

**Industrial & Infrastructure Fund Investment Corporation**

**16<sup>th</sup> Asset Management Report**

**(Semi-Annual Report)**

**January 1, 2015 – June 30, 2015**

Industrial & Infrastructure Fund Investment Corporation (IIF) invests in social infrastructure as a source of power for the Japanese economy and supports Japan's industrial activities from the perspective of real estate.

Industrial & Infrastructure Fund Investment Corporation (IIF) was established in March 2007 as the only J-REIT specializing in industrial properties and became listed on the REIT securities market of the Tokyo Stock Exchange (securities code: 3249) in October 2007.

IIF aims to **continuously expand unitholder value** by securing **a stable profit** and achieving steady growth of the properties under management. It aims to achieve this by investing in logistics facilities, manufacturing and research and development (R&D) facilities, and infrastructure facilities which play a vital role in various industrial activities and are expected to be utilized stably in the medium and long term (hereinafter collectively referred to as “industrial properties”).

#### **Mitsubishi Corp. – UBS Realty Inc.**

IIF has signed an asset management agreement with Mitsubishi Corp. – UBS Realty Inc. (hereinafter referred to as the “Asset Manager”) and consigned the asset management business based on its articles of incorporation and investment policy.

The Asset Manager is sponsored by Mitsubishi Corporation, one of the largest general trading companies in Japan, and UBS A.G., the world's leading financial group. It manages IIF's portfolio with the aim of securing a stable profit and achieving steady growth of the properties under management in the medium and long term.

The word “産” *san* (meaning “industry” in Japanese) on the cover of this report is a keyword for IIF. It also indicates industrial properties, which IIF invests in and manages. “産” *san* also means “to produce” and “to establish” and symbolizes IIF's principle of aiming to support Japan's industrial activities from the perspective of real estate and the pioneer spirit of establishing a new J-REIT sector.

# Greetings

I would like to take this opportunity to express my sincere gratitude to all investors for your ongoing support. This report provides an update on IIF's performance for the fiscal period ended June 30, 2015 (the 16<sup>th</sup> Period).

With regard to external growth, IIF acquired six new properties at a total acquisition price of 21.7 billion yen, which was financed through 11.3 billion yen raised in a public offering that was conducted for the fifth consecutive year, and 11.8 billion yen in borrowings. As a result, assets reached a value of 203.8 billion yen in acquisition price by the end of the 16<sup>th</sup> Period.

As for the internal growth, IIF conducted tenant replacement at IIF Morioka Logistics Center in accordance with the shipper's decision of changing its 3PL operator, securing long-term stability of income stream through optimal rent without having any period of vacancy. In addition, operation of mega solar power generation system started at IIF Kobe Logistics Center with the cooperation of the tenant and its consignor. IIF will continue to endeavor to enhance asset value while fulfilling its social responsibilities by working on environmental initiatives and the reduction of its environmental impact.

Finally, with respect to finance strategy, in order to align with the long-term stability of its assets, based on the ALM (Asset Liability Management) strategy, IIF is working to lengthen the borrowing period and diversify lenders and debt maturities, while focusing on long-term fixed interest rate borrowings as it increases the amount of commitment line facility for enhanced stability of the financial base.

As a result of the above measures, distribution per unit increased by 4.0%\* to 8,796 yen from the previous period. The increase in distribution per unit has been continuing for nine consecutive periods from the 8<sup>th</sup> fiscal period and we expect to achieve further growth in the 17<sup>th</sup> fiscal period.

IIF will continue to aim for maximization of unitholder value by securing stable profits and by enhancing growth potential of managed assets. Together with the asset manager, Mitsubishi Corp.-UBS Realty Inc., we look forward to receiving your continued support.

\* Effective as of January 1, 2015, IIF made a two-for-one split of units. The comparison is made after dividing the distribution per unit of the 15<sup>th</sup> Period by two.

**Yasuyuki Kuratsu**  
Executive Director  
Industrial & Infrastructure Fund Investment Corporation

## Topics of the 16<sup>th</sup> Period

- Started the operation of six new properties that were acquired through the public offering conducted for the fifth consecutive year
- Long-term stable rental income was secured at IIF Morioka Logistics Center by attracting a succeeding tenant without having any vacancy period
- Started the operation of mega solar power generation system at IIF Kobe Logistics Center
- Started new debt transactions with three financial institutions as loans for its public offering, further promoted diversification of lenders and raised funds totaling 11.8 billion yen with an average borrowing period of 9.9 years and average interest rate of 0.98%

### Highlight of the 16<sup>th</sup> Period

	The 13 <sup>th</sup> period	The 14 <sup>th</sup> period	The 15 <sup>th</sup> period	The 16 <sup>th</sup> period	The 17 <sup>th</sup> period (forecast) <sup>*1</sup>
Operating Revenue (million yen)	6,037	6,576	6,775	<b>7,357</b>	7,849
Net Income (million yen)	2,509	2,750	2,799	<b>3,101</b>	3,256
Total Asset (million yen)	175,150	190,840	190,852	<b>214,877</b>	—
Distribution per Unit (yen) <sup>*</sup>	16,043 (8,021)	16,617 (8,308)	16,911 (8,455)	<b>8,796</b>	9,236
Net Asset Value per Unit (yen) <sup>*</sup>	478,341 (239,170)	495,397 (247,698)	495,381 (247,690)	<b>265,703</b>	—

<sup>\*</sup> Effective as of January 1, 2015, IIF made a two-for-one split of its units. The figures retroactively adjusted to reflect the unit split are indicated in brackets.

# IIF Focus

## Summary of the 16<sup>th</sup> Period (Fiscal Period Ended June 30, 2015)

During the 16<sup>th</sup> Period, operating revenue increased by 581 million yen to 7,357 million yen and net income increased by 301 million yen to 3,101 million yen from the previous period mainly due to the acquisition of six properties through the public offering that was conducted for the fifth consecutive year. As a result, distribution per unit increased by 341 yen (4.0%)\*<sup>1</sup> to 8,796 yen from the previous period, and the ninth consecutive periods of increase was achieved. NAV (Net Asset Value) per unit\*<sup>2</sup> increased steadily from 313,859 yen\*<sup>1</sup> in the previous period to 340,527 yen as of the end of the 16<sup>th</sup> Period.

IIF had a total of 42 properties worth 203.8 billion yen in acquisition price under management as of the end of June 2015, with a total leasable area of 911,684.54 m<sup>2</sup> and an occupancy rate of 99.8% and an average remaining lease term of 8.8 years. Such long-term lease agreements have generated stable cash flow for the period.

\*1 Effective as of January 1, 2015, IIF made a two-for-one split of units. The distribution per unit and NAV per unit of the 15<sup>th</sup> Period are indicated after dividing the figure by two.

\*2 NAV per unit is based on the appraisal value (or researched value) as of the end of the relevant fiscal period,

## Strength and Characteristics of IIF's External Growth

### Buildup of Acquisition Track Record by Proposals Which Meet Changing CRE Needs

IIF's unique feature is that it is the only J-REIT specializing in industrial properties. IIF aims to achieve continuous growth in unitholders' value through acquisition of prime assets with high profitability and stability, capitalizing on a less competitive acquisition environment.

IIF's strength is its active CRE (Corporate Real Estate) proposal-based acquisition activities. IIF has built up its acquisition track record by visiting each company, understanding its CRE needs and making a proposal tailored to its needs. We also believe that the credibility of Mitsubishi Corporation, IIF's sponsor, plays a significant role.

IIF acquired properties by capitalizing on this strength in the 16<sup>th</sup> Period as well. The acquisition of IIF Sagami-hara R&D Center was a case in which IIF addressed the needs for divesting non-core assets of the seller and the need for continuous use of the tenant. Utilizing this know-how, IIF will continue to exploit opportunities in a less competitive asset category of R&D facilities.

IIF Kyotanabe Logistics Center was acquired through a structured acquisition scheme, which fulfills the seller's cash needs and off-balance sheet needs.

As for IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest), a method of IIF acquiring underlying land and the tenant developing new business hub was taken to satisfy tenant's off-balance sheet needs.

IIF Izumisano Food Processing and Logistics Center is a complex distribution center, which has a food processing facility within the building. IIF will utilize this know-how for the acquisition of manufacturing properties going forward.

## Initiatives of IIF for Internal Growth

### Promotion of 3C Management Cycle<sup>(\*)</sup>

IIF promotes the 3C Management Cycle which aims for internal growth through long-term stable management

coupled with enhanced profitability and asset value by providing value to its tenants. A typical example is improvement of the functionality of facilities and cost reduction by installment of LED lighting in cooperation with its tenants. During the period, LED lighting was installed at IIF Higashiosaka Logistics Center and IIF Atsugi Logistics Center III. Due to these highly effective measures, tenants enjoy the benefits of improvement of the functionality of facilities and reduction of running costs while IIF receives 50% of the effect of cutting down on electricity charges.

In addition, as a part of the environment-friendly and environmental load-reducing measures for its properties, IIF is promoting the installation of solar power generation facilities together with the installation of LED lighting equipment as mentioned above. At IIF Kobe Logistics Center, in cooperation with the tenant and shipper, IIF started operation of the mega solar power generation system with a maximum output of 1,100 kW (1.1 MW).

\*3 The 3C Management Cycle is a method of portfolio management that aims to determine tenants' true needs through close communication (Communicate), propose customized solutions to tenants' individual needs (Customize), and create value by providing solutions to tenants' needs and unitholder value through long-term stable management coupled with enhanced profitability and asset value (Create).

## **Financial Initiatives of IIF**

### **Fixing Liabilities in the Long Term for a Solid Financial Foundation**

IIF executed a two-for-one split of its investment units, which became effective on January 1, 2015. The purpose of the investment unit split was to create an environment that enables individual investors to more easily invest in IIF by lowering the unit price of investment unit and to expand the investor base further.

As for the financial aspect, IIF continues to secure long-term fixed interest rate borrowings in line with long-term stable assets based on the ALM (Asset Liability Management) strategy which develops a stable balance sheet.

IIF secured new loans of 11.8 billion yen with the average borrowing period of 9.9 years and weighted average interest rate of 0.98% to use them as a part of the funds for acquiring new properties for the period. As a result, the average remaining borrowing period is 5.6 years, the weighted average interest rate is 1.32%, and IIF continues to maintain the fixed debt ratio of 100%. In addition, IIF newly started debt transactions with three financial institutions to further diversify sources of debt financing.

Moreover, IIF concluded a new commitment line agreement for a maximum borrowing amount of 10 billion yen and a period of three years on June 30, 2015 to enable flexible financing and to further enhance the long-term stability of IIF's financial standing.

IIF is improving the stability of its financial base by controlling debt costs, fixing liabilities in the long term and diversifying lenders.

### **Prospect for the 17<sup>th</sup> Period (Fiscal Period Ending December 31, 2015): Future Management Policies**

For the 17<sup>th</sup> period, IIF is expecting to record an operating revenue of 7,849 million yen and a net income of 3,256 million yen, contributed by full period management of the six newly acquired properties. The distribution per unit is expected to increase for the tenth consecutive period to 9,236 yen. Looking at individual properties, a seven-year fixed-term lease contract that starts on October 21, 2015 was concluded with a new tenant for IIF Morioka Logistics Center without any period of vacancy.

IIF's first extension project will be taking place at IIF Nishinomiya Logistics Center. A new logistics facility is to be built on the premises of the IIF Nishinomiya Logistics Center, and to be acquired after completion. IIF has concluded a

fixed-term lease reservation agreement with the tenant. IIF will ensure the completion of the extension project, which is a new effort that addresses tenant's needs for the expansion of business operations.

Installation of LED lighting is planned at IIF Haneda Maintenance Center and IIF Shinonome Logistics Center to enhance the asset value from the perspective of environmental responsiveness and profitability improvement.

