

Translation

INDUSTRIAL & INFRASTRUCTURE FUND INVESTMENT CORPORATION SUMMARY OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2013

August 22, 2013

Name of issuer:	Industrial & Infrastructure Fund Investment Corporation ("the Investment Corporation")
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	3249
Website:	http://www.iif-reit.com/
Representative of the Investment Corporation:	Yasuyuki Kuratsu, Executive Director
Name of asset manager:	Mitsubishi Corp.-UBS Realty Inc.
Representative of the asset manager:	Toru Tsuji, President & CEO
Contact:	Yoshito Nishikawa, Head of Industrial Division Tel: (03)5293-7091
Scheduled date for filing of securities report:	September 26, 2013
Scheduled date for distributions payment:	September 24, 2013
Supplementary materials for financial results:	Otherwise prepared
Analyst meeting:	Scheduled

(Amounts of less than one million yen are rounded down)

1. Financial results for the six months ended June 30, 2013 (January 1, 2013 to June 30, 2013)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ended June 30, 2013	5,791	15.0	3,235	14.1	2,448	21.0	2,447	20.9
December 31, 2012	5,037	13.0	2,834	14.6	2,022	14.5	2,023	9.2

	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	Yen	%	%	%
For the six months ended June 30, 2013	15,951	3.5	1.5	42.3
December 31, 2012	14,387	3.2	1.3	40.2

(2) Distributions

	Distributions (excluding distributions in excess of profit)		Distributions in excess of profit		Payout ratio	Ratio of distributions to net assets
	Per unit	Total	Per unit	Total		
	Yen	Millions of yen	Yen	Millions of yen	%	%
For the six months ended June 30, 2013	15,643	2,447	0	0	100.0	3.4
December 31, 2012	14,387	2,023	0	0	100.0	3.2

Note: Payout ratio for the six months ended June 30, 2013 is calculated by following formula as new investment units were issued during the period.

$$\text{Payout ratio} = \text{Total of distributions} \div \text{Net income} \times 100$$

(3) Financial position

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2013	175,196	74,860	42.7	478,552
December 31, 2012	154,502	63,904	41.4	454,411

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
For the six months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2013	2,962	(17,132)	17,321	8,736
December 31, 2012	3,541	(2,383)	(1,906)	5,583

2. Outlook for the six months ending December 31, 2013 (July 1, 2013 to December 31, 2013)

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2013	6,010	3.8	3,291	1.7	2,497	2.0	2,496	2.0

	Net income per unit		Distributions per unit (excluding distributions in excess of profit)		Distributions in excess of profit per unit	
For the six months ending	Yen		Yen		Yen	
December 31, 2013	15,958		15,958		0	

3. Others

(1) Changes in accounting policies and accounting estimates or restatements

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

(2) Number of units issued

Number of units issued at end of period (including treasury units):

As of June 30, 2013 156,432 units

As of December 31, 2012 140,632 units

Number of treasury units at end of period:

As of June 30, 2013 0 unit

As of December 31, 2012 0 unit

Note: For the number of unit as a basis of calculation of net income per unit, please refer to per unit information on page 20.

Forward-looking Statements and Other Notes

Forward-looking statements in this presentation are based on the information currently available and certain assumptions we believe reasonable. Actual results may differ materially from the forward-looking statements in this presentation due to various factors. Furthermore, those statements do not guarantee the amount of future distributions.

For further information and assumptions regarding the forward-looking statements, please refer to “2. Management policy and results of operation, (2) State of operation, B. Outlook for the next period” on page 6.

1. Summary of related corporations of the Investment Corporation

There have been no significant changes to the “structure of the investment corporation” since the most recent financial report (submitted March 28, 2013), and hence, description of these matters is omitted.

2. Management policy and results of operation

(1) Management policies

There have been no significant changes to the “investment policies”, “investment targets” and “distribution policies” in the most recent financial report (submitted March 28, 2013), and hence, description of these matters is omitted.

(2) Operations

A Operations during the period

i. Major developments and management performance of IIF

IIF was established on March 26, 2007 based on “Act on Investment Trust and Investment Corporation” (hereinafter referred to as “Investment Trust Law”) and became listed on the REIT securities market of the Tokyo Stock Exchange on October 18, 2007 (securities identification code: 3249). Based on the principle of aiming to “invest in social infrastructure as a source of power for the Japanese economy and support Japan’s industrial activities from a perspective of real estate,” IIF invests and manages logistics facilities, manufacturing and research and development (R&D) facilities, and infrastructure facilities which play a vital role in various industrial activities as the only listed J-REIT specializing in industrial properties.

IIF has continued to mark steady growth since it began investment operations in 2007 when it acquired nine properties for the total acquisition price of 66,000 million yen. During the current period, IIF acquired six properties. As a result, the properties owned by IIF as of June 30, 2013 consisted of 29 properties whose total acquisition price amounted to 163,843 million yen.

ii. Investment environment and management performance

The Japanese economy is growing at a higher-than-expected rate, driven by government spending and investment in the housing sector. In fact, Japan’s GDP in the January-March quarter of 2013 reached a high of 4.1% (an annualized growth rate). As demonstrated by the results of the Bank of Japan’s Tankan and Economic Watchers Surveys, as well as the Consumer Confidence Index, on the whole, business sentiment remains robust. In addition, the economy is expected to continue towards solid recovery in the second half of the year due to factors such as an increase in exports resulting from further depreciation of the yen, and a pickup in capital investment.

The J-REIT market has fluctuated widely, as the TSE REIT Index, which surged sharply by about 50% over the three months since the beginning of the year, fell by about 20% between the end of March and the middle of June. Meanwhile, investor demand for J-REIT appears to be remaining firm, and equity financing by J-REIT remains at high levels with 350.8 billion yen for the first quarter and 287.0 billion yen for the second quarter of 2013.

In such an environment, IIF has continued to pursue property-sourcing activities based on a CRE (Corporate Real Estate) proposal, an approach in which IIF is strong. In February 2013, IIF acquired IIF Kobe Logistics Center (for 5,193 million yen), IIF Kashiwa Logistics Center (for 1,810 million yen), IIF Kawasaki Science Center (for 526 million yen), IIF Osaka Toyonaka Data Center (for 5,600 million yen) and IIF Osaka Nanko IT Solution Center (for 1,150 million yen). In April 2013, IIF also acquired IIF Higashi-Osaka Logistics Center (for 2,280 million yen). As a result, IIF acquired a total of six properties (for a total acquisition price of 16,559 million yen).

iii. Funding

Continuing from last year, IIF aimed to persist in its realization of external growth to achieve dividend gains and growth of NAV through property-sourcing activities based on a CRE proposal. Additionally, it issued new investment units between February and March 2013, and financed 10.5 billion yen for raising funds for the acquisition of new properties. As a result, the number of issued and outstanding investment units at the end of the current period increased by 15,800 units to 156,432 units.

Regarding the procurement of interest-bearing debt during the current period, IIF raised 9,000 million yen on February 6, 2013 for acquiring new properties in line with the above-mentioned issuance of new investment units. IIF obtained a 12-year loan, the longest-term borrowing by any J-REIT at the time the borrowing was executed, from Development Bank of Japan Inc., and fixed the interest rate in the long-term based on an interest rate swap agreement, thereby improving the stability of its financial base. In addition, IIF further diversified its procurement methods by inviting Shinsei Bank, Limited. as a new funding source.

