

## Translation

# INDUSTRIAL & INFRASTRUCTURE FUND INVESTMENT CORPORATION SUMMARY OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

February 16, 2017

Name of issuer: Industrial & Infrastructure Fund Investment Corporation  
("the Investment Corporation")  
Stock exchange listing: Tokyo Stock Exchange  
Securities code: 3249  
Website: <http://www.iif-reit.com/>  
Representative of the Investment Corporation: Yasuyuki Kuratsu, Executive Director  
Name of asset manager: Mitsubishi Corp.-UBS Realty Inc.  
Representative of the asset manager: Toru Tsuji, President & CEO  
Contact: Toshiaki Fukai, Head of Industrial Division  
Tel: (03)5293-7091  
Scheduled date for filing of securities report: March 23, 2017  
Scheduled date for distributions payment: March 17, 2017  
Supplementary materials for financial results: Otherwise prepared  
Analyst meeting: Scheduled

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

## 1. Financial results for the six months ended December 31, 2016 (July 1, 2016 to December 31, 2016)

### (1) Operating results

(Percentages show period-on-period changes)

|                          | Operating revenues |     | Operating income |     | Ordinary income |     | Net income      |     |
|--------------------------|--------------------|-----|------------------|-----|-----------------|-----|-----------------|-----|
| For the six months ended | Millions of yen    | %   | Millions of yen  | %   | Millions of yen | %   | Millions of yen | %   |
| December 31, 2016        | 8,069              | 2.3 | 4,416            | 1.8 | 3,443           | 1.8 | 3,442           | 1.8 |
| June 30, 2016            | 7,886              | 1.3 | 4,338            | 1.4 | 3,382           | 2.9 | 3,381           | 2.9 |

|                          | Net income per unit | Return on unitholders' equity | Ratio of ordinary income to total assets | Ratio of ordinary income to operating revenues |
|--------------------------|---------------------|-------------------------------|--|--|
| For the six months ended | Yen                 | %                             | %  | %  |
| December 31, 2016        | 9,764               | 3.7                           | 1.6                                      | 42.7   |
| June 30, 2016            | 9,590               | 3.6                           | 1.6                                      | 42.9   |

### (2) Distributions

|                          | Distribution per unit (including distributions in excess of profit) | Distribution per unit (excluding distributions in excess of profit) | Distribution per unit in excess of profit | Total distributions (including distributions in excess of profit) | Total distributions (excluding distributions in excess of profit) | Total distributions in excess of profit | Payout ratio | Ratio of distributions to net assets |
|--------------------------|---|---|---|---|---|---|--------------|--------------------------------------|
| For the six months ended | Yen   | Yen   | Yen                                       | Millions of yen   | Millions of yen   | Millions of yen                         | %            | %                                    |
| December 31, 2016        | 9,768   | 9,765   | 3   | 3,443   | 3,442   | 1                                       | 100.0        | 3.7                                  |
| June 30, 2016            | 9,590   | 8,440   | 1,150                                     | 3,381   | 2,975   | 405                                     | 88.0         | 3.2                                  |

Note 1: Distribution per unit in excess of profit consist only of allowance for temporary difference adjustment.

Note 2: Payout ratio in the above table is calculated by following formula (A). Payout ratio for the six months ended June 30, 2016 and December 31, 2016 calculated by following formula (B) is 100%, respectively.

(A) Payout ratio = Distribution per unit (excluding distributions in excess of profit) ÷ Net income per unit × 100

(B) Payout ratio = Distribution per unit (including distributions in excess of profit) ÷ Net income per unit × 100

Note 3: Ratio of distributions to net assets in the above table is calculated by following formula (A). Ratio of distributions to net assets for the six months ended June 30, 2016 and December 31, 2016 calculated by following formula (B) is 3.6% and 3.7%, respectively.