As such, while IIF will continue to utilize the concept of the "3C Management Cycle" to aim for continuous internal growth, and for external growth, IIF will work to develop a new asset class of industrial properties based on CRE proposals which capture companies' growing awareness of capital efficiency.

We are grateful to receive unitholders' continuing understandings and ongoing supports for IIF's activities.

# Realizing Internal Growth through the 3C Management Cycle

## IIF's Sustainability Management

### Installation of LED Lighting: IIF Higashi-Osaka Logistics Center, IIF Atsugi Logistics Center

Enhancing property value through Installation of LED lighting and sharing cost reduction effect with tenants

#### Communicate

##### Grasp tenant's needs

- Cost reduction
- Long-term use

#### Customize

##### Customized proposals

- Energy cost reduction by installation of LED lighting

#### Create

##### Create stability and added-value

- Reduction of environmental impact
- Improvement of functionality of lighting facility
- Revenue growth (receiving the amount equivalent to 50% of the reduced energy cost)

#### IIF Higashi-Osaka Logistics Center

February 2015



<Before>



<After>



#### IIF Atsugi Logistics Center

March 2015



<Before>



<After>



### Mega Solar Power Generation System: IIF Kobe Logistics Center

At IIF Kobe Logistics Center, IIF entered into 20-year rooftop lease agreement with a solar power generation operator and started the operation of solar power generation system with maximum output of 1,100 kW (1.1 MW). IIF Kobe Logistics Center supports both improvement of profitability and efforts to reduce environmental impact by utilizing renewable energy.

#### Communicate

##### Grasp tenant's needs

- Considerations to reduce environmental impacts
- Improved warehouse work environment

#### Customize

##### Customized proposals

- Conclusion of 20-year rooftop lease agreement with solar power generation operator

#### Create

##### Create stability and added-value

- Warehouse work environment improved with heat shield effect
- Long-term income from rooftop lease (20 years)

#### IIF Kobe Logistics Center



Solar power generation system is installed to five properties owned by IIF, including IIF Kobe Logistics Center, IIF Tosu Logistics Center, IIF Misato Logistics Center, IIF Hiroshima Logistics Center and IIF Koshigaya Logistics Center. The total power-generating capacity is approximately 3.36 MW and the projected annual power generation amount is 3,716,000 kWh, which is equivalent to the annual power consumption of approximately 700 general households\*.

\* Japan Photovoltaic Energy Association (JPEA), "Self-Regulatory Rule in Presentation 2014"



# I. ASSET MANAGEMENT REPORT

## Outline of asset management operation

### 1. Operating results and financial position

Fiscal period			12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>	16 <sup>th</sup>
As of /for the six months ended			June 30, 2013	December 31, 2013	June 30, 2014	December 31, 2014	June 30, 2015
Operating revenues	Note 1	(Millions of yen)	5,791	6,037	6,576	6,775	7,357
(Rental revenues)	Note 1	(Millions of yen)	(5,791)	(6,037)	(6,575)	(6,775)	(7,356)
Operating expenses	Note 1	(Millions of yen)	2,556	2,728	2,936	3,071	3,320
(Rental expenses)	Note 1	(Millions of yen)	(1,934)	(2,100)	(2,259)	(2,371)	(2,578)
Operating income		(Millions of yen)	3,235	3,308	3,640	3,704	4,036
Ordinary income		(Millions of yen)	2,448	2,510	2,733	2,800	3,102
Net income	(a)	(Millions of yen)	2,447	2,509	2,750	2,799	3,101
Net assets	(b)	(Millions of yen)	74,860	74,827	82,004	82,001	93,677
(Period-on-period change)		(%)	(+17.1)	(-0.0)	(+9.6)	(-0.0)	(14.2)
Total assets	(c)	(Millions of yen)	175,196	175,150	190,840	190,852	214,877
(Period-on-period change)		(%)	(13.4)	(-0.0)	(+9.0)	(0.0)	(12.6)
Unitholders' capital		(Millions of yen)	72,437	72,437	79,493	79,493	90,823
(Period-on-period change)		(%)	(+17.1)	(0.0)	(+9.7)	(0.0)	(14.3)
Number of units issued and outstanding	(d)	(Units)	156,432	156,432	165,532	165,532	352,564
Net asset value per unit	Note 3 (b)/(d)	(Yen)	478,552	478,341	495,397	247,690	265,703
Total distributions	(e)	(Millions of yen)	2,447	2,509	2,750	2,799	3,101
Distribution per unit	(e)/(d)	(Yen)	15,643	16,043	16,617	16,911	8,796
(Profit distribution per unit)		(Yen)	(15,643)	(16,043)	(16,617)	(16,911)	(8,796)
(Distribution per unit in excess of profit)		(Yen)	(—)	(—)	(—)	(—)	(—)
Ratio of ordinary income to total assets	Note 4	(%)	1.5 (3.0)	1.4 (2.8)	1.5 (3.0)	1.5 (2.9)	1.5 (3.1)
Return on unitholders' equity	Note 4	(%)	3.5 (7.1)	3.4 (6.7)	3.5 (7.1)	3.4 (6.8)	3.5 (7.1)
Ratio of net assets to total assets	(b)/(c)	(%)	42.7	42.7	43.0	43.0	43.6
(Period-on-period change)			(+1.3)	(-0.0)	(+0.3)	(-0.0)	(0.6)
Payout ratio	(e)/(a)	(%)	100.0	100.0	100.0	100.0	100.0
Additional information:							
Rental net operating income (NOI)	Note 4	(Millions of yen)	4,699	4,800	5,272	5,400	5,825
Net profit margin	Note 4	(%)	42.3	41.6	41.8	41.3	42.2
Debt service coverage ratio	Note 4	(Multiple)	7.1	7.1	6.9	6.9	7.2
Funds from operation (FFO) per unit	Note 4	(Yen)	21,029	21,561	22,389	22,929	11,765
FFO multiples	Note 4	(Multiple)	22.8	20.5	20.1	24.4	23.3
Distributable income per unit after adjustment for taxes on property, plant and equipment	Note 5	(Yen)	15,031	15,229	16,387	16,603	8,671
FFO per unit after adjustment for taxes on property, plant and equipment	Note 5	(Yen)	20,417	20,747	22,159	22,621	11,640

Note 1 Consumption taxes are not included.

Note 2 Figures less than unit indicated in the above table are rounded down for amounts and rounded for ratio unless otherwise indicated.

Note 3 The Investment Corporation executed a two-for-one unit split (the "Unit Split") on January 1, 2015 as the effective date. Net income per unit for 15<sup>th</sup> fiscal period in the above table shows pro forma per unit information which has been adjusted to reflect the Unit Split as if it had been effective on July 1, 2014.

Note 4 Figures are calculated as below formulas. Percentages in parentheses are annualized using 181, 184, 181, 184 and 181 days for 12<sup>th</sup>, 13<sup>th</sup>, 14<sup>th</sup>, 15<sup>th</sup> and 16<sup>th</sup> fiscal period, respectively. FFO multiples are unaudited.

Ratio of ordinary income to total assets	Ordinary income / Average total assets Average total assets = (Total assets at beginning of period + Total assets at end of period) ÷ 2
Return on unitholders' equity	Net income / Average net assets Average net assets = (Net assets at beginning of period + Net assets at end of period) ÷ 2
Rental net operating income (NOI)	(Rental revenues – Rental expenses) + Depreciation
Net profit margin	Net income / Operating revenues
Debt service coverage ratio	Net income before interest expenses, amortization of investment corporation bonds issuance costs, amortization of investment units issuance costs and depreciation / Interest expenses
Funds from operation (FFO) per unit	(Net income + Loss on sales of real estate properties – Gain on sales of real estate properties + Depreciation + Other depreciation related property) / Number of units issued and outstanding
FFO multiples	Market price per unit at end of period/Annualized FFO per unit

Note 5 The figures indicate pro forma distributable income per unit and pro forma FFO per unit assuming that taxes on property, plant and equipment were not capitalized but charged to income in the periods in which were incurred. These figures are unaudited.

## 2. Outline of asset management operation

### (1) 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 J-REIT market of the Tokyo Stock Exchange on October 18, 2007 (ticker 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. IIF owned 42 properties whose total acquisition price amounted to 203,839 million yen as of June 30, 2015.

### (2) Investment environment and management performance

The Japanese economy picked up as gross domestic product in the January-March quarter of 2015 grew for the second consecutive quarter. Consumer confidence, which temporarily declined due to the consumption tax hike in April 2014, improved, backed by the steady employment and income environments. Thanks to the expansion of the “quantitative and qualitative monetary easing” measures by the Bank of Japan since October 2014, the Nikkei Stock Average recorded a 12-day winning streak in May 2015 for the first time in 27 years. However, since the second half of June, the Nikkei Stock Average has been unstable, experiencing a sharp drop due to the debt problem in Greece and the Chinese stock market nosedive.

As for the J-REIT market, while the Tokyo Stock Exchange REIT Index had hovered between 1,800 points and 2,000 points since the beginning of 2015, there was a time it dipped below 1,800 points in the second half of June and after due to the stronger risk-averse behavior of investors triggered by a sharp drop in the Chinese stock market as well as the debt problem in Greece. Meanwhile, the amount of equity finance by J-REITs including new listings reached 460,000 million yen between January and June 2015, continuing to be active, as with last year. Under such circumstances, IIF conducted a public offering in March 2015 for the fifth consecutive year as described below.

Given such an environment, IIF has continued to pursue property-sourcing activities based on a Corporate Real Estate (CRE) proposal, an approach with which IIF has strengths. IIF acquired following six properties (21,750 million yen in total acquisition price): IIF Izumiotsu e-shop Logistics Center (land with leasehold interest) for an acquisition price of 4,000 million yen, IIF Izumisano Food Processing and Logistics Center for an acquisition price of 860 million yen, IIF Sagamihara R& D Center for an acquisition price of 3,100 million, IIF Shinagawa IT Solution Center for an acquisition price of 7,200 million in March 2015, IIF Kyotanabe Logistics Center for an acquisition price of 5,730 million yen in April 2015, and IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest) for an acquisition price of 860 million yen in May 2015.

As a result, the properties IIF owned as of June 30, 2015 consisted of 27 logistics facilities, seven infrastructure facilities and eight manufacturing, R&D and other facilities whose total acquisition price amounted to 203,839 million yen. The total leasable area as of June 30, 2015 was 911,684.54 m<sup>2</sup>, and the average occupancy rate was 99.8%.

### (3) Funding

IIF's fundamental policy is to plan and implement a stable and efficient financial strategy to secure a stable profit and achieve sustainable growth of the properties owned.

IIF implemented a split of its investment units on a two-for-one basis with December 31, 2014 as the record date, hoping to further expand the number of investors and stimulate unit trading by reducing the market price per investment.

As with the previous year, in March 2015, IIF raised 11.3 billion yen by issuing 21,500 of new investment units for funding for acquisition of new properties, aiming to continue external growth that realizes "increased distributions" and "growth in NAV" by property acquisition activities based on a CRE proposal. As a result, as of the end of the current period, the total number of outstanding investment units is increased to 352,564 units.

As for funding for interest-bearing debt for the current period, IIF first raised 7.3 billion yen on March 16, 2015 and 4.5 billion yen on March 31, 2015 for property acquisition in line with the issuance of new investment units as mentioned above. While lengthening borrowing periods by taking out long-term borrowings with an average borrowing period of 9.9 years, IIF improved its financial stability by fixing interest rate through conclusion of interest rate swap agreements. In addition, IIF is working on lender diversification by introducing new lenders: Meiji Yasuda Life Insurance Company (850 million yen / 11 years), Mizuho Trust & Banking Co., Ltd. (850 million yen / 10 years), and the Chugoku Bank, Limited (700 million yen / 7.5 years).