Further, IIF repaid a floating rate loan of 7,500 million yen early on June 28, 2013, with 0.3 years remaining on the term, and refinanced a longer-term fixed-rate loan.

As a result of the above, the balance of interest bearing debt as of June 30, 2013 amounted to 89,000 million yen and included long-term borrowings (including current portion) of 79,000 million yen and investment corporation bonds of 10,000 million yen. IIF received an “AA- (outlook: Positive)” rating for Long Term Issuer Rating and Investment Corporation Rating by the Japan Credit Rating Agency, Ltd. (JCR), the rating was upgraded to “AA (outlook: Stable),” on August 6, 2013.

iv. Overview of financial results and distribution

As a result of the abovementioned management activities, IIF recorded operating revenue of 5,791 million yen, operating income of 3,235 million yen, ordinary income of 2,448 million yen and net income of 2,447 million yen for the current period. For distributions, IIF intended to include profit distributions in deductible expenses in accordance with Section 1 of Article 67-15 of the Act on Special Taxation Measures Law and determined to distribute the entire unappropriated retained earnings for the current period excluding fractions (distribution per unit = fractions less than one yen). Therefore, the distribution per unit was 15,643 yen.

B Outlook for the next period

i. Outlook for the overall management

The pace of global economic growth is steadily improving, albeit at a low level. In particular, the economies of advanced countries such as the U.S. and Japan are exhibiting solid growth at rates higher-than-expected. The Japanese economy grew at a higher-than-expected rate in the January-March quarter of 2013, driven by fiscal spending and investment in the housing market. For the time being, and in the second half, the economy is expected to be on the firm path towards recovery, as it is forecasted that exports will increase due to further weakening of the yen, and a recovery of capital investment.

In the real estate market, the investment environment for properties in Japan is improving on the strength of the financing ease and a bottoming out of the rental market.

As for logistics facilities, occupancy rates and rent levels are expected to remain high, given the diversification of consumer lifestyles in recent years and the increase in distribution flows associated with the change in distribution channels resulting primarily from IT advancement. In addition, more investors view logistics facilities as stable investment targets. Moreover, the market, which has been supported by new entrants and large-scale logistics facility construction projects, is expected to remain active for the time being. The properties managed by IIF are likely to see stable occupancy, given their high versatility and excellent locations. Also, considering that business companies appear to be increasing the speed at which they execute sales and off-balance transactions for the properties they own amid opaque economic conditions, IIF is expected to see a rise in investment opportunities through its property acquisition activities based on the CRE proposal, an approach in which IIF is strong. As for manufacturing and R&D

facilities, consolidation and overseas transfer of plants in particular have become prominent. Yet vital facilities are likely to be maintained and implemented in Japan as before, and the properties managed by IIF based on long-term lease contracts are expected to see continuous, stable usage given their importance. In the infrastructure facilities segment, sales of properties can be anticipated as moves to separate holding and management are likely to quicken in both the public and private sectors.

ii. Issues to be solved

a) External growth

IIF will continue to demonstrate its strength in proposal-based acquisition activities in the areas of both CRE and PRE (Public Real Estate), where growth potential is apparent, and pursue “stable” property acquisition opportunities that contribute to “improving profitability” and “unrealized gain”. In doing so, IIF will aim to further expand the size of its portfolio.

In the area of CRE, IIF will make the most of being an advanced player in the market with its solid performance, know-how, and the network accumulated thus far in pursuing advantageous property acquisition that resists competition. IIF will simultaneously pursue further potential through innovation, exploit new sectors and advance its proprietary CRE proposal-based business model. Meanwhile, in the field of PRE, IIF will continue to propose solutions to the public sector based on its track record in this area.

IIF will strive to build up prime properties for expanding the portfolio by leveraging its unique strengths as the only listed J-REIT specializing in industrial properties and creating an agile property acquisition structure by collecting property information through its information channels including sponsor companies and using the bridge scheme and other strategies.

b) Internal growth

As of June 30, 2013, the portfolio owned by IIF consisted of 29 properties for a total acquisition price of 163,843 million yen.

The average occupancy rate currently stands at 99.9%. The properties are managed under long-term lease contracts with an average remaining lease period of 10.2 years, and they generate stable cash flows.

IIF will work to maintain the quality of its portfolio and further improve profitability by implementing the required management tasks to maintain and improve the functionality, safety, and pleasantness of the buildings it manages and carry out suitable repair work as necessary. At the same time, IIF will continue to exert efforts in building favorable relationships with lessees based on close, on-going communication in order to maintain and improve the rent level and prevent cancellation.

Furthermore, in order to enhance the value of properties, IIF will make plans to increase floor space and expand the leasable space in properties where extra space is available and formulate renovation plans to improve earnings in the long term.

c) Financial strategy

In consideration of how IIF’s portfolio generates “stable cash flows based on long-term lease contracts,” IIF’s basic strategy in raising funds is to fix liabilities in the long term. In accordance with this policy, IIF will continue to pursue ALM (Asset Liability Management) of matching long-term stable cash flows of properties to long-term fixed-rate borrowings in the next fiscal year and beyond.

IIF will also work to reduce fund-raising costs, lengthen borrowing periods, standardize repayment amounts and diversify repayment dates through effective refinancing of existing loans. Furthermore, IIF will continue to diversify lenders and procurement methods in the aim of

enhancing its fund-raising base.

iii Prospects for results in the next period

IIF expects to record operating revenue of 6,010 million yen, ordinary income of 2,497 million yen, net income of 2,496 million yen and distribution per unit of 15,958 yen for the 13th Period (July 1, 2013 to December 31, 2013). For details of the assumptions made in this forecast, please see “Assumptions for earnings forecast for the 13th Period (July 1, 2013 to December 31, 2013)” below.

Note The forecast mentioned above is calculated at present based on certain assumptions. Actual net income and distribution may fluctuate due to changes in the circumstances. This forecast does not guarantee the amount of distribution.

Assumptions made in the earnings forecast for the 13th Period (July 1, 2013 to December 31, 2013)

Item	Assumptions
Calculation period	13th Period July 1, 2013 to December 31, 2013 (184 days)
Properties owned	The forecast is based on 29 properties IIF owns as of June 30, 2013. It is assumed that there will be no change in properties by the end of December 2013, but in reality, there may be some changes due to acquisition or disposal of other properties.
Interest-bearing debt	Interest-bearing debt as of June 30, 2013 amounted to 89,000 million yen, which consisted of long-term borrowings (including current portion) of 79,000 million yen and investment corporation bond of 10,000 million yen. Interest-bearing debt that reaches its repayment date during the 13th Period amounts to 7,500 million yen, and IIF plans to refinance the same amount.
Operating revenue	In the 13th Period, it is assumed that there will be no back rent or nonpayment by tenants based on the assumptions made for “Properties owned” above.
Operating expense	Property tax, urban planning tax and depreciable property tax of approximately 439 million yen and a repair cost of approximately 54 million yen are assumed. Depreciation expense (including ancillary expenses, etc.) is calculated by the straight-line method, and its assumed amount is approximately 868 million yen. Outsourcing expense (property management fee and building management commission fee, etc.) is calculated based on past expenses.
Non-operating expense	Interest expense and other borrowing-related expenses of approximately 720 million yen are assumed based on the assumptions made in “Interest-bearing debt” above. The amortization expense for the issuance cost of new investment units are expected to be approximately 73 million yen.
Issuance of investment units	The forecast is based on the total outstanding investment units of 156,432 as of June 30, 2013.
Distribution per unit	It is assumed that the entire unappropriated retained earnings for the current period excluding fractions (distribution per unit = amounts less than one yen) will be distributed.
Distribution of excess profit per unit	There is no plan at present to distribute excess profit (distribution of excess profit per unit).

