on quoted market prices, if available. When quoted market prices are not available, fair value is estimated using valuation techniques which contain various assumptions. If other valuation models or assumptions were used, the estimated fair value may differ.

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair value and valuation differences of financial instruments for which fair value is available as of June 30, 2011 and December 31, 2011.

	As of								
	June 30, 2011			December 31, 2011			December 31, 2011		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(in millions of yen)						(in thousands of U.S. dollars)			
Assets:									
(1) Cash and bank deposits	¥ 2,648	¥ 2,648	¥ —	¥ 2,955	¥ 2,955	¥ —	\$ 38,013	\$ 38,013	\$ —
(2) Cash and bank deposits in trust	1,371	1,371	—	1,403	1,403	—	18,053	18,053	—
Total assets	¥ 4,019	¥ 4,019	¥ —	¥ 4,358	¥ 4,358	¥ —	\$ 56,066	\$ 56,066	\$ —
Liabilities:									
(1) Short-term loans payable	¥ 1,100	¥ 1,100	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
(2) Investment corporation bond—unsecured	8,000	8,000	—	—	—	—	—	—	—
(3) Long-term loans payable	53,000	53,273	273	62,000	62,600	600	797,530	805,254	7,724
(4) Tenant leasehold and security deposits in trust	1,065	904	(161)	1,424	1,281	(143)	18,318	16,478	(1,840)
Total liabilities	¥ 63,165	¥ 63,277	¥ 112	¥ 63,424	¥ 63,881	¥ 457	\$ 815,848	\$ 821,732	\$ 5,884
Derivative instruments	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —

Note (i): The methods and assumptions used to estimate fair value are as follows:

Assets

- (1) Cash and bank deposits and (2) Cash and bank deposits in trust
Because of their short maturities, the carrying amounts approximate their fair value.

Liabilities

- (1) Short-term loans payable

Because of their short maturities and floating interest rates, the carrying amounts of short-term loans payable approximate their fair values.

- (2) Investment corporation bond—unsecured

Because of floating interest rates changing within a short term period, the carrying amounts of investment corporation bond approximate their fair values.

- (3) Long-term loans payable

Long-term loans payable with floating interest rates changing within a short term period are stated at their carrying amounts as their carrying amounts approximate their fair values. When long-term loans payable with floating interest rates are hedged by interest rate swaps which qualify for hedge accounting and meet special criteria, the fair value of the hedged long-term loans payable is determined based on the present value of contractual cash flows in conjunction with the hedging interest rate swaps discounted at current market interest rates which would be applicable to new loans payable under the same conditions and terms. The fair value of long-term loans payable with fixed interest rates is determined based on the present value of contractual cash flows discounted at current market interest rates which would be applicable to new loans payable under the same conditions and terms.

- (4) Tenant leasehold and security deposits in trust

The fair value is determined based on the present value of contractual cash flows discounted at current interest rates which would be applicable to contracts with similar terms and credit risk.

Derivative instruments

The fair value of the hedging interest rate swaps is included in that of the hedged long-term loans payable as noted above. Please refer to “Note 15 - Derivative Instruments” for further information on the interest rate swaps.

Note (ii): Financial instruments for which fair value is difficult to determine are as follows:

	As of		
	June 30, 2011	December 31, 2011	December 31, 2011
	(in millions of yen)		(in thousands of U.S. dollars)
Tenant leasehold and security deposits	¥ 1,298	¥ 1,298	\$ 16,690
Tenant leasehold and security deposits in trust	4,134	3,700	47,599
Total	¥ 5,432	¥ 4,998	\$ 64,289

Tenant leasehold and security deposits are not publicly traded, and it is difficult to determine their fair value based on estimated future cash flows because the repayment dates of those deposits are not certain. Therefore, these financial instruments are not included in the above quantitative information.

Note (iii): Cash flow schedule of financial assets after the balance sheet date

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions of yen)					
As of June 30, 2011:						
Cash and bank deposits	¥ 2,648	¥ —	¥ —	¥ —	¥ —	¥ —
Cash and bank deposits in trust	1,371	—	—	—	—	—
Total	¥ 4,019	¥ —	¥ —	¥ —	¥ —	¥ —
As of December 31, 2011:						
Cash and bank deposits	¥ 2,955	¥ —	¥ —	¥ —	¥ —	¥ —
Cash and bank deposits in trust	1,403	—	—	—	—	—
Total	¥ 4,358	¥ —	¥ —	¥ —	¥ —	¥ —
(in thousands of U.S. dollars)						
As of December 31, 2011:						
Cash and bank deposits	\$ 38,013	\$ —	\$ —	\$ —	\$ —	\$ —
Cash and bank deposits in trust	18,053	—	—	—	—	—
Total	\$ 56,066	\$ —	\$ —	\$ —	\$ —	\$ —

Note (iv): Cash flow schedule of interest-bearing financial liabilities after the balance sheet date