Next, IIF concluded a commitment line agreement (3-year contract term and maximum borrowing amount of 10 billion yen) with the Bank of Tokyo-Mitsubishi UFJ Ltd., Mitsubishi UFJ Trust and Banking Corporation and Sumitomo Mitsui Trust Bank, Limited on June 30, 2015. Through the conclusion of the commitment line agreement, IIF will secure funding flexibility for the period within the contract term. The purpose of concluding the commitment line agreement is to further strengthen IIF's long-term stable financial position by maintaining a certain level of liquidity relative to the increase in the asset size.

As a result of the above, the balance of interest bearing debt as of June 30, 2015 amounted to 108.2 billion yen, comprising long-term borrowings of 96.2 billion yen and investment corporation bonds of 12 billion yen.

### (4) Overview of financial results and distribution

As a result of the abovementioned management activities, IIF recorded operating revenue of 7,357 million yen, operating income of 4,036 million yen, ordinary income of 3,102 million yen and net income of 3,101 million yen for the current period. For distributions, IIF includes 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). As a result, the distribution per unit for the period is 8,796 yen.

### 3. Changes in unitholders' capital

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
February 3, 2014	Public offering	8,884	165,316	6,888	79,326	Note 10
March 4, 2014	Allocation of investment units to a third party	216	165,532	167	79,493	Note 11
January 1, 2015	Unit Split	165,532	331,064	—	79,493	Note 12
March 16, 2015	Public offering	20,988	352,052	11,059	90,553	Note 13
March 27, 2015	Allocation of investment units to a third party	512	352,564	269	90,823	Note 14

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 New investment units were issued at a price of ¥803,400 per unit (subscription price of ¥775,384 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 11 New investment units were issued at a price of ¥775,384 per unit through the allocation of investment units to a third-party in order to raise funds for acquiring new real property.

Note 12 The Investment Corporation implemented a split of its investment units on a two-for-one basis with December 31, 2014 as the record date and January 1, 2015 as the effective date for the Unit Split.

Note 13 New investment units were issued at a price of ¥546,000 per unit (subscription price of ¥526,960 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 14 New investment units were issued at a price of ¥526,960 per unit through the allocation of investment units to a third-party in order to raise funds for acquiring new real property.

Note 15 All investment units are common investment units.

**Fluctuation in market price of the investment securities:**

The market price of the investment securities on Tokyo Stock Exchange REIT Market fluctuated during each fiscal period as follows:

(Yen)

Fiscal period	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>	16 <sup>th</sup>
As of /for the six months ended	June 30, 2013	December 31, 2013	June 30, 2014	December 31, 2014	June 30, 2015
Highest price	1,080,000	995,000	949,000	(Note 1) 1,116,000 (Note 2) 558,000	620,000
Lowest price	650,000	834,000	805,000	(Note 1) 878,000 (Note 2) 540,000	541,000
Closing price at end of period	965,000	877,000	907,000	(Note 2) 555,000	553,000

Note 1 The market price (before December 25, 2014) does not reflect the Unit Split.

Note 2 The market price (on or after December 26, 2014) reflects the Unit Split.

## 4. Distributions

The Investment Corporation intends to distribute all of unappropriated retained earnings at the end of the period, except for fractional distribution per unit less than one yen, to be treated the distributions as a tax allowable deduction as defined in Article 67-15 of the Special Taxation Measures Act of Japan. As a result, cash distribution per unit for the six months ended June 30, 2015 amounted to ¥8,796.

Fiscal period	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>	16 <sup>th</sup>
As of /for the six months ended	June 30, 2013	December 31, 2013	June 30, 2014	December 31, 2014	June 30, 2015
Net income (Thousands of yen)	2,447,075	2,509,593	2,750,710	2,799,330	3,101,182
Retained earnings carried forward (Thousands of yen)	65	20	85	104	134
Total cash distributions (Thousands of yen)	2,447,065	2,509,638	2,750,645	2,799,311	3,101,152
(Cash distribution per unit) (Yen)	(15,643)	(16,043)	(16,617)	(16,911)	(8,796)
Profit distributions (Thousands of yen)	2,447,065	2,509,638	2,750,645	2,799,311	3,101,152
(Profit distribution per unit) (Yen)	(15,643)	(16,043)	(16,617)	(16,911)	(8,796)
Unitcapital refunds (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit) (Yen)	(-)	(-)	(-)	(-)	(-)

## 5. Management policies and issues

### (1) Outlook for the overall management

The world economy is expected to continue improving steadily due to the recovery of the U.S. economy as well as the euro economy in spite of issues such as the debt problem in Greece in the short-term. The Japanese economy is also projected to recover continuously at a gradual pace, reflecting such factors as the effects of monetary policies.

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. Especially for logistics facilities, occupancy rates and rent levels are expected to be maintained at a stable level, 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 the necessity of the companies to sell their properties are diversifying by the improvement in the corporate sector's performance, IIF is expected to see a rise in investment opportunities through its property acquisition activities based on the CRE (Corporate Real Estate) proposal, which is an expertise of IIF. As for R&D facilities, key facilities are likely to continue to be maintained and established in Japan, and the properties managed by IIF based on long-term lease contracts are expected to see continuous, stable usage given the importance in their businesses. In the infrastructure facilities segment, sales of properties are anticipated as the trend of separation of ownership and management is expected to accelerate in both the public and private sectors.

(2) Issues to be resolved

Under the situation described above, IIF will seek to create and maintain a portfolio that generates stable income to achieve sustainable growth of unitholder's value through the strategies described below.

i. 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.

IIF will continue to acquire new asset category properties, while avoiding price competition using our experience, expertise, and networks in both CRE and PRE sectors. By aiming to further increase the acquisition of asset category properties and the development of CRE needs, we will evolve our unique CRE proposal-based business model.

IIF will strive to expand the portfolio through acquisition of prime properties, leveraging its unique strengths as the only listed J-REIT specializing in industrial properties, creating a flexible property acquisition structure by collecting property information through its information channels including sponsor companies or by using bridge fund scheme.

ii. Internal growth

As of June 30, 2015, the portfolio owned by IIF consisted of 42 properties for a total acquisition price of 203,839 million yen.

The average occupancy rate currently stands at 99.8%. The properties are managed under long-term lease contracts with an average remaining lease period of 8.8 years, generating stable cash flows.

IIF continues to conduct "3C Management Cycle" portfolio management in order to achieve internal growth; that is to realize long-term stable management and enhanced profitability and asset value by providing value to tenants. "3C Management Cycle" is a portfolio management method of (i) grasping tenants' true needs through close communication (Communicate); (ii) strategically making custom-made proposals to meet tenants' individual needs (Customize); and (iii) creating unitholder value through long-term stable management coupled with enhanced profitability and asset value (Create). As a result of such efforts, IIF is conducting its first extension project at IIF Nishinomiya Logistics Center to secure a new source of income and realize improvement of income stability based on a long-term lease contract. In addition, in an effort to implement environmental and energy-saving measures and improve energy use efficiency, IIF completed installation of LED lightings at IIF Shinonome Logistics Center and received the amount equivalent to 50% of the reduced electricity costs from its tenant, which resulted in increased income.

As such, IIF will work to maintain the quality of its portfolio and further improve profitability through efforts based on 3C Management Cycle and by implementing the required management tasks to maintain and improve the functionality, safety and comfort 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 cancellations.

iii. Financial strategy

In consideration of how IIF's portfolio generates "long-term 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.



# Outline of the Investment Corporation

## 1. Investment unit

Fiscal period	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>	16 <sup>th</sup>
As of	June 30, 2013	December 31, 2013	June 30, 2014	December 31, 2014	June 30, 2015
Number of units authorized (Units)	4,000,000	4,000,000	4,000,000	4,000,000	8,000,000
Number of units issued and outstanding (Units)	156,432	156,432	165,532	165,532	352,564
Number of unitholders (People)	4,165	4,100	4,503	4,226	5,160

## 2. Unitholders

Major unitholders as of June 30, 2015 were as follows:

Name	Address	Number of units owned (Units)	Ratio of number of units owned to total number of units issued (Note) (%)
Japan Trustee Services Bank, Ltd. Trust Account	8-11, Harumi 1-chome, Chuo-ku, Tokyo	54,547	15.47
The Master Trust Bank of Japan, Ltd. Trust Account	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	45,045	12.77
Trust & Custody Services Bank, Ltd. Trust Account	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	29,508	8.36
Nomura Bank (Luxembourg) S.A.	BATIMENT A, 33, RUE DE GASPERIC H, L-5826, LUXEMBOURG	15,202	4.31
The Nomura Trust and Banking Co., Ltd. Trust Account	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	12,984	3.68
The Chugoku Bank, LTD.	15-20, Marunouchi 1-chome, Kita-ku, Okayama-shi, Okayama	7,774	2.20
Mitsubishi Corporation	3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	6,400	1.81
The Juyo Bank, Ltd.	5-5, Minami-machi 2-chome, Mito-shi, Ibaraki	5,558	1.57
JPMorgan Chase Bank 385174	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM	5,524	1.56
Mizuho Trust & Banking Co., Ltd.	2-1, Yaesu 1-chome, Chuo-ku, Tokyo	5,160	1.46
Total		187,702	53.23

Note Ratio of number of units owned to total number of units issued is calculated by rounding down to second decimal place.

### 3. Officers

#### (1) Directors and independent auditor

Post	Name	Major additional post	Compensation or fee for the six months ended June 30, 2015 (Thousands of yen)
Executive Director (Note 1)	Yasuyuki Kuratsu	CEO of Research and Pricing Technologies Inc.	2,580
Supervisory Director (Note 1)	Katsuaki Takiguchi	Chief of Katsuaki Takiguchi CPA Office	1,620
	Kumi Honda	Attorney of The Tokyo-Marunouchi Law Offices	1,620
Independent auditor	Ernst & Young ShinNihon LLC	—	(Note 2) 31,500

Note 1 There is no investment unit of the Investment Corporation held by the Executive Director nor the Supervisory Directors in their own name or that of others. Although Supervisory Directors may have additional post in other company than listed above, there is no conflict of interests between those companies including listed above and the Investment Corporation.

Note 2 The compensation for Independent auditor includes the audit fees for the financial statements prepared in English and the preparation fee of a comfort letter with respect to the issuance of new investment units in March 2015.

#### (2) Policy for dismissal or refusal of reappointment of independent auditor

The Board of Directors shall dismiss independent auditor in accordance with the Act on Investment Trusts and Investment Corporation of Japan, if necessary. The Board of Directors shall also decide reappointment of independent auditor considering audit quality, fees or other various factors.

### 4. Name of asset manager and other administrator

Classification	Name
Asset manager	Mitsubishi Corp.-UBS Realty Inc.
Custodian	Sumitomo Mitsui Trust Bank, Limited
Agency for unit investment securities transference and special account administrator	Mitsubishi UFJ Trust and Banking Corporation
General administrator (regarding book keeping)	Sumitomo Mitsui Trust Bank, Limited
General administrator (regarding income and other taxes)	Ernst & Young Tax Co.
General administrator (regarding investment corporation bonds)	The Bank of Tokyo-Mitsubishi UFJ, Ltd.

# Condition of investment assets

## 1. Composition of assets

Classification of assets	Asset category	Location category (Note 1)	Region	As of December 31, 2014		As of June 30, 2015	
				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	11,840	6.2	11,794	5.5
			Osaka and Nagoya metropolitan areas	3,554	1.9	4,538	2.1
			Other area	—	—	907	0.4
		Other	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	—	—	—	—
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	44,967	23.6	44,723	20.8
			Osaka and Nagoya metropolitan areas	1,998	1.0	1,998	0.9
			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	76,981	40.3	80,025	37.3
			Osaka and Nagoya metropolitan areas	6,545	3.4	16,636	7.7
			Other area	3,571	1.9	3,546	1.7
		Other	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	2,190	1.1	2,175	1.0
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	5,365	2.8	12,822	6.0
			Osaka and Nagoya metropolitan areas	23,981	12.6	23,830	11.1
			Other area	—	—	—	—
		Other	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	—	—	—	—
Sub-total				180,996	94.8	202,998	94.5
Investments in Tokumei Kumiai agreement (Note 3)				10	0.0	—	—
Bank deposits and other assets				9,844	5.2	11,878	5.5
Total assets				190,852	100.0	214,877	100.0

Note 1 "Location category" is classified as bellow.