3. Financial information

(1) Balance sheets

	As of		Increase	
	December 31, 2012	June 30, 2013	(Decrease)	
	Thousands of yen	Thousands of yen	Thousands of yen	Period-on-period change (%)
ASSETS				
Current assets:				
Cash and bank deposits	3,576,695	6,293,712	2,717,016	
Cash and bank deposits in trust	2,007,206	2,442,343	435,136	
Rental receivables	47,738	118,019	70,280	
Prepaid expenses	430,234	729,888	299,653	
Deferred tax assets	17	17	(0)	
Consumption taxes refundable	—	248,159	248,159	
Other	117	43	(73)	
Total current assets	6,062,010	9,832,184	3,770,173	62.2
Noncurrent assets:				
Property, plant and equipment:				
Buildings, at cost	27,928,911	29,354,796	1,425,884	
Less: Accumulated depreciation	(2,580,224)	(2,877,691)	(297,466)	
Buildings, net	25,348,686	26,477,104	1,128,418	
Structures, at cost	26,882	26,882	0	
Less: Accumulated depreciation	(981)	(1,427)	(445)	
Structures, net	25,901	25,455	(445)	
Machinery and equipment, at cost	10,881	10,881	—	
Less: Accumulated depreciation	(302)	(2,120)	(1,817)	
Machinery and equipment, net	10,578	8,761	(1,817)	
Tools, furniture and fixtures, at cost	521	1,919	1,398	
Less: Accumulated depreciation	(36)	(70)	(33)	
Tools, furniture and fixtures, net	485	1,849	1,364	
Land	9,444,626	12,877,530	3,432,904	
Construction in progress	34,598	33,979	(618)	
Buildings in trust, at cost	36,403,179	41,711,426	5,308,246	
Less: Accumulated depreciation	(3,322,977)	(3,844,437)	(521,459)	
Buildings in trust, net	33,080,202	37,866,989	4,786,787	
Structures in trust, at cost	378,387	378,387	0	
Less: Accumulated depreciation	(212,869)	(233,961)	(21,092)	
Structures in trust, net	165,518	144,425	(21,092)	
Tools, furniture and fixtures in trust, at cost	3,663	6,515	2,852	
Less: Accumulated depreciation	(1,813)	(2,077)	(264)	
Tools, furniture and fixtures in trust, net	1,849	4,437	2,587	
Land in trust	59,517,963	66,704,757	7,186,794	
Construction in progress in trust	—	73,973	73,973	
Total net property, plant and equipment	127,630,409	144,219,265	16,588,856	13.0
Intangible assets:				
Leasehold right (Note 1)	19,833,966	19,833,966	—	
Other	290	437	147	
Total intangible assets	19,834,256	19,834,403	147	0.0
Investments and other assets:				
Lease and guarantee deposits	10,000	10,000	—	
Long-term prepaid expenses	755,880	956,989	201,108	
Total investments and other assets	765,880	966,989	201,108	26.3
Total noncurrent assets	148,230,546	165,020,659	16,790,112	11.3
Deferred assets:				
Investment unit issuance costs	152,181	290,878	138,696	
Investment corporation bonds issuance costs	57,758	52,902	(4,855)	
Total deferred assets	209,940	343,781	133,841	63.8
TOTAL ASSETS	154,502,497	175,196,624	20,694,127	13.4

The accompanying notes in sections (6), (7) and (8) below are an integral part of these statements.

	As of		Increase	
	December 31, 2012	June 30, 2013	(Decrease)	
	Thousands of yen	Thousands of yen	Thousands of yen	Period-on-period change (%)
LIABILITIES				
Current liabilities:				
Operating accounts payable	319,245	326,782	7,536	
Current portion of long-term loans payable	15,000,000	7,500,000	(7,500,000)	
Accounts payable – other	355,417	364,438	9,021	
Accrued expenses	17,677	15,752	(1,925)	
Income taxes payable	849	818	(30)	
Accrued consumption taxes	156,490	—	(156,490)	
Advances received	933,629	1,373,413	439,783	
Other	7,169	69,190	62,020	
Total current liabilities	16,790,479	9,650,395	(7,140,083)	(42.5)
Noncurrent liabilities:				
Investment corporation bonds – unsecured	10,000,000	10,000,000	—	
Long-term loans payable	55,000,000	71,500,000	16,500,000	
Tenant leasehold and security deposits	1,794,376	1,872,834	78,458	
Tenant leasehold and security deposits in trust	6,939,012	7,222,898	283,886	
Derivatives liabilities	—	23,754	23,754	
Other	73,856	65,781	(8,074)	
Total noncurrent liabilities	73,807,244	90,685,269	16,878,025	22.9
TOTAL LIABILITIES	90,597,723	100,335,665	9,737,941	10.7
NET ASSETS				
Unitholders' equity:				
Unitholders' capital	61,881,445	72,437,583	10,556,138	17.1
Surplus:				
Retained earnings	2,023,328	2,447,131	423,802	
Total surplus	2,023,328	2,447,131	423,802	20.9
Total unitholders' equity	63,904,773	74,884,714	10,979,940	17.2
Valuation and translation adjustments:				
Deferred gains or (losses) on hedges	—	(23,754)	(23,754)	
Total valuation and translation adjustments	—	(23,754)	(23,754)	—
TOTAL NET ASSETS (Note 2)	63,904,773	74,860,959	10,956,185	17.1
TOTAL LIABILITIES AND NET ASSETS	154,502,497	175,196,624	20,694,127	13.4

The accompanying notes in sections (6), (7) and (8) below are an integral part of these statements.

(2) Statements of income and retained earnings

	For the six months ended		Increase (Decrease)	
	December 31, 2012	June 30, 2013		
	Thousands of yen	Thousands of yen	Thousands of yen	Period-on-period change (%)
Operating revenue				
Rent revenue—real estate (Note 3)	5,037,277	5,791,586	754,308	
Total operating revenue	5,037,277	5,791,586	754,308	15.0
Operating expenses				
Expenses related to property rental business (Note 3)	1,626,655	1,934,410	307,755	
Asset management fees	467,975	511,779	43,804	
Directors' compensations	5,820	5,820	—	
Asset custody fees	5,591	5,922	331	
Administrative service fees	26,597	27,898	1,301	
Other	69,857	70,389	532	
Total operating expenses	2,202,496	2,556,220	353,724	16.1
Operating income	2,834,781	3,235,365	400,584	14.1
Non-operating income				
Interest income	605	687	82	
Interest on refund	896	—	(896)	
Other	897	856	(40)	
Total non-operating income	2,399	1,544	(855)	(35.6)
Non-operating expenses				
Interest expenses	521,436	498,917	(22,518)	
Interest expenses on investment corporation bonds	1,073	48,731	47,657	
Amortization of investment corporation bonds issuance costs	809	4,855	4,046	
Borrowing related expenses	250,797	165,237	(85,560)	
Amortization of investment unit issuance costs	39,214	67,909	28,695	
Other	1,151	3,224	2,072	
Total non-operating expenses	814,483	788,876	(25,606)	(3.1)
Ordinary income	2,022,697	2,448,033	425,336	21.0
Extraordinary income				
Insurance income	1,573	—	(1,573)	
Total extraordinary income	1,573	—	(1,573)	(100.0)
Income before income taxes	2,024,271	2,448,033	423,762	20.9
Income taxes				
Current	970	958	(12)	
Deferred	(0)	0	0	
Total income taxes	969	958	(11)	(1.2)
Net income	2,023,301	2,447,075	423,773	20.9
Retained earnings brought forward	27	56	28	
Unappropriated retained earnings	2,023,328	2,447,131	423,802	

The accompanying notes in sections (6), (7) and (8) below are an integral part of these statements.