(A) Ratio of distributions to net assets = Distribution per unit (excluding distributions in excess of profit) ÷ { (Net assets at beginning of period + Net assets at end of period) ÷ 2 } × 100

(B) Ratio of distributions to net assets = Distribution per unit (including distributions in excess of profit) ÷ { (Net assets at beginning of period + Net assets at end of period) ÷ 2 } × 100

### (3) Financial position

|                   | Total assets    | Net assets      | Ratio of net assets to total assets | Net asset value per unit |
|-------------------|-----------------|-----------------|-------------------------------------|--------------------------|
| As of             | Millions of yen | Millions of yen | %                                   | Yen                      |
| December 31, 2016 | 224,749         | 93,959          | 41.8                                | 266,503                  |
| June 30, 2016     | 216,639         | 93,799          | 43.3                                | 266,048                  |

### (4) Cash flows

|                          | Net cash provided by (used in) |                      |                      | Cash and cash equivalents at end of period |
|--------------------------|--------------------------------|----------------------|----------------------|--|
|                          | Operating activities           | Investing activities | Financing activities |  |
| For the six months ended | Millions of yen                | Millions of yen      | Millions of yen      | Millions of yen                            |
| December 31, 2016        | 13,565                         | (13,020)             | 5,293                | 12,745                                     |
| June 30, 2016            | 4,287                          | (6,081)              | (1,688)              | 6,906                                      |

## 2. Outlook for the seven months ending July 31, 2017 (January 1, 2017 to July 31, 2017)

(Percentages show period-on-period changes)

|                             | Operating revenues |      | Operating income |      | Ordinary income |      | Net income      |      |
|-----------------------------|--------------------|------|------------------|------|-----------------|------|-----------------|------|
| For the seven months ending | Millions of yen    | %    | Millions of yen  | %    | Millions of yen | %    | Millions of yen | %    |
| July 31, 2017               | 10,047             | 24.5 | 5,741            | 30.0 | 4,580           | 33.0 | 4,579           | 33.0 |

|                             | Net income per unit | Distribution per unit (including distributions in excess of profit) | Distributions per unit (excluding distributions in excess of profit) | Distributions in excess of profit per unit |
|-----------------------------|---------------------|---|--|--|
| For the seven months ending | Yen                 | Yen   | Yen  | Yen  |
| July 31, 2017               | 11,531              | 11,538  | 11,531   | 7  |

## 3. Others

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

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

### (2) Number of units issued

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

As of December 31, 2016 352,564 units

As of June 30, 2016 352,564 units

Number of treasury units at end of period:

As of December 31, 2016 0 unit

As of June 30, 2016 0 unit

Note: For the number of unit as a basis of calculation of net income per unit, please refer to per unit information on page 30.

### Forward-looking Statements and Other Notes

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

For further information and assumptions regarding the forward-looking statements, please refer to “Earnings Forecast Assumptions for the 20th Fiscal Period (January 1 to July 31, 2017) and the 21st Fiscal Period (August 1, 2017 to January 31, 2018)” on page 12-14.

## 1. Summary of related corporations of the Investment Corporation

There have been no significant changes to the “structure of the investment corporation” since the most recent securities report (submitted on September 29, 2016), and hence, description of these matters is omitted.

## 2. Management policy and results of operation

### (1) Management policies

Effective September 30, 2016, the following policy changes were made regarding “(2) Investment Targets” in “2. Investment Policy” under “i. Status of Fund,” “I. Information on Fund” and “(3) Distribution Policies” in “2. Investment Policy” under “i. Status of Fund,” “I. Information on Fund” in the securities report submitted on September 29, 2016.

Unless specifically mentioned, the terms defined in the securities report on September 29, 2016 will have the same meaning in this Summary of Financial Results for the Six Months Ended December 31, 2016. The underlined parts indicate changes.

#### I. Information on Fund

##### i. Status of Fund

##### 2. Investment Policy

##### (2) Investment Targets

##### (i) Types of assets subject to investment

- (A) The Investment Corporation may invest in the Specified Assets set forth below (Articles of Incorporation, Article 11, Paragraph 1).

[Omitted]

##### d. Monetary claims (as set out in Article 3, Item 7 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations)

[Omitted]

##### i. Outstanding Shares of a corporation stipulated in Article 221-2, Paragraph 1 of the Ordinance for Enforcement of the Investment Trust Act (hereinafter referred to as the “Corporation Holding Overseas Real Estate”) (limited to such outstanding shares acquired in excess of the number obtained by multiplying the total number of such outstanding shares (excluding the shares held by such Corporation Holding Overseas Real Estate) by the ratio set out in Article 221 of the Ordinance for Enforcement of the Investment Trust Act)

- (B) The Investment Corporation may invest in assets other than the Specified Assets set forth below (Articles of Incorporation, Article 11, Paragraph 2).