Location category	Description
Urban and suburban properties	Properties located in Japan's three major urban areas <sup>(i)</sup> , cities designated by government ordinance, or similar areas
Industrial-area properties	Generally, properties located in industrial zones <sup>(ii)</sup> 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.

Note 3 Investments in Tokumei Kumiai agreement is an equity interest of an anonymous association managed by Limited Liability Company SBS Logi Fund 1 whose investment asset is Kyo-tanabe Logistics Center held in the form of trust beneficiary interest.

## 2. Major property

The principal properties (top ten properties in net book value) as of June 30, 2015 were as follows:

Name of property	Net book value (Millions of yen)	Leasable area (Note 1) (m <sup>2</sup> )	Leased area (Note 2) (m <sup>2</sup> )	Occupancy ratio (Note 3) (%)	Ratio of rental revenue to total rental revenues (Note 3) (%)	Major use
IIF Haneda Airport Maintenance Center	39,559	81,995.81	81,995.81	100.0	18.3	Infrastructure facility
IIF Kobe District Heating and Cooling Center	16,889	11,275.39	11,275.39	100.0	4.5	Infrastructure facility
IIF Shinonome Logistics Center (Note 4)	13,199	27,493.29	27,493.29	100.0	5.4	Logistics facility
IIF Mitaka Card Center	9,242	21,615.01	21,615.01	100.0	5.0	Manufacturing and R&D facility, etc.
IIF Shinonome R&D Center (Note 5)	9,089	17,045.30	17,045.30	100.0	—	Manufacturing and R&D facility, etc.
IIF Shinagawa IT Solution Center (Note 5)	7,492	7,089.62	5,849.45	82.5	—	Infrastructure facility
IIF Kamata R&D Center (Note 5)	7,456	21,896.56	21,896.56	100.0	—	Manufacturing and R&D facility, etc.
IIF Kyotanabe Logistics Center (Note 5)	5,957	33,243.99	33,243.99	100.0	—	Logistics facility
IIF Osaka Toyonaka Data Center (Note 5)	5,661	20,027.14	20,027.14	100.0	—	Infrastructure facility
IIF Noda Logistics Center (Note 5)	5,661	38,828.10	38,828.10	100.0	—	Logistics facility
Total	120,208	280,510.21	279,270.04	99.6	56.0	

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.

### 3. Details of property

The details of logistics facilities, manufacturing and R&D facilities, etc. or infrastructure facilities held by the Investment Corporation as of June 30, 2015 were as follows:

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m <sup>2</sup> )	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Shinonome Logistics Center (Note 4)	19-4, Shinonome 2-chome, Koto-ku, Tokyo, etc.	Trust beneficial interest	27,493.29	16,165	13,199
IIF Noda Logistics Center	340-13, Aza Tamedai, Nishi-sangao, Noda-shi, Chiba, etc.	Trust beneficial interest	38,828.10	7,860	5,661
IIF Shinsuna Logistics Center	2458-5, Shinsuna 3-chome, Koto-ku, Tokyo	Trust beneficial interest	5,741.75	6,680	5,232
IIF Atsugi Logistics Center	6-19, Aza Ikoda, Hase, Atsugi-shi, Kanagawa, etc.	Trust beneficial interest	10,959.68	2,120	1,712
IIF Koshigaya Logistics Center	1-1, Ryutsudanchi 4-chome, Koshigaya-shi, Saitama	Trust beneficial interest	10,113.50	2,560	1,865
IIF Nishinomiya Logistics Center	2, Nishinomiyahama 1-chome, Nishinomiya-shi, Hyogo	Trust beneficial interest	10,608.00	1,710	1,198
IIF Narashino Logistics Center (land with leasehold interest)	34-9, Akanehama 3-chome, Narashino-shi, Chiba	Real property	19,834.71	2,410	1,223
IIF Narashino Logistics Center II (Note 5)	34-1, Akanehama 3-chome, Narashino-shi, Chiba	Trust beneficial interest	83,905.16	6,070	4,652
IIF Atsugi Logistics Center II	602-9, Aza Kitaya, Funako, Atsugi-shi, Kanagawa	Real property	20,661.13	3,720	3,296
IIF Yokohama Tsuzuki Logistics Center	747-1, Aza Minamikochi, Kawamukou-cho, Tsuzuki-ku Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	9,464.03	3,040	2,363
IIF Saitama Logistics Center	398-3, Yoshino-cho 1-chome, Kita-ku, Saitama-shi, Saitama, etc.	Trust beneficial interest	8,995.00	2,000	1,517
IIF Nagoya Logistics Center	34, Yanagida-cho 2-chome, Nakagawa-ku, Nagoya-shi, Aichi, etc.	Real property	8,721.01	1,360	1,174
IIF Atsugi Logistics Center III	3007-7, Kamiechi Aza Uenohara, Atsugi-shi, Kanagawa	Trust beneficial interest	16,584.64	2,880	2,357
IIF Kawaguchi Logistics Center	4829 Midori-cho, Kawaguchi-shi, Saitama, etc.	Real property	11,705.02	3,720	2,041
IIF Kobe Logistics Center	2-10, Maya-futo, Nada-ku, Kobe-shi, Hyogo, etc.	Trust beneficial interest	39,567.74	6,610	5,302
IIF Higashi-Osaka Logistics Center	701-2, Wakae-higashi-machi 6-chome, Higashi Osaka-shi, Osaka, etc.	Real property	20,461.73	2,980	2,436
IIF Kashiwa Logistics Center	1027-1, Aza Miyagohara, Wasinoya, Kashiwa-shi, Chiba, etc.	Real property	17,373.53	2,600	1,865
IIF Misato Logistics Center	5, Izumi 3-chome, Misato-shi, Saitama	Trust beneficial interest	19,019.71	4,480	3,555
IIF Iruma Logistics Center	660-2, Aza Higashimusashino, Oaza Minami-mine, Iruma-shi, Saitama, etc.	Trust beneficial interest	17,881.65	3,910	3,234
IIF Tosu Logistics Center	781-1 Aza Hiratsuka, Shuku-machi, Tosu-shi, Saga, etc.	Trust beneficial interest	13,862.05	1,790	1,572
IIF Inzai Logistics Center	6-6, Matsuzakidai 2-chome, Inzai-shi, Chiba, etc.	Trust beneficial interest	5,490.00	1,190	1,064
IIF Morioka Logistics Center	Plot 5-44-5, Oaza Hiromiyasawa, Yahabacho, Shiwa-gun, Iwate, etc.	Trust beneficial interest	8,001.57	1,140	602
IIF Hiroshima Logistics Center	22-4, Itsukaichi-ko 3-chome, Saeki-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	22,768.24	4,160	3,546

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m <sup>2</sup> )	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Izumiotsu e-shop Logistics Center (land with leasehold interest)	39, Nagisa-cho, Izumiotsu-shi, Osaka, etc.	Trust beneficial interest	48,932.00	4,270	4,176
IIF Izumisano Food Processing and Logistics Center	2-11, Rinkuorai-kita, Izumisano-shi, Osaka	Real property	13,947.83	1,010	928
IIF Kyotanabe Logistics Center	55-13, Osumi-hama, Kyotanabe-shi, Kyoto	Trust beneficial interest	33,243.99	6,460	5,957
IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest)	1134-1, Aoyagi, Koga-shi, Fukuoka, etc.	Real property	30,815.97	958	907
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	5,170	4,553
IIF Yokohama Tsuzuki Technology Center	25-2, Kitayamada 4-chome, Tsuzuki-ku, Yokohama-shi, Kanagawa	Real property	4,655.48	1,320	1,167
IIF Mitaka Card Center	444-2, Shimo-Renjaku 7-chome, Mitaka-shi, Tokyo, etc.	Trust beneficial interest	21,615.01	9,780	9,242
IIF Shinonome R&D Center	14-5, Shinonome 1-chome, Koto-ku, Tokyo	Trust beneficial interest	17,045.30	11,800	9,089
IIF Kamata R&D Center	31-1, Minami-Kamata 2-chome, Ota-ku, Tokyo	Trust beneficial interest	21,896.56	8,160	7,456
IIF Kawasaki Science Center	25-19, Tono-machi 3-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa	Real property	4,857.73	2,850	2,199
IIF Sagami-hara R&D Center	41-1, Minamihashimoto 3-chome, Chuo-ku, Sagami-hara-shi, Kanagawa	Trust beneficial interest	14,304.37	3,510	3,267
IIF Kobe District Heating and Cooling Center	77-1, Higashikawasaki-cho 1-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	11,275.39	14,700	16,889
IIF Haneda Airport Maintenance Center	5-1 and 2, Haneda Airport 3-chome, Ota-ku, Tokyo	Real property	81,995.81	40,500	39,559
IIF Zama IT Solution Center	5505-7, Higashihara 5-chome, Zama-shi, Kanagawa	Trust beneficial interest	10,931.89	5,540	5,329
IIF Shinagawa Data Center	521-1, Futaba 2-chome, Shinagawa-ku, Tokyo, etc.	Real property	19,547.11	6,920	5,164
IIF Osaka Toyonaka Data Center	1-38, Shin-senri-nishi-machi 1-chome, Toyonaka-shi, Osaka	Trust beneficial interest	20,027.14	5,980	5,661
IIF Osaka Nanko IT Solution Center	21, Nanko-kita 1-chome, Suminoe-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	18,435.93	2,290	1,280
IIF Nagoya Port Tank Terminal (land with leasehold interest)	37-31, Shiomi-cho, Minato-ku, Nagoya-shi, Aichi	Real property	51,583.70	2,220	1,998
IIF Shinagawa IT Solution Center	31-18, Nishi-Gotanda 4-chome, Shinagawa-ku, Tokyo	Trust beneficial interest	7,089.62	7,640	7,492
Total (Note 6)			911,684.54	232,233	202,998

Note 1 “Location” means the location indicated in the land registry book or the residence indication.

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. Furthermore, “Leasable area” of IIF Narashino Logistics Center II is total of the leasable area of the leased land and that of the building on the leased land.

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.

Note 5 With respect to IIF Narashino Logistics Center II, the Investment Corporation invests both land with leasehold interest (the lessee of leased land is the trustee with respect to the building of the property) and building with leasehold interest of the property in form of the trust beneficial interests separately. Therefore, “Leasable area” of the property shows total of the leasable area of the leased land (58,070.00 m<sup>2</sup>) and that of the building on the leased land (25,835.16 m<sup>2</sup>).

Note 6 “Leasable area” of IIF Narashino Logistics Center II is total of the leasable area of the leased land and that of the building on the leased land.