(3) Statements of changes in net assets

(Thousands of yen)

For the six months ended December 31, 2012

	Unitholders' equity			Total unitholders' equity	Total net assets
	Unitholders' capital (Note 2)	Retained earnings	Total surplus		
Balance as of June 30, 2012	61,881,445	1,852,994	1,852,994	63,734,439	63,734,439
<u>Changes during the period</u>					
Dividends from surplus	—	(1,852,967)	(1,852,967)	(1,852,967)	(1,852,967)
Net income	—	2,023,301	2,023,301	2,023,301	2,023,301
<u>Total changes during the period</u>	—	170,334	170,334	170,334	170,334
Balance as of December 31, 2012	61,881,445	2,023,328	2,023,328	63,904,773	63,904,773

For the six months ended June 30, 2013

				Valuation and translation adjustments			
	Unitholders' equity				Total valuation and translation adjustments		
		Surplus					
	Unitholders' capital (Note 2)	Retained earnings	Total surplus	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
Balance as of December 31, 2012	61,881,445	2,023,328	2,023,328	63,904,773	—	—	63,904,773
<u>Changes during the period</u>							
Issuance of new investment units	10,556,138	—	—	10,556,138	—	—	10,556,138
Dividends from surplus	—	(2,023,272)	(2,023,272)	(2,023,272)	—	—	(2,023,272)
Net income	—	2,447,075	2,447,075	2,447,075	—	—	2,447,075
Net changes of items other than unitholders' equity	—	—	—	—	(23,754)	(23,754)	(23,754)
<u>Total changes during the period</u>	10,556,138	423,802	423,802	10,979,940	(23,754)	(23,754)	10,956,185
Balance as of June 30, 2013	72,437,583	2,447,131	2,447,131	74,884,714	(23,754)	(23,754)	74,860,959

The accompanying notes in sections (6), (7) and (8) below are an integral part of these statements.

(4) Statements of cash distributions

(Yen)

	For the six months ended	
	December 31, 2012	June 30, 2013
Unappropriated retained earnings	2,023,328,674	2,447,131,283
Cash distribution declared	2,023,272,584	2,447,065,776
(Cash distribution declared per unit)	(14,387)	(15,643)
Retained earnings carried forward	56,090	65,507

Note:

In accordance with the distribution policy in Article 25, Paragraph 1, Item 2 of the Investment Corporation'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, cash distributions declared for the six months ended December 31, 2012 and June 30, 2013 were ¥2,023,272,584 and ¥2,447,065,776, respectively, which were all of retained earnings at the end of each period except for fractional distribution per unit less than one yen. The Investment Corporation generally does not make distribution in excess of profit prescribed in the article of incorporation 25, Paragraph 2.

(5) Statements of cash flows

	For the six months ended		(Thousands of yen)
	December 31, 2012	June 30, 2013	Increase (Decrease)
Net cash provided by (used in) operating activities:			
Income before income taxes	2,024,271	2,448,033	423,762
Depreciation and amortization	764,399	842,578	78,178
Amortization of investment corporation bonds issuance costs	809	4,855	4,046
Amortization of investment unit issuance costs	39,214	67,909	28,695
Interest income	(605)	(687)	(82)
Interest expenses	522,510	547,649	25,138
Insurance income	(1,573)	—	1,573
Changes in assets and liabilities:			
Increase in operating accounts receivable	(11,218)	(70,280)	(59,061)
Decrease (increase) in consumption taxes refundable	736,879	(242,209)	(979,089)
Decrease (increase) in prepaid expenses	364,344	(299,653)	(663,998)
Decrease (increase) in long-term prepaid expenses	84,137	(201,108)	(285,246)
Increase in operating accounts payable	11,519	75,445	63,925
Increase in accounts payable - other	12,744	31,566	18,821
Increase (decrease) in accrued expenses	91	(43)	(135)
Increase (decrease) in accrued consumption taxes	167,201	(167,201)	(334,403)
Increase (decrease) in advances received	(316,677)	439,783	756,460
Decrease in other noncurrent liabilities	(8,119)	(8,074)	44
Other, net	(339,230)	43,826	383,057
Subtotal	4,050,700	3,512,389	(538,311)
Interest income received	605	687	82
Interest expenses paid	(516,919)	(549,532)	(32,612)
Insurance income received	8,614	—	(8,614)
Income taxes paid	(1,032)	(988)	43
Net cash provided by operating activities	3,541,968	2,962,556	(579,412)
Net cash provided by (used in) investing activities:			
Purchases of property, plant and equipment	(1,971,572)	(4,939,864)	(2,968,291)
Purchases of property, plant and equipment in trust	(219,221)	(12,572,962)	(12,353,740)
Purchases of intangible assets	—	(286)	(286)
Proceeds from tenant leasehold and security deposits	48,000	78,458	30,458
Payments of tenant leasehold and security deposits	(228,203)	—	228,203
Proceeds from tenant leasehold and security deposits in trust	—	340,914	340,914
Payments of tenant leasehold and security deposits in trust	(12,499)	(38,566)	(26,067)
Net cash used in investing activities	(2,383,496)	(17,132,306)	(14,748,809)
Net cash provided by (used in) financing activities:			
Proceeds from long-term loans payable	3,900,000	16,500,000	12,600,000
Repayments of long-term loans payable	(13,900,000)	(7,500,000)	6,400,000
Proceeds from issuance of investment corporation bonds	10,000,000	—	(10,000,000)
Payments of investment corporation bonds issuance costs	(54,318)	(4,249)	50,069
Proceeds from issuance of investment units	—	10,556,138	10,556,138
Payments for investment unit issuance expenses	—	(206,552)	(206,552)
Dividends paid	(1,852,323)	(2,023,432)	(171,108)
Net cash provided by (used in) financing activities	(1,906,642)	17,321,903	19,228,546
Net change in cash and cash equivalents	(748,170)	3,152,153	3,900,324
Cash and cash equivalents at beginning of period	6,332,072	5,583,902	(748,170)
Cash and cash equivalents at end of period (Note 4)	5,583,902	8,736,055	3,152,153

The accompanying notes in sections (6), (7) and (8) below are an integral part of these statements.

(6) Note relating to going concern assumption

Nothing to be noted.

(7) Summary of significant accounting policies

(a) 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:

Buildings	13-63 years
Structures.....	7-20 years
Machinery and equipment	3 years
Tools, furniture and fixtures	6-15 years

(b) Other intangible assets

Other intangible assets are amortized on a straight-line basis.

(c) Long-term prepaid expenses

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

(d) Investment unit issuance costs

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

(e) Investment corporation bonds issuance costs

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

(f) 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 accounting principles and practices generally accepted in Japan ("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 ¥6,255 thousand and ¥222,974 thousand for the six months ended December 31, 2012 and June 30, 2013, respectively.