[Omitted]

##### b. Equipment, fixtures and assets that are affixed to real estate structurally or in terms of use, or assets acquired which are incidental to the acquisition of real estate, real estate lease rights or surface rights, both of which shall be movables provided for in Article 86, Paragraph 2 of the Civil Code (Law No. 89 of 1896, as amended) (referred to as the Civil Code) (excluding the renewable energy generation facilities

specified in (g) under (A) above).

[Omitted]

(a)

(3) Cash Distribution Policies

The Investment Corporation shall in principle distribute cash in accordance with the following policies.

(i) Calculation method for total cash amount to be distributed to unitholders:

- (A) Of the total cash amount to be distributed to unitholders, profits (the “Distributable Amount”) are the profits specified in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Articles of Incorporation, Article 25, Paragraph 1, Item (1)).
- (B) The Investment Corporation shall in principle distribute profits in excess of 90% of the amount of the Investment Corporation’s Distributable Profits specified in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation (the “Distributable Profit Amount”) (here and hereafter, if that amount is revised because of amendment of laws or ordinances, the revised amount). In cases where it is deemed necessary for the maintenance or improvement of Managed Assets of the Investment Corporation or cases where it is recognized as appropriate by the Investment Corporation, a certain required amount out of the Distributable Amount may be accumulated, incorporated, reserved, or subject to other treatment as dividend reserves, comparable reserves, and other voluntary reserves (Articles of Incorporation, Article 25, Paragraph 1, Item (2)).

(ii) Cash distributions in excess of profits

The Investment Corporation may make distributions to unitholders in excess of the Distributable Profit Amount to the extent prescribed by laws and regulations (including the regulations, etc. of the Investment Trusts Association) for the purpose of reducing the Investment Corporation’s burden of taxation or in other cases where it considers it appropriate to do so. Any amount in excess of profits distributed to unitholders shall be first deducted from capital surplus and the remainder then deducted from total unitholders’ capital (Articles of Incorporation, Article 25, Paragraph 2).

(Omit)

There are no other material changes to Investment Policy, Investment Targets, or Distribution Policies in the most recent securities report submitted on September 29, 2016, and accordingly, disclosure is omitted.

(2) Operations

A. Operations during the period

i. Major developments and management performance of IIF

IIF was established on March 26, 2007 based on “Act on Investment Trust and Investment Corporation” (hereinafter referred to as “Investment Trust Law”) and

became listed on the 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 49 properties whose total acquisition price amounted to 212,717 million yen as of December 31, 2016.

## ii. Investment environment and management performance

During this fiscal period (July to December 2016), the Japanese economy continued to undergo a moderate recovery and gross domestic product (GDP) was up July to September 2016 for the third consecutive quarter according to preliminary data, supported mainly by an increase in exports, primarily to Asia, and solid housing investment.

Political and economic uncertainty increased due to the Brexit vote results in favor of Britain withdrawing from the Europe Union, which occurred on June 24 just prior to the start of this fiscal period, but the Japanese stock market remained stable, with the Nikkei average rising slightly from 15,682 yen in July, against a backdrop of a relatively stable economy in Japan. Later, Donald Trump won the United States presidential election in November against all expectations, and markets adopted a more risk-tolerant attitude in anticipation of policies following Trump’s inauguration. The stock market was up sharply, reaching nine consecutive record highs in December, and closed out the month above the 19,000 yen level.

The J-REIT market has been rising since the introduction of negative interest rates was decided at the end of January 2016. At the beginning of the quarter, the Tokyo Stock Exchange REIT Index was at 1,849 points and was initially soft but later recovered after the U.S. presidential election and stood at 1,855 points at the end of December.

Under this environment, IIF has continued to pursue property-sourcing activities based on a Corporate Real Estate (CRE) proposal, an approach with which the Investment Corporation has strengths. During this fiscal period, the Investment Corporation acquired the following four properties (11,417 million yen in total acquisition price): IIF Yokohama Shinyamashita R&D Center for an acquisition price of 3,798 million yen, (99.7% co-ownership interest), IIF Osaka Konohana Logistics Center for an acquisition price of 4,437 million yen (51% co-ownership interest), IIF Kazo Logistics Center for an acquisition price of 2,361 million yen, and IIF Hamura Logistics Center for an acquisition price of 820 million yen. In addition, IIF disposed of the IIF Shinonome R&D Center for 9,060 million yen on November 15, 2016 and reported gain on sales of property of 46 million yen.