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
(in millions of yen)						
As of June 30, 2011:						
Short-term loans payable.....	¥ 1,100	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bond—unsecured.....	—	—	8,000	—	—	—
Long-term loans payable.....	—	20,500	15,000	4,000	—	13,500
Total.....	¥ 1,100	¥ 20,500	¥ 23,000	¥ 4,000	¥ —	¥ 13,500
As of December 31, 2011:						
Long-term loans payable.....	¥ —	¥ 25,000	¥ 4,280	¥ 280	¥ 7,340	¥ 25,100
Total.....	¥ —	¥ 25,000	¥ 4,280	¥ 280	¥ 7,340	¥ 25,100
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
(in thousands of U.S. dollars)						
As of December 31, 2011:						
Long-term loans payable.....	\$ —	\$ 321,585	\$ 55,055	\$ 3,602	\$ 94,417	\$ 322,871
Total.....	\$ —	\$ 321,585	\$ 55,055	\$ 3,602	\$ 94,417	\$ 322,871

Note 15 – Derivative Instruments

Information on derivative transactions undertaken by the Company as of June 30, 2011 and December 31, 2011 were as follows. Derivative instruments are used only for hedging purposes and subject to hedge accounting.

Method of hedge accounting	Type of derivatives	Hedged item	As of June 30, 2011					
			Notional amounts ⁽ⁱ⁾		Fair value ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾			
			Total	Over 1 year				
			(in millions of yen)					
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term loans payable	¥ 8,500	¥ 8,500	¥ (160)			
Total.....			¥ 8,500	¥ 8,500	¥ (160)			
Method of hedge accounting	Type of derivatives	Hedged item	As of December 31, 2011					
			Notional amounts ⁽ⁱ⁾		Fair value ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Notional amounts ⁽ⁱ⁾		
			Total	Over 1 year		Total	Over 1 year	
			(in millions of yen)		(in thousands of U.S. dollars)			
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term loans payable	¥ 22,100	¥ 22,100	¥ (303)	\$ 284,281	\$ 284,281	\$ (3,903)
Total.....			¥ 22,100	¥ 22,100	¥ (303)	\$ 284,281	\$ 284,281	\$ (3,903)

Notes:

- (i) The interest rate swaps which qualify for hedge accounting and meet specific criteria are not measured at fair value in the balance sheets and the interest received or paid under the interest rate swap contracts is recognized on an accrual basis.
- (ii) The notional amounts do not represent the market risk exposure associated with the derivative instruments.
- (iii) The fair value is estimated by the counterparty to the interest rate swaps contracts using market interest rates and other assumptions.

Note 16 – Asset Retirement Obligations

As the Company owns IIF Haneda Airport Maintenance Center with the permission for use of the underlying land granted by the Secretary of Tokyo Regional Civil Aviation Bureau under the National Property Act of Japan, the Company is obliged to demolish the building and restore the land if the permission is not to be extended or is to be revoked. The Company, however, expects that, unless exceptional circumstances arise, the permission will continue to be granted until the Company voluntarily demolish the property considering the past practice relating to the extension and revocation of permission under the National Property Act and the importance of the property as public infrastructure. As the Company intends to keep the property in the foreseeable future, it is difficult to determine the timing of performance of the asset retirement obligation and as such it is impossible to foresee the amount of the asset retirement obligation reasonably. Therefore, the Company does not recognize such obligation as a liability.

Note 17– Related-Party Transactions

The following tables show related-party transactions for the six months ended June 30, 2011 and December 31, 2011.

For the six months ended June 30, 2011:

Type of related-party	Company name	Location	Business	Share capital (in millions of yen)	Voting interest in the Company	Relation with the Company	Transactions for the period		Balance at end of the period	
							Type of transaction	Amounts (in millions of yen)	Balance sheet account	Amounts (in millions of yen)
Major unitholder	Mitsubishi Corporation	Chiyoda-ku, Tokyo	Trade and general business	¥ 204,447	Directly 10.25% Indirectly 0.64%	Underwriter of investment corporation bond	—	—	Investment corporation bond—unsecured	¥ 8,000
							Interest expenses on investment corporation bond ⁽ⁱⁱ⁾	¥ 116	Accrued expenses	¥ 77
Subsidiary of major unitholder	Mitsubishi Corp.-UBS Realty Inc. ⁽ⁱ⁾	Chiyoda-ku, Tokyo	Asset management	¥ 500	Directly 0.64%	The Asset Manager	Asset management fee ⁽ⁱⁱ⁾	¥ 335	Accounts payable—other	¥ 178
	Godo Kaisha Industrial Akanehama ⁽ⁱ⁾	Chuo-ku, Tokyo	Real estate rental	¥ 0	—	—	Acquisition of trust beneficiary interests in real estate trust ^(iv)	¥ 3,350	—	—

For the six months ended December 31, 2011:

Type of related-party	Company name	Location	Business	Share capital (in millions of yen or thousands of U.S. dollars)	Voting interest in the Company	Relation with the Company	Transactions for the period		Balance at end of the period	
							Type of transaction	Amounts (in millions of yen or thousands of U.S. dollars)	Balance sheet account	Amounts (in millions of yen or thousands of U.S. dollars)
Major unitholder	Mitsubishi Corporation	Chiyoda-ku, Tokyo	Trade and general business	¥ 204,447 (\$2,629,877)	Directly 10.25% Indirectly 0.64%	Underwriter of investment corporation bond	Repayments of investment corporation bond	¥ 8,000 (\$ 102,907)	—	—
							Interest expenses on investment corporation bond ⁽ⁱⁱ⁾	¥ 39 (\$ 504)	—	—
Subsidiary of major unitholder	Mitsubishi Corp.-UBS Realty Inc. ⁽ⁱ⁾	Chiyoda-ku, Tokyo	Asset management	¥ 500 (\$6,432)	Directly 0.64%	The Asset Manager	Asset management fee ⁽ⁱⁱ⁾	¥ 342 (\$ 4,401)	Accounts payable—other	¥ 179 (\$ 2,307)

Notes:

- (i) The companies are subsidiaries of Mitsubishi Corporation.
- (ii) The asset management fee has been decided based on third party transactions.
- (iii) The terms and conditions of the investment corporation bond were reasonably decided based on the comparative analyses of the various third party cases including analysis of the interest rate spreads with other J-REIT senior bank loans and subordinated bonds issued by banks and analysis of the costs of debt and capital.
- (iv) The acquisition amount was decided through negotiation with the seller based on an appraisal value by a real estate appraiser.

In addition, loss on disaster presented as extraordinary loss in the statements of income and retained earnings for the six months ended June 30, 2011 includes ¥2 million of diagnostics expenses to Mitsubishi Corporation for assessing the impact of the Great East Japan Earthquake on investment properties.

Note 18– Per Unit Information

The following table shows net asset value per unit as of June 30, 2011 and December 31, 2011, and net income per unit for the six months then ended. Net income per unit is calculated by dividing the net income attributable to unitholders by the weighted average number of units outstanding during the six-month period. The Company has no potentially dilutive units.

	As of / For the six months ended		
	June 30, 2011	December 31, 2011	December 31, 2011
	(Yen)	(Yen)	(U.S. dollars)
Net asset value per unit	¥ 462,059	¥ 463,517	\$ 5,962
Net income per unit.....	¥ 11,581	¥ 12,377	\$ 159
Weighted average number of units	88,274	93,632	

Note 19 – Segment Information

Segment information for the six months ended June 30, 2011 and December 31, 2011 is as follows:

(a) Operating Segment Information

Disclosure is omitted as the Company is comprised of a single reportable segment engaged in the property rental business.

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

Disclosure is not required as revenues from external customers for the single segment are in excess of 90% of total revenues.

(ii) Information about Geographic Areas

Revenues from Overseas Customers:

Disclosure is not required as revenues from external customers attributable to Japan are in excess of 90% of total revenues.

Tangible Fixed Assets:

Disclosure is not required as tangible fixed assets located in Japan are in excess of 90% of total tangible fixed assets.

(c) Information about Major Customers

Name of Customer	Revenues for the six months ended			Related Segment
	June 30, 2011	December 31, 2011	December 31, 2011	
	(in millions of yen)		(in thousands of U.S. dollars)	
Japan Airlines Co., Ltd.	¥ 1,424	¥ 1,345	\$ 17,302	Property rental business
Sagawa Express Co., Ltd.	566	566	7,284	Property rental business
Osaka Gas Co., Ltd.	378	378	4,864	Property rental business

Note 20 – Subsequent Events

Issuance of new investment units

The Board of Directors of the Company, at its meeting held on February 15 2012, resolved to issue new investment units as follows:

(a) Issuance of new investment units through public offering

Investment units shall be offered through a public offering in Japan (“Domestic Public Offering”) and in overseas markets, consisting mainly of the U.S. and European markets (provided, however, that offering in the U.S. market shall be restricted to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933) (referred to as “Overseas Offering” and collectively with the Domestic Public Offering, the “Offerings”).

(i) Number of new investment units to be offered:

44,762 investment units, out of which 22,381 new units to be offered through the Domestic Public Offering and 22,381 new units to be offered through the Overseas Offering, although the breakdown of the number of new investment units to be offered shall be finally determined within 44,762 investment units considering demand and other factors at the Board of Directors Meeting to be held on late in February (hereinafter called “Determination Date of Issue Price”).

(b) Issuance of new investment units through third-party allotment

(i) Number of new investment units: 2,238 investment units

(ii) Allottee: Nomura Securities Co., Ltd.

There may be cases where there will be no subscription for the investment units offered in the third-party allotment in whole or in part, and the final number of investment units placed under the third-party allotment may accordingly decrease to that extent due to forfeiture, or such allotment itself may not take place at all.

(c) Use of proceeds

The Company will use the net proceeds from the Offerings and the third-party allotment for acquisition of additional specified assets.

The issue price of the new investment units through the Offerings and the third-party allotment shall be determined at the Board of Directors Meeting to be held on Determination Date of Issue Price.