(g) Hedge accounting

In accordance with the Investment Corporation's risk management policy and its internal rules, the Investment Corporation uses derivative instruments for the purpose of hedging risks that are prescribed in the Investment Corporation's articles of incorporation. The Investment Corporation hedges fluctuations in interest rates of loans payable through the use of interest rate swaps as hedging instruments and deferred hedge accounting is generally used for such interest rate swaps. The hedge effectiveness of the interest rate swaps is assessed by comparing the cumulative changes in the cash flows of the hedging instruments and the hedged items.

The Investment Corporation applies, however, the special treatment provided under Japanese GAAP for the interest rate swaps which qualify for hedge accounting and meet specific criteria, under which only the interest received or paid under such swap contracts can be recognized and added to or reduced from any interest earned or incurred on the hedged asset or liability as appropriate, and the fair value of the interest rate swap is not required to be evaluated separately. The assessment of hedge effectiveness is not performed when the interest rate swaps meet the specific criteria required for such special treatment.

(h) 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.

(i) Accounting treatment of trust beneficiary interests in real estate trusts

For the trust beneficiary interests in real estate trusts, which are commonly utilized to obtain ownership in investment properties in Japan and through which the Investment Corporation 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 Investment Corporation 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 Investment Corporation.

(j) 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.

(8) Notes to financial information

Note 1 – Leasehold right

Leasehold right is 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.

Note 2 – Unitholders' equity

(1) Number of units

	As of	
	December 31, 2012	June 30, 2013
Authorized	4,000,000 units	4,000,000 units
Issued and outstanding	140,632 units	156,432 units

(2) The Investment Corporation is required to maintain net assets of at least ¥50,000 thousand as required by Article 67-4 of the Act on Investment Trusts and Investment Corporations of Japan.

Note 3 – Rent revenue—real estate and expenses related to property rental business

Rent revenue—real estate and expenses related to property rental business for the six months ended December 31, 2012 and June 30, 2013 consist of the following:

	(Thousands of yen)	
	For the six months ended	
	December 31, 2012	June 30, 2013
Rent revenue—real estate:		
Rental and parking revenue	4,908,070	5,554,478
Common area charges	116,722	218,725
Other	12,484	18,382
Total rent revenue—real estate	5,037,277	5,791,586
Expenses related to property rental business:		
Property management fees	18,437	27,123
Facility management fees	46,432	71,949
Utilities	117,831	207,618
Property-related taxes	258,659	358,374
Insurance	13,529	16,421
Repair and maintenance	74,487	77,833
Depreciation	764,399	842,578
Trust fees	9,780	10,588
Leasehold rents	322,709	321,594
Other	387	328
Total expenses related to property rental business	1,626,655	1,934,410
Operating income from property leasing activities	3,410,622	3,857,176

Note 4 – Cash and cash equivalents

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

	As of	
	December 31, 2012	June 30, 2013
Cash and bank deposits	3,576,695	6,293,712
Cash and bank deposits in trust	2,007,206	2,442,343
Cash and cash equivalents	5,583,902	8,736,055

(Thousands of yen)

Note 5 – Lease rental revenues

The Investment Corporation leases its properties mainly to corporate tenants. Future minimum rental revenues pursuant to existing rental contracts as of December 31, 2012 and June 30, 2013 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

	As of	
	December 31, 2012	June 30, 2013
Due within one year	8,650,667	10,401,845
Due after one year	70,700,099	74,800,742
Total	79,350,766	85,202,587

(Thousands of yen)

Note 6 – Financial instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

The Investment Corporation raises funds through loans payable, the issuance of investment corporation bonds or investment units for the acquisition of real estate properties, expenditures on property maintenance and/or repayment of existing debt. Surplus funds are managed carefully through investment 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 bonds are mainly used to acquire real estate properties or properties in trust, and for the repayment of existing loans payable or investment corporation bonds. 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 Investment Corporation. In addition, a certain portion of loans payable with floating interest rates is hedged by derivative instruments (interest rate swaps) as hedging instruments. The hedge effectiveness of the interest rate swaps is assessed by comparing the cumulative changes in the cash flows of the hedging instruments and the hedged items. When the interest rate swaps meet specific criteria required for the special treatment provided under Japanese GAAP, the assessment of hedge effectiveness is not performed. The Investment Corporation 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 December 31, 2012 and June 30, 2013.

(Thousands of yen)

	As of					
	December 31, 2012			June 30, 2013		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and bank deposits	3,576,695	3,576,695	—	6,293,712	6,293,712	—
(2) Cash and bank deposits in trust	2,007,206	2,007,206	—	2,442,343	2,442,343	—
Total assets	5,583,902	5,583,902	—	8,736,055	8,736,055	—
(1) Current portion of long-term loans payable	15,000,000	15,000,000	—	7,500,000	7,500,000	—
(2) Investment corporation bonds—unsecured	10,000,000	9,915,950	(84,050)	10,000,000	9,954,100	(45,900)
(3) Long-term loans payable	55,000,000	56,483,303	1,483,303	71,500,000	73,242,448	1,742,448
(4) Tenant leasehold and security deposits	—	—	—	48,000	47,882	(117)
(5) Tenant leasehold and security deposits in trust	1,026,400	911,226	(115,173)	987,923	886,681	(101,242)
Total liabilities	81,026,400	82,310,479	1,284,079	90,035,923	91,631,112	1,595,189
Derivatives (derivatives liabilities), net	—	—	—	(23,754)	(23,754)	—

Note (i): The methods and assumption 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) Current portion of long-term loans payable and (3) Long-term loans payable

Long-term loans payable with floating interest rates reflecting changes in market rates 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.

(2) Investment corporation bonds—unsecured

The fair value is the quoted price provided by financial market information provider.

(4) Tenant leasehold and security deposits and (5) 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

Please refer to “Note 7 - Derivative instruments.”

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

(Thousands of yen)

	As of	
	December 31, 2012	June 30, 2013
Tenant leasehold and security deposits	1,794,376	1,824,834
Tenant leasehold and security deposits in trust	5,912,612	6,234,975
Total	7,706,988	8,059,810

Tenant lease hold 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 flows schedule of financial assets after the balance sheet date

(Thousands of yen)						
As of December 31, 2012	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	3,576,695	-	-	-	-	-
Cash and bank deposits in trust	2,007,206	-	-	-	-	-
Total	5,583,902	-	-	-	-	-

(Thousands of yen)						
As of June 30, 2013	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	6,293,712	-	-	-	-	-
Cash and bank deposits in trust	2,442,343	-	-	-	-	-
Total	8,736,055	-	-	-	-	-

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

(Thousands of yen)						
As of December 31, 2012	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Investment corporation bonds—unsecured	-	-	-	5,000,000	-	5,000,000
Long-term loans payable	15,000,000	4,000,000	-	2,000,000	20,600,000	28,400,000
Total	15,000,000	4,000,000	-	7,000,000	20,600,000	33,400,000

(Thousands of yen)						
As of June 30, 2013	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Investment corporation bonds—unsecured	-	-	-	5,000,000	-	5,000,000
Long-term loans payable	7,500,000	4,000,000	-	11,000,000	25,100,000	31,400,000
Total	7,500,000	4,000,000	-	16,000,000	25,100,000	36,400,000

Note 7 – Derivative instruments

Derivative instruments are used only for hedging purpose and are subject to hedge accounting as following tables show.