As a result, the properties IIF owned as of December 31, 2016 consisted of 31 logistics facilities, nine infrastructure facilities and nine manufacturing, R&D and other facilities, whose total acquisition price amounted to 212,717 million yen. The total leasable area as of December 31, 2016 was 1,049,641.69 m<sup>2</sup>, and the average occupancy rate was 99.9%.

### iii. Funding

#### a) Debt Financing

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.

As for funding for interest-bearing debt for this fiscal period, IIF raised 8,200 million yen in funding for the acquisition of new properties (allocated in part to an additional acquisition of interests in the IIF Yokohama Shinyamashita R&D Center and new acquisition of the IIF Osaka Konohana Logistics Center) on July 1, 2016 and raised 2,500 million yen in funding (allocated in part to new acquisition of the IIF Kazo Logistics Center) on September 1, 2016 with the aim, as in the previous year, of continuing external growth that realizes increased distributions and growth in NAV by property acquisition activities based on a CRE proposal. These funds were procured through short-term loans with variable interest rates to ensure IIF's financial flexibility.

IIF also obtained a new long-term, fixed interest rate loan for 2,000 million yen (with a 10-year loan term) on August 31, 2016 and repaid 2,000 million yen in long-term loans that came due on the same day. Through this refinancing, IIF is shifting to a longer-term, fixed rate loans in order to establish a financial position that will provide stable distributions over the long term.

IIF issued 3,000 million yen in the Fourth Series of Unsecured Investment Corporation Bonds (with special pari passu conditions among specified investment corporation bonds) on December 26, 2016 and applied the proceeds to redemption of a portion of the First Series of Unsecured Investment Corporation Bonds (with special pari passu conditions among specified investment corporation bonds) totaling 5,000 million yen that became due on December 27, 2016.

As a result, as of December 31, 2016, IIF's total interest bearing debt was 118,500 million yen, which was comprised of 10,700 million yen in short-term loans, 97,800 million yen in long-term loans (including long-term loans to be repaid within one year), and 10,000 million yen in investment corporation bonds.

#### b) Equity Financing

IIF did not raise funds through equity financing during the current period.

### iv. Overview of financial results and distributions

As a result of the above management activities, IIF recorded operating revenue of 8,069 million yen, operating income of 4,416 million yen, ordinary income of 3,443 million yen and net income of 3,442 million yen for this fiscal period.

For distributions, IIF includes profit distributions in deductible expenses in accordance with Article 67-15, Paragraph 1 of the Act on Special Taxation Measures Law, and profit distributions declared for this fiscal period were 3,442,787,460 yen, which was all profit as defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan after deducting the provision of an allowance for temporary difference adjustments and excluding fractional distributions of less than one yen per unit. In addition, the Investment Corporation makes distributions in excess of profit in amounts determined by the Investment

Corporation considering the effects of taxable income in excess of accounting income and items deducted from net assets on distribution amounts. For this fiscal period, distributions related to the allowance for temporary difference adjustments stood at 1,057,692 yen, the amount calculated as the taxable income in excess of accounting income excluding fractional distributions per unit in excess of profit less than one yen. As a result, the distribution per unit for the period is 9,768 yen.

B. Outlook for the next fiscal period

i. Outlook for the overall management

Uncertainty in the world economy is increasing, particularly in the political arena, as attention is focused on future policies of the U.S. president following the inauguration in January 2017, responses to the decision by the United Kingdom to withdraw from the European Union, and upcoming elections in the Netherlands, France, Germany, and other countries. It is possible that disorder will occur as a result of these events. The J-REIT market, however, is expected to remain strong, supported by relatively stable politics and the economy in Japan. In the real estate market, the domestic real estate investment environment is expected to remain strong due to the ease of procuring capital as a result of the introduction of negative interest rates by the Bank of Japan.

Especially for logistics facilities, vacancy rates are continuing to be low in main areas 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 growth in e-commerce. 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 new facilities are to be established in Japan.

ii. Issues to be solved and management policy going forward

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.

a) External growth

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

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 new 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 warehousing structure.

b) Internal growth

As of December 31, 2016, IIF's portfolio consisted of 49 properties for a total acquisition price of 212,717 million yen.