Operating results of each property for the six months ended December 31, 2014 and June 30, 2015 were as follows:

Name of property	For the six months ended							
	December 31, 2014				June 30, 2015			
	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	5.9	1	100.0	397	5.4
IIF Noda Logistics Center (Note 3)	2	100.0	—	—	2	100.0	—	—
IIF Shinsuna Logistics Center	1	100.0	173	2.6	1	100.0	173	2.4
IIF Atsugi Logistics Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Koshigaya Logistics Center	1	100.0	75	1.1	1	100.0	75	1.0
IIF Nishinomiya Logistics Center	1	100.0	60	0.9	1	100.0	60	0.8
IIF Narashino Logistics Center (land with leasehold interest) (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Narashino Logistics Center II (Notes 3 and 5)	2	100.0	—	—	2	100.0	—	—
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	1.0	1	100.0	66	0.9
IIF Nagoya Logistics Center (Note 3)	0	0.0	—	—	1	100.0	—	—
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	—	—	1	100.0	—	—
IIF Higashi-Osaka Logistics Center (Note 3)	3	97.1	—	—	3	97.1	—	—
IIF Kashiwa Logistics Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Misato Logistics Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Iruma Logistics Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Tosu Logistics Center (Note 3)	2	100.0	—	—	2	100.0	—	—
IIF Inzai Logistics Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Morioka Logistics Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Hiroshima Logistics Center (Note 3)	1	100.0	—	—	1	100.0	—	—

Name of property	For the six months ended							
	December 31, 2014				June 30, 2015			
	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 Izumiotsu e-shop Logistics Center (land with leasehold interest) (Note 3)	—	—	—	—	1	100.0	—	—
IIF Izumisano Food Processing and Logistics Center (Note 3)	—	—	—	—	1	100.0	—	—
IIF Kyotanabe Logistics Center (Note 3)	—	—	—	—	1	100.0	—	—
IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest) (Note 3)	—	—	—	—	1	100.0	—	—
IIF Totsuka Technology Center (land with leasehold interest)	1	100.0	154	2.3	1	100.0	154	2.1
IIF Yokohama Tsuzuki Technology Center	1	100.0	58	0.9	1	100.0	58	0.8
IIF Mitaka Card Center	1	100.0	364	5.4	1	100.0	364	5.0
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 (Notes 3)	1	100.0	—	—	1	100.0	—	—
IIF Sagamihara R&D Center (Note 3)	—	—	—	—	7	100.0	—	—
IIF Kobe District Heating and Cooling Center	2	100.0	330	4.9	2	100.0	330	4.5
IIF Haneda Airport Maintenance Center	1	100.0	1,346	19.9	1	100.0	1,348	18.3
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	—	—	1	100.0	—	—
IIF Osaka Nanko IT Solution Center (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Nagoya Port Tank Terminal (land with leasehold interest) (Note 3)	1	100.0	—	—	1	100.0	—	—
IIF Shinagawa IT Solution Center (Note 3)	—	—	—	—	5	82.5	—	—
Total (Notes 4 and 6)	41	98.8	6,775	100.0	58	99.8	7,356	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.

Note 5 With respect to IIF Narashino Logistics Center II, the Investment Corporation invests both land with leasehold interest (the lessee of leased land is the trustee with respect to the building of the property) and building with leasehold interest of the property in form of the trust beneficial interests separately. Therefore, “Number of tenants” shows total of the number of tenant of leased land and that of the building.

Note 6 “Number of tenants” of IIF Narashino Logistics Center II is total of the number of tenant of leased land and that of the building.



#### 4. Details of investment securities

None

#### 5. Details of specified transaction

The details of specified transaction as of June 30, 2015 were as follows:

Classification	Transaction	Notional contract amount (Millions of yen)		Fair value (Note 1) (Millions of yen)
			Over 1 year	
Over-the-counter	Interest rate swaps (Floating-rate to fixed-rate interest)	75,800	75,800	(1,536)
Total		75,800	75,800	(1,536)

Note 1 The fair value is estimated by the counterparty to the interest rate swaps contracts using market interest rates and other assumptions.

Note 2 The interest rate swaps for which The Investment Corporation had applied the special treatment provided under the Accounting Standards Board of Japan Statement No.10, "Accounting Standard for Financial Instruments" revised on March 10, 2008, are not required to be measured in the balance sheets.

#### 6. Other assets

Real property and trust beneficial interests in real property are included the above tables in "3. Details of property." There was no other significant specified asset as of June 30, 2015.

## Capital expenditures for property

### 1. Schedule of capital expenditures

The significant plan for capital expenditures on property maintenance as of June 30, 2015 was as below. The amounts of estimated cost shown in the below table are including expenses which will be charged to income.

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost (Millions of yen)		
				Total	Payment for the six months ended June 30, 2015	Total of advanced payment
IIF Haneda Airport Maintenance Center	Ota-ku,Tokyo	Renewal of LED lighting equipment	October 2015	37	—	—
IIF Shinagawa Data Center	Shinagawa-ku, Tokyo	Renewal of VCB	December 2015	28	—	—
IIF Osaka Toyonaka Data Center	Toyonaka-shi, Osaka	Renewal of air conditioning system at DC area	December 2015	21	—	—
IIF Haneda Airport Maintenance Center	Ota-ku,Tokyo	Renewal construction of kitchen equipment	October 2015	20	—	—

### 2. Capital expenditures for the six months ended June 30, 2015

Maintenance expenditures on property for the six months ended June 30, 2015 were totaling to ¥351 million consisting of ¥282 million of capital expenditures stated as below and ¥69 million of repair and maintenance expenses charged to income.

Name of property	Location	Purpose	Term for construction or maintenance	Capital expenditures (Millions of yen)
IIF Shinonome Logistics Center	Koto-ku, Tokyo	Renewal of LED lighting equipment	April 2015 to July 2015	37
IIF Nagoya Logistics Center	Nagoya-shi, Aichi	Renewal of facilities	January 2015 to April 2015	27
IIF Koshigaya Logistics Center	Koshigaya-shi, Saitama	Renewal of elevator	May 2015 to June 2015	25
IIF Higashi-Osaka Logistics Center	Higashi Osaka-shi, Osaka	Renewal of LED lighting equipment	January 2015 to February 2015	22
Other	—	—	—	168
Total				282

### 3. Reserved funds for long-term maintenance plan

The Investment Corporation has reserved funds as below to appropriate for future expenditures on large-scale maintenance based on a long-term maintenance plan.

(Millions of yen)					
Fiscal period	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>	16 <sup>th</sup>
As of /for the six months ended	June 30, 2013	December 31, 2013	June 30, 2014	December 31, 2014	June 30, 2015
Reserved funds at beginning of period	815	1,000	1,141	1,205	1,251
Increase	424	435	458	460	486
Decrease	239	294	394	414	351
Reserved funds at end of period	1,000	1,141	1,205	1,251	1,385

## Condition of expenses and liabilities

### 1. Details of asset management expenses

(Thousands of yen)

Fiscal period	15 <sup>th</sup>	16 <sup>th</sup>
Item	For the six months ended December 31, 2014	For the six months ended June 30, 2015
(a) Asset management fees	577,243	626,217
(b) Asset custody fees	6,310	6,536
(c) Administrative service fees	29,899	31,654
(d) Directors' compensations	5,820	5,820
(e) Other operating expenses	80,468	71,745
Total	699,742	741,974

### 2. Loans payable

Loans payable as of June 30, 2015 were as follows:

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Maturity date	Repayment method	Use of proceeds	Remarks
			December 31 2014 (Millions of yen)	June 30 2015 (Millions of yen)					
Long-term loans payable	Development Bank of Japan Inc.	February 28, 2011	5,000	5,000	1.7	February 27, 2018	Lump sum	Note 4	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 11, 2011	3,200	3,200	1.8 (Note 2)	March 9, 2018	Lump sum (Note 3)	Notes 4 and 5	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,950	2,950					
	Sumitomo Mitsui Trust Bank, Limited		2,350	2,350					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	August 31, 2011	2,000	2,000	1.2 (Note 2)	August 31, 2016	Lump sum (Note 3)	Note 6	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 30, 2011	4,463	4,463	1.3 (Note 2)	September 29, 2017	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,057	4,057					
	Sumitomo Mitsui Trust Bank, Limited		3,080	3,080					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 6, 2012	2,823	2,823	0.9 (Note 2)	March 6, 2017	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,603	2,603					
	Sumitomo Mitsui Trust Bank, Limited		2,074	2,074					
	Sumitomo Mitsui Banking Corporation	March 6, 2012	1,500	1,500	0.9 (Note 2)	March 6, 2017	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 30, 2012	565	565	1.3 (Note 2)	March 29, 2019	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		520	520					
	Sumitomo Mitsui Trust Bank, Limited		415	415					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 30, 2012	1,000	1,000	1.9 (Note 2)	March 30, 2022	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	March 30, 2012	1,500	1,500	1.6 (Note 2)	March 31, 2020	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 30, 2012	1,000	1,000	2.2	March 29, 2024	Lump sum	Note 5	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 30, 2012	2,000	2,000	1.9	March 29, 2022	Lump sum	Note 5	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2012	500	500	1.9 (Note 2)	March 31, 2022	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2012	1,500	1,500	1.3 (Note 2)	March 29, 2019	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Nippon Life Insurance Company	June 29, 2012	1,000	1,000	1.4	June 30, 2020	Lump sum	Note 4	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	June 29, 2012	583	583	1.2 (Note 2)	June 28, 2019	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	June 29, 2012	417	417	1.2 (Note 2)	June 28, 2019	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 28, 2012	2,274	2,274	1.2 (Note 2)	September 30, 2019	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	September 28, 2012	1,626	1,626	1.2 (Note 2)	September 30, 2019	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	Development Bank of Japan Inc.	February 6, 2013	1,000	1,000	1.8	February 5, 2025	Lump sum	Note 5	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 6, 2013	1,316	1,316	1.4 (Note 2)	February 6, 2023	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,218	1,218					
	Sumitomo Mitsui Trust Bank, Limited		966	966					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 6, 2013	1,000	1,000	1.3	February 6, 2023	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Maturity date	Repayment method	Use of proceeds	Remarks
			December 31 2014 (Millions of yen)	June 30 2015 (Millions of yen)					
	Sumitomo Mitsui Banking Corporation	February 6, 2013	500	500	1.4 (Note 2)	February 6, 2023	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	February 6, 2013	1,000	1,000	1.5 (Note 2)	February 6, 2023	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Nippon Life Insurance Company	February 6, 2013	500	500	1.6	February 6, 2023	Lump sum	Note 5	Unsecured and unguaranteed
	Shinsei Bank, Limited	February 6, 2013	500	500	1.4 (Note 2)	February 6, 2023	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 6, 2013	188	188	1.2 (Note 2)	February 4, 2022	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		174	174					
	Sumitomo Mitsui Trust Bank, Limited		138	138					
	Sumitomo Mitsui Banking Corporation	February 6, 2013	500	500	1.2 (Note 2)	February 4, 2022	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Nippon Life Insurance Company	June 28, 2013	2,000	2,000	1.8	June 28, 2024	Lump sum	Note 4	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	June 28, 2013	2,500	2,500	1.7 (Note 2)	June 30, 2023	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	June 28, 2013	1,500	1,500	1.6 (Note 2)	June 30, 2022	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	The Nomura Trust and Banking Co., Ltd.	June 28, 2013	500	500	1.2 (Note 2)	June 30, 2020	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	Resona Bank, Limited.		500	500					
	The Yamaguchi Bank, Ltd.		500	500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 18, 2013	3,900	3,900	1.4 (Note 2)	October 18, 2023	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,600	3,600					
	Sumitomo Mitsui Banking Corporation	December 30, 2013	2,000	2,000	1.4 (Note 2)	December 29, 2023	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 6, 2014	700	700	1.3	August 6, 2024	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	February 6, 2014	900	900	1.2 (Note 2)	February 6, 2024	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	February 6, 2014	500	500	1.1	August 4, 2023	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	The Nishi-Nippon City Bank, Ltd.	February 6, 2014	500	500	1.0 (Note 2)	August 5, 2022	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 6, 2014	451	451	0.9 (Note 2)	February 4, 2022	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		417	417					
	Sumitomo Mitsui Trust Bank, Limited		331	331					
	Development Bank of Japan Inc.	March 13, 2014	1,000	1,000	1.7	March 13, 2026	Lump sum	Note 5	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 13, 2014	376	376	1.7 (Note 2)	March 13, 2026	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		348	348					
	Sumitomo Mitsui Trust Bank, Limited		276	276					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 13, 2014	601	601	1.3 (Note 2)	March 13, 2024	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		556	556					
	Sumitomo Mitsui Trust Bank, Limited		441	441					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 16, 2015	—	1,350	1.0	March 14, 2025	Lump sum	Note 5	Unsecured and unguaranteed
	Shinsei Bank, Limited	March 16, 2015	—	850	1.0 (Note 2)	March 14, 2025	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	March 16, 2015	—	850	1.0 (Note 2)	March 14, 2025	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 16, 2015	—	1,334	0.9 (Note 2)	September 13, 2024	Lump sum	Note 5	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		—	1,235					
	Sumitomo Mitsui Trust Bank, Limited		—	979					
	The Chugoku Bank, LTD.	March 16, 2015	—	700	0.7 (Note 2)	September 15, 2022	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2015	—	1,000	1.3	March 31, 2027	Lump sum	Note 5	Unsecured and unguaranteed
	Meiji Yasuda Life Insurance Company	March 31, 2015	—	850	1.2	March 31, 2026	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 31, 2015	—	1,500	1.0	March 31, 2025	Lump sum (Note 3)	Note 5	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2015	—	432	0.9 (Note 2)	September 30, 2024	Lump sum	Note 5	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		—	400					
	Sumitomo Mitsui Trust Bank, Limited		—	317					
	Total		84,400	96,200					

Note 1 The average interest rate indicates a weighted average interest rate for the period, rounded to the first decimal place.