As of December 31, 2012

(Thousands of yen)						
Method of hedge accounting	Derivative instruments	Hedged item	Notional contract amount of derivative instruments		Fair value	Method used to estimate fair value
				Over 1 year		
Special treatment for hedge accounting of interest rate swaps (Note (i))	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term loans payable	42,000,000	42,000,000	Note (i)	-

As of June 30, 2013

(Thousands of yen)						
Method of hedge accounting	Derivative instruments	Hedged item	Notional contract amount of derivative instruments		Fair value	Method used to estimate fair value
				Over 1 year		
Deferred hedge accounting (Note (ii))	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term loans payable	5,500,000	5,500,000	(23,754)	Note (iii)
Special treatment for hedge accounting of interest rate swaps (Note (i))	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term loans payable	48,500,000	48,500,000	Note (i)	-

Note:

- (i) As disclosed in “(7) Summary of significant accounting policies (g) Hedge accounting”, the Investment Corporation applies the special treatment provided under Japanese GAAP for the interest rate swaps which qualify for hedge accounting and meet specific criteria, under which only the interest received or paid under swap contracts, and not the fair value of the derivative, can be determined separately from the hedged asset or liability. Consequently, the fair value of the interest rate swaps as the hedging instrument and the long-term loans payable as the hedged item is calculated together as one and disclosed as such under Note (i) in “Note 6 - Financial instruments (b) Quantitative information for financial instruments”.
- (ii) The interest rate swaps contracts totaling of ¥5,500,000 thousand in notional amounts entered into on June 26, 2013 are designated as hedging instruments for specific long-term loans payable funded on June 28, 2013. The contract terms of the interest rate swaps are from December 31, 2013 to each maturity due date of the hedged long-term loans payable.
- (iii) The fair value is estimated by the counterparty to the interest rate swaps contracts using market interest rates and other assumptions.

Note 8 – Related-party transactions

There were no related-party transactions to be disclosed for the six months ended December 31, 2012 and June 30, 2013.

Note 9 – Income taxes

Deferred tax assets consist of the following:

	(Thousands of yen)	
	As of	
	December 31, 2012	June 30, 2013
Deferred tax assets, current:		
Enterprise tax payable	17	17
Total	17	17
Net deferred tax assets, current	17	17
Deferred tax assets, noncurrent:		
Deferred gains or (losses) on hedges	—	8,114
Subtotal	—	8,114
Valuation allowance	—	(8,114)
Total	—	—
Net deferred tax assets, noncurrent	—	—

A reconciliation of the Investment Corporation's effective tax rates and statutory tax rate is as follows:

	For the six months ended	
	December 31, 2012	June 30, 2013
Statutory tax rate	36.59%	36.59%
Deductible cash distributions	(36.57)	(36.58)
Other	0.03	0.03
Effective tax rates	0.05%	0.04%

Note 10 – Asset retirement obligations

As the Investment Corporation 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 Investment Corporation is obliged to demolish the building and restore the land if the permission is not extended or is revoked. The Investment Corporation, however, expects that, unless exceptional circumstances arise, the permission will continue to be granted until the Investment Corporation voluntarily demolish the property in light of 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 Investment Corporation intends to keep the property for the foreseeable future, it is difficult to determine when the asset retirement obligation may need to be performed, and as such it is impossible to reasonably foresee the amount of the asset retirement obligation. Therefore, the Investment Corporation does not recognize such obligation as a liability.

Note 11 – Fair value of investment and rental property

The Investment Corporation has mainly industrial and infrastructure facilities as investment and rental properties which are located mainly in three major metropolitan areas in Japan. 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 December 31, 2012 and June 30, 2013.

(Thousands of yen)

	As of / For the six months ended	
	December 31, 2012	June 30, 2013
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	145,987,187	147,464,375
Net increase during the period ⁽ⁱⁱ⁾	1,477,187	16,588,856
Balance at the end of the period	147,464,375	164,053,231
Fair value⁽ⁱⁱⁱ⁾	153,620,000	175,289,000

Note:

(i) The net book value includes leasehold right.

(ii) For the six months ended December 31, 2012:

Changes in the net book value are mainly due to the following acquisition offset by depreciation.

		Increase (decrease) in net book value (Thousands of yen)
Acquisition:	IIF Kawaguchi Logistics Center	1,873,982

For the six months ended June 30, 2013:

Changes in the net book value are mainly due to the following acquisitions offset by depreciation.

		Increase (decrease) in net book value (Thousands of yen)
Acquisitions:	IIF Kashiwa Logistics Center	1,882,149
	IIF Kobe Logistics Center	5,440,594
	IIF Kawasaki Science Center(to be developed)	540,593
	IIF Osaka Toyonaka Data Center	5,704,190
	IIF Osaka Nanko IT Solution Center	1,328,034
	IIF Higashi-Osaka Logistics Center	2,373,193

(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 December 31, 2012 and June 30, 2013, please refer to “Note 3 - Rent revenue — real estate and expenses related to property rental business.”

Note 12 – Segment information

Segment information for the six months ended December 31, 2012 and June 30, 2013 is as follows:

(a) Operating segment information

Disclosure is omitted as the Investment Corporation 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

(Thousands of yen)

Name of customer	Revenues for the six months ended December 31, 2012	Relating segment
Japan Airlines Co., Ltd.	1,340,008	Property rental business
Sagawa Express Co., Ltd.	566,285	Property rental business

(Thousands of yen)

Name of customer	Revenues for the six months ended June 30, 2013	Relating segment
Japan Airlines Co., Ltd.	1,338,711	Property rental business

Note 13 – Per unit information

The net asset value per unit as of December 31, 2012 and June 30, 2013 was ¥454,411 and ¥478,552, respectively. Net income per unit for the six months ended December 31, 2012 and June 30, 2013 was ¥14,387 and ¥15,951, respectively.

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 Investment Corporation has no potentially dilutive units.

A basis of calculation of net income per unit is as follows:

(Thousands of yen)

	For the six months ended	
	December 31, 2012	June 30, 2013
Net income	2,023,301	2,447,075
Effect of dilutive unit	-	-
Net income available to common unitholders	2,023,301	2,447,075
Weighted-average number of units outstanding for the period	140,632 units	153,403 units

[Subsequent events]

None

[Omission of disclosure]

Notes relating to investment securities and retirement benefits are omitted as immaterial.

(9) Changes in unit issued and outstanding

The outline of changes in unitholders' capital for the current and previous periods was as follows:

Date	Capital transaction	Number of units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
March 26, 2007	Private placement for incorporation	400	400	200	200	Note 1
October 17, 2007	Public offering	76,000	76,400	35,112	35,312	Note 2
November 19, 2007	Allocation of investment units to a third party	2,635	79,035	1,217	36,529	Note 3
March 8, 2011	Public offering	14,200	93,235	5,556	42,085	Note 4
March 24, 2011	Allocation of investment units to a third party	397	93,632	155	42,241	Note 5
March 5, 2012	Public offering	44,762	138,394	18,705	60,946	Note 6
March 26, 2012	Allocation of investment units to a third party	2,238	140,632	935	61,881	Note 7
February 4, 2013	Public offering	15,424	156,056	10,304	72,186	Note 8
March 5, 2013	Allocation of investment units to a third party	376	156,432	251	72,437	Note 9

Note 1 The Investment Corporation was incorporated through private placement at a price of ¥500,000 per unit.

Note 2 New investment units were issued at a price of ¥480,000 per unit (subscription price of ¥462,000 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 3 New investment units were issued at a price of ¥462,000 per unit through the allocation of investment units to a third-party in order to raise funds for acquiring new real property.

Note 4 New investment units were issued at a price of ¥405,945 per unit (subscription price of ¥391,297 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 5 New investment units were issued at a price of ¥391,297 per unit through the allocation of investment units to a third-party in order to raise funds for acquiring new real property.