The average occupancy rate currently stands at 99.9%. The properties are managed under long-term lease contracts with an average remaining lease period of 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 as well as 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 these efforts, lease agreements were signed with new tenants for the vacant portion of the IIF Shinagawa IT Solution Center in August 2016, and the occupancy rate is 100%. With regard to the IIF Shinonome R&D Center, for which a cancellation notice was received on January 18, 2016, after taking initiatives and considering the opportunities for both leasing and selling the property, IIF sold the property in November 2016.

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 by carrying out suitable repair work as necessary. At the same time, in order to maintain and improve the rent level and prevent cancellations, IIF will continue to exert efforts in building favorable relationships with lessees by continuously making close communications.

c) Financial strategy

In consideration of IIF's portfolio that 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) that matches up the long-term stable cash flows of properties with the long-term fixed-rate borrowings.

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



iii. Earnings forecast for the next fiscal period

a) The Issuance of New Investment Units

The Board of Directors adopted resolutions at meetings held on January 24, 2017 and February 7, 2017 regarding the issuance of new investment units as set forth below. Pay-in for the publicly-offered new investment units was completed on February 14, 2017. The issuance terms were as indicated below. As a result of the issuance, total unitholders' capital as of February 14, 2017 was 112,131,455,055 yen and the total number of issued investment units was 396,102. In the case where a third-party allotment of new investment units is implemented in conjunction with a secondary offering through over-allotment, the scheduled pay-in deadline is March 3, 2017.

• Issuance of New Investment Units through Public Offering

Public offering in Japan and overseas markets primarily in the United States, Europe, and Asia (in the United States, however, new investment units were offered only to qualified institutional investors in accordance with Rule 144A of the United States Securities and Exchange Act)

|   |                                    |
|---|------------------------------------|
| Number of investment units to be issued:        | 43,538 units                       |
|   | (21,238 units offered in Japan and |
|   | 22,300 units offered overseas      |
|   | (21,238 units underwritten and     |
|   | purchased by overseas              |
|   | underwriters plus 1,062 units      |
|   | additionally issued subject to     |
|   | purchase rights granted to         |
|   | overseas underwriters))            |
| Issue price (Offer price):                      | 506,025 yen per unit               |
| Total issue price (Total offer price):          | 22,031,316,450 yen                 |
| Issue value (Amount to be paid in):             | 489,417 yen per unit               |
| Total issue value (Total amount to be paid in): | 21,308,237,346 yen                 |
| Payment date:                                   | February 14, 2017                  |
| Record date for distributions:                  | January 1, 2017                    |

• Issuance of New Investment Units through Third-Party Allotment

|   |                             |
|---|-----------------------------|
| Number of investment units to be issued:        | 1,062 units                 |
| Issue value (Amount to be paid in):             | 489,417 yen per unit        |
| Total issue value (Total amount to be paid in): | 519,760,854 yen             |
| Payment date:                                   | March 3, 2017               |
| Record date for distributions:                  | January 1, 2017             |
| Allottee:                                       | Nomura Securities Co., Ltd. |

It is possible that no offer will be made for all or part of the third-party allotment, and as a result, the final number of units issued through the third-party allotment will decrease or the issuance will not be implemented due to loss of rights.

• Use of Proceeds

The proceeds from the public offering and third-party allotment will be allocated as a portion of the funds for IIF to acquire new specified properties.

b) Earnings Forecast

The forecasts of operating results for the fiscal period ending July 31, 2017 (January 1, 2017 to July 31, 2017) are as set forth below. For the assumptions regarding these forecasts, refer to “Earnings Forecast Assumptions for the 20<sup>th</sup> Fiscal Period (January 1 to July 31, 2017) and the 21<sup>st</sup> Fiscal Period (August 1, 2017 to January 31, 2018)” below.

|   |                    |
|---|--------------------|
| Operating revenue:  | 10,047 million yen |
| Operating income:   | 5,741 million yen  |
| Ordinary income:  | 4,580 million yen  |
| Net income:   | 4,579 million yen  |
| Distributions per unit (including distributions in excess of retained earnings per unit): | 11,538 yen         |
| Distributions in excess of retained earnings per unit:                                    | 7 yen              |

With regard to forecasts for operating revenue and operating expenses in the 20<sup>th</sup> Fiscal Period (January 1, 2017 to July 31, 2017), the main changes from the 19<sup>th</sup> Fiscal Period (July 1, 2016 to December 31, 2016) include the following.