Note 2 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 for the effect of the interest rate swaps.

Note 3 The Investment Corporation may repay all or part of principal of the loans payable on interest payment date.

Note 4 The funds were appropriated to repayment of outstanding loans payable.

Note 5 The funds were mainly appropriated to acquisition of real estate property, etc.

Note 6 The funds were appropriated to redemption of outstanding investment corporation bonds.

### 3. Investment corporation bonds

Name of bonds	Issuance date	Balance as of		Interest rate (%)	Maturity date	Repayment method	Use of proceeds	Remarks
		December 31, 2014 (Millions of yen)	June 30, 2015 (Millions of yen)					
The 1 <sup>st</sup> Unsecured Investment Corporation Bond	December 27, 2012	5,000	5,000	0.56	December 27, 2016	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 2 <sup>nd</sup> Unsecured Investment Corporation Bond	December 27, 2012	5,000	5,000	1.40	December 27, 2022	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 3 <sup>rd</sup> Unsecured Investment Corporation Bond	June 26, 2014	2,000	2,000	0.89	June 26, 2024	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
Total		12,000	12,000					

Note The Investment Corporation may repurchase bonds at any time on or after the next day of issuance except for the case that transferring term is otherwise limited.

### 4. Short-term investment corporation bonds

None

### 5. Investment unit warrants

None

## Condition of investment transactions

### 1. Transactions of property and asset-backed securities, etc.

(Millions of yen)

Name of real property, etc.	Acquisition		Disposal			
	Date of acquisition	Acquisition cost (Note)	Date of disposal	Disposal amount	Net book value	Gain (loss) on disposal
IIF Shinagawa IT Solution Center	March 17, 2015	7,200	—	—	—	—
IIF Sagamihara R&D Center	March 20, 2015	3,100	—	—	—	—
IIF Izumiotsu e-shop Logistics Center (land with leasehold interest)	March 20, 2015	4,000	—	—	—	—
IIF Izumisano Food Processing and Logistics Center	March 24, 2015	860	—	—	—	—
IIF Kyotanabe Logistics Center	April 1, 2015	5,730	—	—	—	—
IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest)	May 29, 2015	860	—	—	—	—
Total	—	21,750	—	—	—	—

Note “Acquisition cost” indicates contracted amount of property in purchase agreement excluding related expenses (brokerage fee, taxes, etc.).

### 2. Transactions of other assets

Other assets than property or asset-backed securities, etc. are bank deposits and bank deposits in trust.

### 3. Research for specified assets value, etc.

#### (1) Property

(Millions of yen)

Acquisition/ Disposal	Name of property	Date of acquisition/disposal	Acquisition cost/ Disposal amount (Note 1)	Appraisal value	Appraiser	Date of appraisal
Acquisition	IIF Shinagawa IT Solution Center	March 17, 2015	7,200	7,520	CBRE K.K.	January 1, 2015
Acquisition	IIF Sagamihara R&D Center	March 20, 2015	3,100	3,460	Japan Real Estate Institute	January 1, 2015
Acquisition	IIF Izumiotsu e-shop Logistics Center (land with leasehold interest)	March 20, 2015	4,000	4,220	CBRE K.K.	January 1, 2015
Acquisition	IIF Izumisano Food Processing and Logistics Center	March 24, 2015	860	999	CBRE K.K.	January 1, 2015
Acquisition	IIF Kyotanabe Logistics Center	April 1, 2015	5,730	6,350	CBRE K.K.	December 31, 2014
Acquisition	IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest)	May 29, 2015	860	959	Japan Real Estate Institute	January 1, 2015

Note 1 “Acquisition cost / Disposal amount” indicates contracted amount of property in purchase/disposal agreement excluding related expenses (brokerage fee, taxes, etc.).

#### (2) Other transaction

None

#### 4. Transactions with interested parties

##### (1) Outline of specified assets transactions

None

##### (2) Amounts of fees paid and other expenses

(Thousands of yen)

Classification	Total amounts (A)	Transactions with interested parties		(B) / (A) (%)
		Name of counter party	Amount of payment (B)	
Facility management fees	118,032	NIKKEN CORPORATION	3,730	3.2
		Japan Facility Solutions, Inc.	5,312	4.5

Note "Interested parties" means the interested parties related with the asset management company of the Investment Corporation as prescribed under Article 26, Item 27 of the Regulations for Management Reports by Investment Trusts and Investment Corporations of the Investment Trusts Association, Japan.

#### 5. Transactions with asset manager relating to other business than asset management

None

## **Financial information**

### **1. Financial position and operating results**

Please refer to the accompanying balance sheets, statements of income and retained earnings, statement of changes in net assets, notes to financial information and statements of cash distributions.

### **2. Changes in depreciation method**

None

### **3. Changes in valuation method of real property**

None

## **Outline of overseas real estate investment corporation**

### **1. Disclosure relating to overseas real estate investment corporation**

None

### **2. Disclosure relating to property held by overseas real estate investment corporation**

None



## Other information

### 1. Investment units held by the asset manager

Investment units held by the asset manager (Mitsubishi Corp.-UBS Realty Inc.) were as follows:

#### (1) Transactions of investment units held by the asset manager

	Number of units purchased (Units)	Number of units sold (Units)	Number of units held (Units)
January 1, 2015	(Note) 600	—	1,200
Accumulated number	1,200	—	1,200

Note The Investment Corporation implemented a split of its investment units on a two-for-one basis with January 1, 2015 as the effective date.

#### (2) Number of investment units held by the asset manager

	Number of units held at end of period (Units)	Aggregated value of units held at end of period (Note) (Thousands of yen)	Ratio of number of units held to number of units issued and outstanding
The 7 <sup>th</sup> fiscal period (July 1, 2010 to December 31, 2010)	600	236,100	0.8%
The 8 <sup>th</sup> fiscal period (January 1, 2011 to June 30, 2011)	600	239,400	0.6%
The 9 <sup>th</sup> fiscal period (July 1, 2011 to December 31, 2011)	600	227,700	0.6%
The 10 <sup>th</sup> fiscal period (January 1, 2012 to June 30, 2012)	600	309,000	0.4%
The 11 <sup>th</sup> fiscal period (July 1, 2012 to December 31, 2012)	600	387,600	0.4%
The 12 <sup>th</sup> fiscal period (January 1, 2013 to June 30, 2013)	600	579,000	0.4%
The 13 <sup>th</sup> fiscal period (July 1, 2013 to December 31, 2013)	600	526,200	0.4%
The 14 <sup>th</sup> fiscal period (January 1, 2014 to June 30, 2014)	600	544,200	0.4%
The 15 <sup>th</sup> fiscal period (July 1, 2014 to December 31, 2014)	600	666,000	0.4%
The 16 <sup>th</sup> fiscal period (January 1, 2015 to June 30, 2015)	1,200	663,600	0.3%

Note "Aggregated value of units held at end of period" is calculated by market price of the investment securities on Tokyo Stock Exchange REIT Market at end of period.

### 2. Notice

Execution or modification of significant agreement approved by the Board of Directors of the Investment Corporation for the six months ended June 30, 2015 was as follows:

Approval day	Item	Summary
February 25, 2015	Underwriting agreements of new investment units in connection with public offering	In connection with the public offering of new investment units, the Board of Directors of the Investment Corporation approved entering into the underwriting agreements with Nomura Securities Co., Ltd., SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as joint domestic coordinator, and Nomura International plc, Morgan Stanley & Co. International plc and SMBC Nikko Capital Markets Limited as international joint lead managers.

### 3. Other

Figures less than unit indicated in each statement have been rounded down for amounts and rounded for ratio unless otherwise indicated in this presentation.

## II. Balance sheets

(Thousands of yen)

	As of	
	December 31, 2014	June 30, 2015
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and bank deposits	5,229,854	6,350,807
Cash and bank deposits in trust	2,744,697	3,047,778
Rental receivables	90,242	366,794
Prepaid expenses	473,240	298,950
Deferred tax assets	15	15
Consumption taxes refundable	—	366,539
Other	129	43
<b>Total current assets</b>	<b>8,538,180</b>	<b>10,430,930</b>
<b>Noncurrent assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings, at cost	31,334,512	32,049,131
Less: Accumulated depreciation	(3,819,501)	(4,155,130)
Buildings, net	27,515,011	27,894,000
Structures, at cost	81,215	91,230
Less: Accumulated depreciation	(5,153)	(7,905)
Structures, net	76,062	83,324
Machinery and equipment, at cost	11,892	11,892
Less: Accumulated depreciation	(8,078)	(10,064)
Machinery and equipment, net	3,814	1,828
Tools, furniture and fixtures, at cost	7,469	10,059
Less: Accumulated depreciation	(826)	(1,361)
Tools, furniture and fixtures, net	6,642	8,698
Land	14,911,969	16,126,579
Construction in progress	12,766	12,766
Buildings in trust, at cost	49,322,785	54,614,090
Less: Accumulated depreciation	(5,633,676)	(6,314,097)
Buildings in trust, net	43,689,109	48,299,992
Structures in trust, at cost	459,679	459,679
Less: Accumulated depreciation	(305,168)	(329,635)
Structures in trust, net	154,510	130,043
Machinery and equipment in trust, at cost	11,006	11,006
Less: Accumulated depreciation	(1,147)	(1,756)
Machinery and equipment in trust, net	9,859	9,250
Tools, furniture and fixtures in trust, at cost	6,515	9,935
Less: Accumulated depreciation	(3,291)	(3,803)
Tools, furniture and fixtures in trust, net	3,223	6,131
Land in trust	74,778,890	90,590,979
<b>Total net property, plant and equipment</b>	<b>161,161,860</b>	<b>183,163,595</b>
<b>Intangible assets:</b>		
Leasehold rights (Note 2)	19,833,966	19,833,966
Other	1,451	1,355
<b>Total intangible assets</b>	<b>19,835,417</b>	<b>19,835,321</b>
<b>Investments and other assets:</b>		
Investment securities	10,334	—
Lease and guarantee deposits	11,515	11,696
Long-term prepaid expenses	1,043,759	1,110,566
<b>Total investments and other assets</b>	<b>1,065,609</b>	<b>1,122,263</b>
<b>Total noncurrent assets</b>	<b>182,062,887</b>	<b>204,121,180</b>
<b>Deferred assets:</b>		
Investment units issuance costs	194,058	274,137
Investment corporation bonds issuance costs	56,928	51,094
<b>Total deferred assets</b>	<b>250,987</b>	<b>325,231</b>
<b>TOTAL ASSETS</b>	<b>190,852,054</b>	<b>214,877,341</b>

The accompanying notes in "V. Notes to financial information" are an integral part of these statements.