Note 6 New investment units were issued at a price of ¥432,135 per unit (subscription price of ¥417,879 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 7 New investment units were issued at a price of ¥417,879 per unit through the allocation of investment units to a third-party in order to raise funds for acquiring new real property.

Note 8 New investment units were issued at a price of ¥692,250 per unit (subscription price of ¥668,110 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 9 New investment units were issued at a price of ¥668,110 per unit through the allocation of investment units to a third-party in order to raise funds for acquiring new real property.

Note 10 All investment units are common investment units.

4. Changes in officers

Changes in officers had been otherwise disclosed under the rule of timely disclosure.

5. Additional information

(1) Composition of assets

Classification of assets	Asset category	Location category (Note 1)	Region	As of December 31, 2012		As of June 30, 2013	
				Total of net book value (Millions of yen)	Composition ratio (Note 2) (%)	Total of net book value (Millions of yen)	Composition ratio (Note 2) (%)
Real property	Logistics facilities or Manufacturing and R&D facilities, etc. (Industrial properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	7,654	5.0	10,043	5.7
			Osaka and Nagoya metropolitan areas	1,142	0.7	3,525	2.0
			Other area	—	—	—	—
		Other	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	—	—	—	—
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	45,901	29.7	45,688	26.1
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	—	—	—	—
		Other	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	—	—	—	—
Trust beneficial interest in real property	Logistics facilities or Manufacturing and R&D facilities, etc. (Industrial properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	68,502	44.3	68,282	39.0
			Osaka and Nagoya metropolitan areas	1,250	0.8	6,649	3.8
			Other area	—	—	—	—
		Other	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	—	—	—	—
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	5,507	3.6	5,472	3.1
			Osaka and Nagoya metropolitan areas	17,504	11.3	24,390	13.9
			Other area	—	—	—	—
		Other	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	—	—	—	—
Sub-total				147,464	95.4	164,053	93.6
Bank deposits and other assets				7,038	4.6	11,143	6.4
Total assets				154,502	100.0	175,196	100.0
Total liabilities				90,597	58.6	100,335	57.3
Total net assets				63,904	41.4	74,860	42.7

Note 1 “Location category” is classified as below.

Location category	Description
Urban and suburban properties	Properties located in Japan's three major urban areas ⁽ⁱ⁾ , cities designated by government ordinance, or similar areas
Industrial-area properties	Generally, properties located in industrial zones ⁽ⁱⁱ⁾ that generate more than ¥1 trillion in manufactured product shipments
Other properties	Properties that do not fall within either of the above categories but have an expected risk/return profile suitable for investment

(i) Japan's three major urban areas are the greater Tokyo, Osaka and Nagoya areas. The greater Tokyo area consists of Tokyo, Kanagawa, Chiba and Saitama prefectures; the greater Osaka area consists of Shiga, Kyoto, Osaka, Hyogo, Nara and Wakayama prefectures; and the greater Nagoya area consists of Aichi, Mie and Gifu prefectures.

(ii) Industrial zones means industrial zones as defined in the Report on Industry Statistics issued by Ministry of Economy, Trade and Industry of Japan.

Note 2 “Composition ratio” is calculated by rounding to the nearest first decimal place.

(2) Outline of portfolio properties

The principal properties (top ten properties in net book value) as of June 30, 2013 were as follows:

Name of property	Net book value (Millions of yen)	Leasable area (Note 1) (m ²)	Leased area (Note 2) (m ²)	Occupancy ratio (Note 3) (%)	Ratio of rental revenue to total rental revenues (Note 3) (%)	Major use
IIF Haneda Airport Maintenance Center	40,490	81,995.81	81,995.81	100.0	23.1	Infrastructure facility
IIF Kobe District Heating and Cooling Center	17,384	11,275.39	11,275.39	100.0	5.7	Infrastructure facility
IIF Shinonome Logistics Center (Note 4)	13,351	27,493.29	27,493.29	100.0	6.9	Logistics facility
IIF Mitaka Card Center	9,299	21,615.01	21,615.01	100.0	6.3	Manufacturing and R&D facility, etc.
IIF Shinonome R&D Center (Note 5)	8,861	17,045.30	17,045.30	100.0	—	Manufacturing and R&D facility, etc.
IIF Kamata R&D Center (Note 5)	7,531	21,896.56	21,896.56	100.0	—	Manufacturing and R&D facility, etc.
IIF Noda Logistics Center	5,895	38,828.10	38,828.10	100.0	4.2	Logistics facility
IIF Osaka Toyonaka Data Center (Note 5)	5,686	20,027.14	20,027.14	100.0	—	Infrastructure facility
IIF Zama IT Solution Center (Note 5)	5,472	10,931.89	10,931.89	100.0	—	Infrastructure facility
IIF Kobe Logistics Center (Note 5)	5,410	39,567.74	39,567.74	100.0	—	Logistics facility
Total	119,382	290,676.23	290,676.23	100.0	71.6	

Note 1 “Leasable area” means the leasable area of the building or land of each property indicated in the lease agreement.

Note 2 “Leased area” means the leased area of the building or land of each property indicated in the lease agreement.

Note 3 “Occupancy ratio” (percentage of leased area against the leasable area at the end of accounting period) and “Ratio of rental revenue to total rental revenues” are calculated by rounding to the nearest first decimal place.

Note 4 The Investment Corporation owns 53% of the trust beneficial interest in the property. The leasable area and leased area of the property show 53% of the total leasable area or leased area as the share of quasi-co-ownership.

Note 5 “Ratio of rental revenue to total rental revenues” of the properties are not disclosed because the consent from the tenants has not been obtained.

The details of logistics facilities, manufacturing and R&D facilities, etc. or infrastructure facilities held by the Investment Corporation as of June 30, 2013 were as follows:

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Shinonome Logistics Center (Note 4)	13-32, Shinonome 2-chome, Koto-ku, Tokyo	Trust beneficial interest	27,493.29	14,800	13,351
IIF Noda Logistics Center	340-13, Aza Tamedai, Nishi-sangao, Noda-shi, Chiba, etc.	Trust beneficial interest	38,828.10	7,270	5,895
IIF Shinsuna Logistics Center	5-15, Shinsuna 3-chome, Koto-ku, Tokyo	Trust beneficial interest	5,741.75	6,280	5,283
IIF Atsugi Logistics Center	19, Aza Ikoda, Hase 6-chome, Atsugi-shi, Kanagawa	Trust beneficial interest	10,959.68	1,960	1,831
IIF Koshigaya Logistics Center	1-1, Ryutsudanchi 4-chome, Koshigaya-shi, Saitama	Trust beneficial interest	10,113.50	2,370	1,928
IIF Nishinomiya Logistics Center	2, Nishinomiyahama 1-chome, Nishinomiya-shi, Hyogo	Trust beneficial interest	10,608.00	1,620	1,238
IIF Narashino Logistics Center (land with leasehold interest)	34-9, Akanehama 3-chome, Narashino-shi, Chiba	Real property	19,834.71	2,160	1,223
IIF Narashino Logistics Center II (land with leasehold interest)	34-1, Akanehama 3-chome, Narashino-shi, Chiba	Trust beneficial interest	58,070.00	4,180	3,435
IIF Atsugi Logistics Center II	602-9, Aza Kitaya, Funako, Atsugi-shi, Kanagawa	Real property	20,661.13	3,420	3,358
IIF Yokohama Tsuzuki Logistics Center	747-1, Aza Minamikochi, Kawamukou-cho, Tsuzuki-ku Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	9,464.03	2,780	2,396
IIF Saitama Logistics Center	398-3, Yoshino-cho 1-chome, Kita-ku, Saitama-shi, Saitama, etc.	Trust beneficial interest	8,995.00	1,790	1,541
IIF Nagoya Logistics Center	27, Yanagida-cho 2-chome, Nakagawa-ku, Nagoya-shi, Aichi, etc.	Real property	8,721.01	1,160	1,155
IIF Atsugi Logistics Center III	3007-7, Kamiechi Aza Uenohara, Atsugi-shi, Kanagawa	Trust beneficial interest	16,584.64	2,640	2,372
IIF Kawaguchi Logistics Center	4829 Midori-cho, Kawaguchi-shi, Saitama, etc.	Real property	11,705.02	2,880	1,866
IIF Kobe Logistics Center	2-10, Maya-futo, Nada-ku, Kobe-shi, Hyogo, etc.	Trust beneficial interest	39,567.74	5,930	5,410
IIF Higashi-Osaka Logistics Center	701-2, Wakae-higashi-machi 6-chome, Higashi Osaka-shi, Osaka, etc.	Real property	20,461.73	2,660	2,370
IIF Kashiwa Logistics Center	1027-1, Aza Miyagohara, Wasinoya, Kashiwa-shi, Chiba, etc.	Real property	17,373.53	2,360	1,875
IIF Totsuka Technology Center (land with leasehold interest)	334-1, Aza Uchikune, Nase-cho, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	31,442.47	4,830	4,553
IIF Yokohama Tsuzuki Technology Center	25-2, Kitayamada 4-chome, Tsuzuki-ku, Yokohama-shi, Kanagawa	Real property	4,655.48	1,250	1,178
IIF Mitaka Card Center	444-2, Shimo-Renjaku 7-chome, Mitaka-shi, Tokyo, etc.	Trust beneficial interest	21,615.01	9,310	9,299
IIF Shinonome R&D Center	14-5, Shinonome 1-chome, Koto-ku, Tokyo	Trust beneficial interest	17,045.30	10,900	8,861

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Kamata R&D Center	31-1, Minami-Kamata 2-chome, Ota-ku, Tokyo	Trust beneficial interest	21,896.56	7,630	7,531
IIF Kawasaki Science Center (to be developed)	2-2, land re-adjustment area 2, Tono-machi 3-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa	Real property	2,941.80	809	541
IIF Kobe District Heating and Cooling Center	8-2, Higashikawasaki-cho 1-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	11,275.39	14,700	17,384
IIF Haneda Airport Maintenance Center	5-1 and 2, Haneda Airport 3-chome, Ota-ku, Tokyo	Real property	81,995.81	39,500	40,490
IIF Zama IT Solution Center	5505-7, Higashihara 5-chome, Zama-shi, Kanagawa	Trust beneficial interest	10,931.89	5,540	5,472
IIF Shinagawa Data Center	521-1, Futaba 2-chome, Shinagawa-ku, Tokyo, etc.	Real property	19,547.11	6,460	5,198
IIF Osaka Toyonaka Data Center	1-38, Shin-senri-nishi-machi 1-chome, Toyonaka-shi, Osaka	Trust beneficial interest	20,027.14	6,030	5,686
IIF Osaka Nanko IT Solution Center	21, Nanko-kita 1-chome, Suminoe-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	18,435.93	2,070	1,320
Total			596,992.75	175,289	164,053

Note 1 “Location” means the residence indication or the location indicated in the land registry book. The location of IIF Kawasaki Science Center(to be developed) shows, however, the provisional replotting land location indicated in a certification.

Note 2 “Leasable area” means the leasable area of the building or land of each property indicated in the lease agreement, except for IIF Shinsuna Logistics Center of which leasable area shows a total area of the building indicated in the registry book.

Note 3 “Appraisal value at end of period” shows the value appraised by the real estate appraiser in accordance with the methods and standard of assets valuation as stipulated in the Articles of Incorporation of the Investment Corporation as well as the regulations as stipulated by The Investment Trusts Association, Japan.

Note 4 The Investment Corporation owns 53% of the trust beneficial interest in the property. The leasable area of the property shows 53% of the total leasable area as the share of quasi-co-ownership.

Operating results of each property for the six months ended December 31, 2012 and June 30, 2013 were as follows:

Name of property	For the six months ended							
	December 31, 2012				June 30, 2013			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)
IIF Shinonome Logistics Center	1	100.0	397	7.9	1	100.0	397	6.9
IIF Noda Logistics Center	2	100.0	245	4.9	2	100.0	245	4.2
IIF Shinsuna Logistics Center	1	100.0	168	3.3	1	100.0	168	2.9
IIF Atsugi Logistics Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Koshigaya Logistics Center	1	100.0	75	1.5	1	100.0	75	1.3
IIF Nishinomiya Logistics Center	1	100.0	59	1.2	1	100.0	60	1.0
IIF Narashino Logistics Center (land with leasehold interest) (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Narashino Logistics Center II (land with leasehold interest)	1	100.0	117	2.3	1	100.0	115	2.0
IIF Atsugi Logistics Center II (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Yokohama Tsuzuki Logistics Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Saitama Logistics Center	1	100.0	66	1.3	1	100.0	66	1.1
IIF Nagoya Logistics Center	1	100.0	48	1.0	1	100.0	48	0.8
IIF Atsugi Logistics Center III (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Kawaguchi Logistics Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Kobe Logistics Center (Note 3)	—	—	—	—	1	100.0	—	—
IIF Higashi-Osaka Logistics Center (Note 3)	—	—	—	—	2	96.2	—	—
IIF Kashiwa Logistics Center (Note 3)	—	—	—	—	1	100.0	—	—
IIF Totsuka Technology Center (land with leasehold interest)	1	100.0	154	3.1	1	100.0	154	2.7
IIF Yokohama Tsuzuki Technology Center	1	100.0	57	1.1	1	100.0	57	1.0
IIF Mitaka Card Center	1	100.0	364	7.2	1	100.0	364	6.3

Name of property	For the six months ended							
	December 31, 2012				June 30, 2013			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)
IIF Shinonome R&D Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Kamata R&D Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Kawasaki Science Center (to be developed) (Note 3)	—	—	—	—	1	100.0	—	—
IIF Kobe District Heating and Cooling Center	1	100.0	330	6.6	1	100.0	330	5.7
IIF Haneda Airport Maintenance Center	1	100.0	1,340	26.6	1	100.0	1,339	23.1
IIF Zama IT Solution Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Shinagawa Data Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Osaka Toyonaka Data Center (Note 3)	—	—	—	—	1	100.0	—	—
IIF Osaka Nanko IT Solution Center (Note 3)	—	—	—	—	1	100.0	—	—
Total (Note 4)	24	100.0	5,037	100.0	31	99.9	5,791	100.0

Note 1 “Number of tenants” shows the number of lessee for the properties. The total column of “Number of tenants” shows the simple sum for the number of lessee.

Note 2 “Occupancy ratio” (percentage of leased area against the leasable area at the end of accounting period) and “Ratio of rental revenue to total rental revenues” are calculated by rounding to the nearest first decimal place.

Note 3 “Ratio of rental revenue to total rental revenues” of the properties are not disclosed because the consent from the tenants has not been obtained.

Note 4 The total column of “Occupancy ratio” shows percentage of total leased area against total leasable area at the end of accounting period. Figures are rounded to the nearest first decimal place.