Operating revenue (increase of 1,978 million yen from the previous fiscal period)

- In conjunction with the change of fiscal year, rent revenue will temporarily increase
- Rental revenue from the 11 properties planned to be acquired in the 20<sup>th</sup> Period

Operating expense (increase of 653 million yen from the previous fiscal period)

- In conjunction with the change of fiscal year, rental expenses and other expenses will temporarily increase
- Rental expenses for the 11 properties planned to be acquired in the 20<sup>th</sup> Period
- Increased taxes and public charges for the seven properties acquired in the 18<sup>th</sup> and 19<sup>th</sup> Fiscal Periods and the extension building at the IIF Nishinomiya Logistics Center, which was acquired in the 18<sup>th</sup> Period

\* The accounting term for the 20<sup>th</sup> Fiscal Period (January 1, 2017 to July 31, 2017) will be seven months.

Reference

The forecasts of operating results for the 21<sup>st</sup> Fiscal Period (August 1, 2017 to January 31, 2018) are as set forth below. For the assumptions regarding these forecasts, refer to “Earnings Forecast Assumptions for the 20<sup>th</sup> Fiscal Period (January 1 to July 31, 2017) and the 21<sup>st</sup> Fiscal Period (August 1, 2017 to January 31, 2018)” below.

|  |                   |
|--|-------------------|
| Operating income:  | 8,940 million yen |
| Ordinary income:   | 5,036 million yen |
| Net income:  | 4,038 million yen |
| Distributions per unit (including distributions<br>in excess of retained earnings per unit): | 10,173 yen        |
| Distributions in excess of retained earnings per unit:                                       | 6 yen             |

Note: The forecasts mentioned above are calculated based on certain assumptions as of the time of this reporting.  
Actual net income and distribution may fluctuate due to changes in the circumstances. The forecasts do not guarantee the amount of distribution.

【Attachment】

Earnings Forecast Assumptions for the 20<sup>th</sup> Fiscal Period (January 1 to July 31, 2017) and the 21<sup>st</sup> Fiscal Period (August 1, 2017 to January 31, 2018)

| Item                  | Assumption  |
|-----------------------|---|
| Accounting period     | 20 <sup>th</sup> Fiscal Period From January 1, 2017 to July 31, 2017 (212 days)<br>21 <sup>st</sup> Fiscal Period From August 1, 2017 to January 31, 2018 (184 days)  |
| Assets owned          | <p>We assume that we will acquire ten properties and the remaining 49% co-ownership interest in IIF Osaka Konohana Logistics Center, of which we currently hold a 51% co-ownership interest, which are listed below during the 20<sup>th</sup> and 21<sup>st</sup> fiscal periods, in addition to the 49 properties we owned as of December 31, 2016. We have already entered into a purchase agreement with respect to each of the interests in real estate or trust beneficiary rights in real estate related to such properties, and expect the timing of the transfer of each of such properties to occur as provided below.</p> <p>&lt;Expected to be transferred on February 20, 2017&gt;<br/>IIF Yokosuka Technology Center<br/>&lt;Expected to be transferred on February 20, 2017&gt;<br/>IIF Shonan Technology Center<br/>&lt;Expected to be transferred on February 20, 2017&gt;<br/>IIF Fukuoka Hakozaki Logistics Center I (60% co-ownership interest)<br/>&lt;Expected to be transferred on February 20, 2017&gt;<br/>IIF Fukuoka Hakozaki Logistics Center II (60% co-ownership interest)<br/>&lt;Expected to be transferred on February 20, 2017&gt;<br/>IIF Itabashi Logistics Center (60% co-ownership interest)<br/>&lt;Expected to be transferred on February 20, 2017&gt;<br/>IIF Osaka Konohana Logistics Center (49% co-ownership interest)<br/>&lt;Expected to be transferred on February 21, 2017&gt;<br/>IIF Ota Logistics Center<br/>&lt;Expected to be transferred on February 21, 2017&gt;<br/>IIF Sendai Taiwa Logistics Center<br/>&lt;Expected to be transferred on March 21, 2017&gt;<br/>IIF Osaka Suminoe Logistics Center I (75% co-ownership interest)<br/>&lt;Expected to be transferred on March 21, 2017&gt;<br/>IIF Osaka Suminoe Logistics Center II (75% co-ownership interest)<br/>&lt;Expected to be transferred on May 1, 2017&gt;<br/>IIF Morioka Logistics Center II</p> <p>While we assume that we will not acquire or dispose of any properties following the acquisition of the properties mentioned above during the 20<sup>th</sup> and the 21<sup>st</sup> fiscal periods, deviations from our forecasts may occur due to acquisitions, disposals or similar activities relating to properties.</p> |
| Interest-bearing debt | <p>The total amount of interest-bearing debt as of December 31, 2016 was JPY 118,500 million, consisting of short-term debt of JPY 10,700 million, long-term debt (including those loans that we plan to repay within a year) of JPY 97,800 million and investment corporation bonds of JPY 10,000 million.</p> <p>Debts that will come due during the 20<sup>th</sup> fiscal period comprise short-term debt of JPY 8,200 million and long-term debt of JPY 9,000 million, and those that will come due during the 21<sup>st</sup> fiscal period comprise short-term debt of JPY 2,500 million and long-term debt of JPY 11,600 million. We have assumed that such debts will be refinanced for the same amount of long-term debt as they become due and payable. We assume that we will enter into long-term debt financing in the amount of JPY 13,000 million for the purpose of acquiring the properties as mentioned above in “Assets owned” during the 20<sup>th</sup> fiscal period.</p> <p>As a result, we assume the total amount of interest-bearing debt as of the end of July 2017 and January 2018 will be JPY 131,500 million.</p>   |
| Operating revenues    | <p>We assume that there will be no arrears or non-payments of rent by the leaseholders based on the assumptions described in “Assets owned” above for both the 20<sup>th</sup> and 21<sup>st</sup> fiscal periods. We also assume that properties for which lease contracts will expire</p>   |