(Thousands of yen)

	As of	
	December 31, 2014	June 30, 2015
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Operating accounts payable	351,910	357,940
Accounts payable – other	371,207	464,889
Accrued expenses	13,843	10,799
Income taxes payable	721	705
Consumption taxes payable	363,098	—
Advances received	1,186,304	1,119,061
Other	7,851	58,213
<b>Total current liabilities</b>	<b>2,294,937</b>	<b>2,011,609</b>
<b>Noncurrent liabilities:</b>		
Investment corporation bonds – unsecured	12,000,000	12,000,000
Long-term loans payable	84,400,000	96,200,000
Tenant leasehold and security deposits	2,125,210	2,254,485
Tenant leasehold and security deposits in trust	7,691,091	8,447,994
Derivative liabilities	291,573	247,187
Other	47,821	38,748
<b>Total noncurrent liabilities</b>	<b>106,555,697</b>	<b>119,188,415</b>
<b>TOTAL LIABILITIES</b>	<b>108,850,634</b>	<b>121,200,024</b>
<b>NET ASSETS</b>		
<b>Unitholders' equity:</b>		
Unitholders' capital	79,493,577	90,823,217
Surplus:		
Retained earnings	2,799,415	3,101,287
Total surplus	2,799,415	3,101,287
<b>Total unitholders' equity</b>	<b>82,292,993</b>	<b>93,924,504</b>
<b>Valuation and translation adjustments:</b>		
Deferred gains or (losses) on hedges	(291,573)	(247,187)
<b>Total valuation and translation adjustments</b>	<b>(291,573)</b>	<b>(247,187)</b>
<b>TOTAL NET ASSETS (Note 3)</b>	<b>82,001,420</b>	<b>93,677,316</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>190,852,054</b>	<b>214,877,341</b>

The accompanying notes in "V. Notes to financial information" are an integral part of these statements.

### III. Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	December 31, 2014	June 30, 2015
<b>Operating revenue</b>		
Rent revenue—real estate (Note 4)	6,775,253	7,356,857
Dividend income from investment in Tokumei Kumiai	319	406
Total operating revenue	6,775,573	7,357,263
<b>Operating expenses</b>		
Expenses related to property rental business (Note 4)	2,371,395	2,578,708
Asset management fees	577,243	626,217
Directors' compensations	5,820	5,820
Asset custody fees	6,310	6,536
Administrative service fees	29,899	31,654
Other	80,468	71,745
Total operating expenses	3,071,137	3,320,682
<b>Operating income</b>	3,704,436	4,036,580
<b>Non-operating income</b>		
Interest income	683	720
Interest on refund	1,205	—
Reversal of distribution payable	746	311
Total non-operating income	2,635	1,032
<b>Non-operating expenses</b>		
Interest expenses	602,566	624,819
Interest expenses on investment corporation bonds	58,217	57,582
Amortization of investment corporation bonds issuance costs	5,834	5,834
Borrowing related expenses	148,376	153,472
Amortization of investment units issuance costs	91,015	89,647
Other	802	4,139
Total non-operating expenses	906,813	935,496
<b>Ordinary income</b>	2,800,258	3,102,117
<b>Income before income taxes</b>	2,800,258	3,102,117
<b>Income taxes</b>		
Current	925	934
Deferred	2	0
Total income taxes	927	934
<b>Net income</b>	2,799,330	3,101,182
<b>Retained earnings brought forward</b>	85	104
<b>Unappropriated retained earnings</b>	2,799,415	3,101,287

The accompanying notes in "V. Notes to financial information" are an integral part of these statements.

## IV. Statements of changes in net assets

(Thousands of yen)

### For the six months ended December 31, 2014

For the six months ended December 31, 2014

	Unitholders' equity				Valuation and translation adjustments		
	Unitholders' capital (Note 3)	Surplus		Total unitholders' equity	Deferred gains or (losses) on hedges	Total valuation and translation adjustments	Total net assets
		Retained earnings	Total surplus				
Balance as of July 1, 2014	79,493,577	2,750,730	2,750,730	82,244,308	(240,248)	(240,248)	82,004,059
Changes during the period							
Dividends from surplus	—	(2,750,645)	(2,750,645)	(2,750,645)	—	—	(2,750,645)
Net income	—	2,799,330	2,799,330	2,799,330	—	—	2,799,330
Net changes of items other than unitholders' equity	—	—	—	—	(51,325)	(51,325)	(51,325)
Total changes during the period	—	48,685	48,685	48,685	(51,325)	(51,325)	(2,639)
Balance as of December 31, 2014	79,493,577	2,799,415	2,799,415	82,292,993	(291,573)	(291,573)	82,001,420

### For the six months ended June 30, 2015

for the six months ended June 30, 2015

	Unitholders' equity				Valuation and translation adjustments		
	Unitholders' capital (Note 3)	Surplus		Total unitholders' equity	Deferred gains or (losses) on hedges	Total valuation and translation adjustments	Total net assets
		Retained earnings	Total surplus				
Balance as of January 1, 2015	79,493,577	2,799,415	2,799,415	82,292,993	(291,573)	(291,573)	82,001,420
<u>Changes during the period</u>							
Issuance of new investment units	11,329,640	—	—	11,329,640	—	—	11,329,640
Dividends from surplus	—	(2,799,311)	(2,799,311)	(2,799,311)	—	—	(2,799,311)
Net income	—	3,101,182	3,101,182	3,101,182	—	—	3,101,182
Net changes of items other than unitholders' equity	—	—	—	—	44,385	44,385	44,385
<u>Total changes during the period</u>	11,329,640	301,871	301,871	11,631,511	44,385	44,385	11,675,896
Balance as of June 30, 2015	90,823,217	3,101,287	3,101,287	93,924,504	(247,187)	(247,187)	93,677,316

The accompanying notes in "V. Notes to financial information" are an integral part of these statements.

## **V. Notes to financial information**

### **Note 1 – Summary of significant accounting policies**

#### ***(a) Securities***

Non-marketable securities held as available-for-sale are stated at cost determined by the moving average method. Investments in Tokumei Kumiai (anonymous association) agreements are accounted for by using the equity method of accounting.

#### ***(b) 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:

	<b>For the six months ended</b>	
	<b>December 31, 2014</b>	<b>June 30, 2015</b>
Buildings	13-68 years	13-68 years
Structures	4-20 years	4-20 years
Machinery and equipment	3-10 years	3-10 years
Tools, furniture and fixtures	6-15 years	6-15 years

Depreciation policy for depreciable leased assets under finance lease transactions that transfer ownership of the leased property to the lessee is consistent with that for depreciable assets that are owned. Such finance leased properties are mainly machinery and equipment.

#### ***(c) Other intangible assets***

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

#### ***(d) Long-term prepaid expenses***

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

#### ***(e) Investment units issuance costs***

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

#### ***(f) 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.

#### ***(g) 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 ¥125,668 thousand for the six months ended June 30, 2015. No taxes on property and equipment were capitalized for the six months period ended for December 31, 2014.

***(h) 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 applied. The hedge effectiveness of the interest rate swaps is assessed by comparing the cumulative changes in the cash flows of the hedging instruments with those of 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. An assessment of hedge effectiveness is not performed when the interest rate swaps meet the specific criteria required for such special treatment.

***(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.

## Note 2 – Leasehold rights

Leasehold rights 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 3 – Unitholders' equity

### (1) Number of units

	As of	
	December 31, 2014	June 30, 2015
Authorized	4,000,000 units	8,000,000 units
Issued and outstanding	165,532 units	352,564 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 4 – 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, 2014 and June 30, 2015 consist of the following:

	(Thousands of yen)	
	For the six months ended	
	December 31, 2014	June 30, 2015
<b>Rent revenue—real estate:</b>		
Rental and parking revenue	6,474,256	6,947,726
Common area charges	281,482	377,502
Other	19,515	31,628
Total rent revenue—real estate	6,775,253	7,356,857
<b>Expenses related to property rental business:</b>		
Property management fees	31,903	35,441
Facility management fees	86,065	118,032
Utilities	278,669	358,824
Property-related taxes	557,661	576,788
Insurance	20,090	23,387
Repair and maintenance	58,414	69,817
Depreciation	996,273	1,046,949
Trust fees	13,001	14,247
Leasehold rents	328,922	334,773
Other	394	446
Total expenses related to property rental business	2,371,395	2,578,708
<b>Operating income from property leasing activities</b>	<b>4,403,858</b>	<b>4,778,149</b>



## Note 5 – Income taxes

Deferred tax assets consist of the following:

	As of	
	December 31, 2014	June 30, 2015
(Thousands of yen)		
Deferred tax assets, current:		
Enterprise tax payable	15	15
Total	15	15
Net deferred tax assets, current	15	15
Deferred tax assets, noncurrent:		
Deferred losses on hedges	99,572	79,866
Subtotal	99,572	79,866
Valuation allowance	(99,572)	(79,866)
Total	—	—
Net deferred tax assets, noncurrent	—	—

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

	For the six months ended	
	December 31, 2014	June 30, 2015
Statutory tax rates	34.16%	34.15%
Deductible cash distributions	(34.15)	(34.14)
Other	0.02	0.02
Effective tax rates	0.03%	0.03%

## 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 by 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, 2014 and June 30, 2015.

(Thousands of yen)

	As of					
	December 31, 2014			June 30, 2015		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and bank deposits	5,229,854	5,229,854	—	6,350,807	6,350,807	—
(2) Cash and bank deposits in trust	2,744,697	2,744,697	—	3,047,778	3,047,778	—
Total assets	7,974,552	7,974,552	—	9,398,586	9,398,586	—
(1) Investment corporation bonds —unsecured	12,000,000	12,405,180	405,180	12,000,000	12,302,760	302,760
(2) Long-term loans payable	84,400,000	87,867,068	3,467,068	96,200,000	99,205,980	3,005,980
(3) Tenant leasehold and security deposits in trust	1,054,472	1,011,130	(43,341)	1,028,296	982,636	(45,659)
Total liabilities	97,454,472	101,283,378	3,828,906	109,228,296	112,491,377	3,263,081
Derivative (derivative liabilities), net	(291,573)	(291,573)	—	(247,187)	(247,187)	—

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) Investment corporation bonds —unsecured*

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

*(2) 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.

*(3) 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

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

### As of December 31, 2014

(Thousands of yen)

As of December 31, 2014						(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	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term loans payable	5,500,000	5,500,000	(291,573)	Note (b)
Special treatment for hedge accounting of interest rate swaps	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term loans payable	63,200,000	63,200,000	Note (a)	-

### As of June 30, 2015

(Thousands of yen)

As of June 30, 2015							(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	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term loans payable	5,500,000	5,500,000	(247,187)	Note (b)	
Special treatment for hedge accounting of interest rate swaps	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term loans payable	70,300,000	70,300,000	Note (a)	-	

Note:

- (a) As disclosed in "Note 1 - Summary of significant accounting policies (h) 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. Please refer to above footnote ("Liabilities, (2) Long-term loans payable").
- (b) The fair value is estimated by the counterparty to the interest rate swaps contracts using market interest rates and other assumptions.

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

(Thousands of yen)

	As of	
	December 31, 2014	June 30, 2015
Investment securities	10,334	—
Total assets	10,334	—
Tenant leasehold and security deposits	2,125,210	2,254,485
Tenant leasehold and security deposits in trust	6,636,619	7,419,698
Total liabilities	8,761,830	9,674,183

The investment securities (equity interests in anonymous association) are not traded in markets, and it is difficult to estimate reasonable future cash flow. Also, the above carrying amounts of 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 flows schedule of financial assets after the balance sheet date

(Thousands of yen)

As of December 31, 2014	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	5,229,854	-	-	-	-	-
Cash and bank deposits in trust	2,744,697	-	-	-	-	-
Total	7,974,552	-	-	-	-	-

(Thousands of yen)

As of June 30, 2015	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	6,350,807	-	-	-	-	-
Cash and bank deposits in trust	3,047,778	-	-	-	-	-
Total	9,398,586	-	-	-	-	-

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

(Thousands of yen)

As of December 31, 2014	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	-	-	-	7,000,000
Long-term loans payable	-	2,000,000	20,600,000	13,500,000	7,900,000	40,400,000
Total	-	7,000,000	20,600,000	13,500,000	7,900,000	47,400,000

(Thousands of yen)

As of June 30, 2015	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	-	-	-	7,000,000
Long-term loans payable	-	11,000,000	25,100,000	4,000,000	7,900,000	48,200,000
Total	-	16,000,000	25,100,000	4,000,000	7,900,000	55,200,000

## Note7 – 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 aggregate for the six months ended December 31, 2014 and June 30, 2015.

(Thousands of yen)		
As of / For the six months ended		
	December 31, 2014	June 30, 2015
<b>Net book value<sup>(i)</sup></b>		
Balance at the beginning of the period	181,626,985	180,996,885
Net increase (decrease) during the period <sup>(ii)</sup>	(630,100)	22,001,697
Balance at the end of the period	180,996,885	202,998,583
<b>Fair value<sup>(iii)</sup></b>	205,411,000	232,233,000

Note:

(i) The net book value includes leasehold rights.

(ii) For the six months ended December 31, 2014:  
Decrease in the net book value is mainly due to depreciation.

For the six months ended June 30, 2015:  
Changes in the net book value are mainly due to the following acquisitions offset by depreciation.

Acquisitions:	IIF Sagamiyama R&D Center	Increase in net book value (Thousands of yen)
	IIF Shinagawa IT Solution Center	3,275,350
	IIF Izumitsu e-shop Logistics Center (land with leasehold interest)	7,500,181
	IIF Izumisano Food Processing and Logistics Center	4,176,535
	IIF Kyotanabe Logistics Center	933,150
	IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest)	5,974,099
		907,225

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

For rental revenues and expenses for the six months ended December 31, 2014 and June 30, 2015, please refer to “Note 4 - Rent revenue—real estate and expenses related to property rental business.”

## Note 8 – Restriction on Asset Management

None

## Note 9 – 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 demolishes 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 10 – Related-party transactions

### *For the six months ended December 31, 2014:*

Type of related-party	Company name	Business	Voting interest in the Investment Corporation	Transactions for the period		Balance at end of the period	
				Type of transaction	Amounts (Thousands of yen)	Balance sheet account	Amounts (Thousands of yen)
Custodian	Sumitomo Mitsui Trust Bank, Limited	Banking	—	—	—	Long-term loans payable <sup>(i)</sup>	12,571,800
				Interest expenses <sup>(i)</sup>	81,994	Accrued expenses	442
				—	—	Derivative liabilities <sup>(ii)</sup>	291,573

Notes:

- (i) The interest rates of the loans payable have been decided similarly as other banks of the syndicate. All of the loans payable were unsecured.
- (ii) The terms and conditions of interest rate swap contracts are decided based on third party transactions.

### *For the six months ended June 30, 2015:*

Type of related-party	Company name	Business	Voting interest in the Investment Corporation	Transactions for the period		Balance at end of the period	
				Type of transaction	Amounts (Thousands of yen)	Balance sheet account	Amounts (Thousands of yen)
Custodian	Sumitomo Mitsui Trust Bank, Limited	Banking	—	Borrowing of long-term loans payable	2,797,200	Long-term loans payable <sup>(i)</sup>	15,369,000
				Interest expenses <sup>(i)</sup>	85,727	—	—
				—	—	Derivative liabilities <sup>(ii)</sup>	247,187

Notes:

- (i) The interest rates of the loans payable have been decided similarly as other banks of the syndicate. All of the loans payable were unsecured.
- (ii) The terms and conditions of interest rate swap contracts are decided based on third party transactions.

## Note 11 – Per unit information

The Investment Corporation executed a two-for-one unit split (the “Unit Split”) January 1, 2015 as the effective date for the Unit Split. Following table shows pro forma per unit information which has been adjusted to reflect the Unit Split as if it had been effective on July 1, 2014.

	(Yen)	
	As of / For the six months ended	
	December 31, 2014	June 30, 2015
Pro forma net asset value per unit	247,690	265,703
Pro forma net income per unit	8,455	9,021

The pro forma net income per unit is calculated by dividing the net income attributable to unitholders by the adjusted weighted average number of units outstanding during the six-month period as if the Unit Split had been effective on July 1, 2014. The Investment Corporation has no potentially dilutive units.

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

	(Thousands of yen)	
	For the six months ended	
	December 31, 2014	June 30, 2015
Net income	2,799,330	3,101,182
Effect of dilutive unit	-	-
Net income attributable to common unitholders	2,799,330	3,101,182
Adjusted weighted-average number of units outstanding for the period	331,064 units	343,742 units

## Note 12 – Subsequent events

### For the six months ended December 31, 2014:

#### *Unit split*

The Investment Corporation executed the Unit Split with December 31, 2014 as the record date and January 1, 2015 as the effective date.

#### *(1) Purpose of the Unit Split*

The Investment Corporation hopes to expand investors through improvement of an investment environment by reducing the market price per investment with the Unit Split for the Unit Split.

#### *(2) Split method*

Each unit owned by unitholders listed in the final unitholders register on December 31, 2014, the day immediately prior to the effective date of the Unit Split, has been split into two units.

#### *(3) Number of units increased by the Unit Split*

- 1) Number of outstanding units of the Investment Corporation before the Unit Split: 165,532 units
- 2) Number of units increased by the Unit Split: 165,532 units
- 3) Number of outstanding units of the Investment Corporation after the Unit Split: 331,064 units
- 4) Number of authorized units of the Investment Corporation after the Unit Split: 8,000,000 units

### ***Issuance of new investment units***

The Board of Directors of the Investment Corporation, at its meeting held on February 25, 2015, 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 (“Japanese Offering”) and in international markets, consisting mainly of the U.S., European and Asian 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 “International Offering” and collectively with the Japanese Offering, the “Offerings”).

Number of new investment units to be offered:

20,988 investment units, out of which 10,238 new units are to be offered through the Japanese Offering and 10,750 new units are to be offered through the International Offering consisting of 10,238 new units to be underwritten and purchased by international underwriters and an option to purchase up to an aggregate of 512 additional new units granted to the international underwriters, although the breakdown of the number of new investment units to be offered shall be finally determined within 20,988 investment units considering demand and other factors at the Board of Directors Meeting to be held early in March, 2015 (hereinafter referred to as the called “Determination Date of the Issue Price”).

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

Number of new investment units: 512 investment units

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 decrease accordingly due to forfeiture, or such allotment itself may be cancelled entirely.

#### ***(c) Use of proceeds***

The Investment Corporation 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 early in March on the Determination Date of the Issue Price.

### **For the six months ended June 30, 2015:**

None

## VI. Statements of cash distributions

(Yen)

	For the six months ended	
	December 31, 2014	June 30, 2015
Unappropriated retained earnings	2,799,415,931	<b>3,101,287,169</b>
Cash distribution declared	2,799,311,652	<b>3,101,152,944</b>
<i>(Cash distribution declared per unit)</i>	<i>(16,911)</i>	<i>(8,796)</i>
Retained earnings carried forward	104,279	<b>134,225</b>

### 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, 2014 and June 30, 2015 were ¥2,799,311,652 and ¥3,101,152,944, 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.

### **Note**

Accompanying English financial information, comprising of balance sheets, statements of income and retained earnings, statements of changes in net assets, notes to financial information and statements of cash distributions, have been translated from the Japanese financial statements of the Investment Corporation prepared in accordance with the Act on Investment Trusts and Investment Corporations of Japan.

Under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended June 30, 2015 have been audited by Ernst & Young ShinNihon LLC, in accordance with auditing standards generally accepted in Japan. But, English translation of the Japanese language report of independent auditors is not attached herein because the accompanying English translation of balance sheets, statements of income and retained earnings, statement of changes in net assets, notes to financial information and statements of cash distributions are unaudited.



## VII. Statements of cash flows (additional information)

(Thousands of yen)

	For the six months ended	
	December 31, 2014	June 30, 2015
<b>Net cash provided by (used in) operating activities:</b>		
Income before income taxes	2,800,258	3,102,117
Depreciation and amortization	996,273	1,046,949
Amortization of investment corporation bonds issuance costs	5,834	5,834
Amortization of investment units issuance costs	91,015	89,647
Interest income	(683)	(720)
Interest expenses	660,784	682,401
Changes in assets and liabilities:		
Decrease (increase) in operating accounts receivable	32,289	(276,552)
Decrease (increase) in consumption taxes refundable	290,292	(363,503)
Decrease in prepaid expenses	291,696	174,290
Decrease (increase) in long-term prepaid expenses	129,320	(66,806)
Increase in operating accounts payable	71,638	114,413
Increase in accounts payable – other	9,090	35,840
Increase in accrued expenses	3,767	704
Increase (decrease) in consumption taxes payable	370,092	(370,092)
Decrease in advances received	(371,200)	(67,243)
Decrease in other noncurrent liabilities	(8,181)	(8,077)
Other, net	(48,157)	42,384
Subtotal	5,324,129	4,141,585
Interest income received	683	720
Interest expenses paid	(657,036)	(686,149)
Payments for loss on disaster	(45,888)	—
Income taxes paid	(941)	(950)
Net cash provided by operating activities	4,620,947	3,455,205
<b>Net cash provided by (used in) investing activities:</b>		
Purchases of property, plant and equipment	(192,687)	(1,989,843)
Purchases of property, plant and equipment in trust	(125,790)	(21,105,386)
Purchases of intangible assets	(118)	—
Proceeds from tenant leasehold and security deposits	63	129,364
Payments of tenant leasehold and security deposits	(48,000)	(90)
Proceeds from tenant leasehold and security deposits in trust	3,924	819,514
Payments of tenant leasehold and security deposits in trust	(13,810)	(54,332)
Payments for lease and guarantee deposits	(181)	(181)
Proceeds from refund of investment securities	1,452	10,334
Net cash used in investing activities	(375,149)	(22,190,619)
<b>Net cash provided by (used in) financing activities:</b>		
Proceeds from long-term loans payable	—	11,800,000
Payments of investment corporation bonds issuance costs	(3,618)	—
Proceeds from issuance of investment units	—	11,159,914
Dividends paid	(2,750,748)	(2,799,470)
Other	(995)	(995)
Net cash provided by (used in) financing activities	(2,755,361)	20,159,448
<b>Net change in cash and cash equivalents</b>	1,490,436	1,424,034
<b>Cash and cash equivalents at beginning of period</b>	6,484,115	7,974,552
<b>Cash and cash equivalents at end of period <sup>(ii)</sup></b>	7,974,552	9,398,586

Note:

- (i) The statements of cash flows are unaudited because the statements are out of scope of independent audit under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan.
- (ii) 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. Cash and cash equivalents shown in the statements of cash flows consist of the following balance sheet items:

(Thousands of yen)

	As of	
	December 31, 2014	June 30, 2015
Cash and bank deposits	5,229,854	6,350,807
Cash and bank deposits in trust	2,744,697	3,047,778
Cash and cash equivalents	7,974,552	9,398,586