|   |   |
|---|---|
|   | during the 20 <sup>th</sup> and 21 <sup>st</sup> fiscal periods shall continue to maintain the equivalent level of revenue.   |
| Operating expenses  | <p>We estimate the aggregate expenses related to fixed property tax, city planning tax and depreciable property tax will be approximately JPY 675 million and repair costs will be approximately JPY 73 million for the 20<sup>th</sup> fiscal period. The portion of fixed property tax and city planning tax to be divided with the sellers of the properties in accordance with the number of days owned upon the acquisition of such properties will not be recorded as expenses as such portion but will be included in the acquisition cost of such properties, and those taxes will be recorded from the following year of the acquisition. Thus, the fixed property tax and city planning tax on the anticipated properties will be expensed starting from the 22<sup>nd</sup> period. The total amount of fixed property tax and city planning tax included in the acquisition cost of the ten properties and the remaining 49% co-ownership interest in IIF Osaka Konohana Logistics Center is assumed to be JPY 171 million for the 20<sup>th</sup> fiscal period. We estimate the aggregate expenses related to fixed property tax, city planning tax and depreciable property tax will be approximately JPY 699 million and repair costs will be approximately JPY 71 million for the 21<sup>st</sup> fiscal period.</p> <p>Depreciation (including ancillary expenses) is calculated based on the straight-line method and is estimated to be approximately JPY 1,442 million and JPY 1,261 million for the 20<sup>th</sup> and 21<sup>st</sup> fiscal periods, respectively.</p> <p>Calculation of external outsourcing expenses (property management fees, building management fees, etc.) is based on actual results thus far.</p> |
| Non-operating expenses  | <p>Based on the assumptions of “Interest-bearing debt” above, we estimate the interest expenses, other debt-related expenses, interest expenses on investment corporation bonds and amortization of investment corporation bond issuance costs will be JPY 1,077 million and JPY 928 million for the 20<sup>th</sup> and 21<sup>st</sup> fiscal periods, respectively.</p> <p>We estimate the amortization of the cost concerning the issuance of new investment units will be approximately JPY 72 million and JPY 63 million for the 20<sup>th</sup> and 21<sup>st</sup> fiscal periods, respectively. We plan to amortize the cost concerning the issuance of new investment units based on the straight-line method for 36 months.</p>  |
| Extraordinary gain or loss  | No extraordinary gain or loss is expected for the 20 <sup>th</sup> or 21 <sup>st</sup> fiscal period.   |
| Total number of units issued  | We assume that the full issuance of 44,600 new investment units, consisting of 43,538 units through the offering and 1,062 units through the third-party allotments, each of which was determined at the board of directors meeting held on January 24, 2017, in addition to the 352,564 investment units outstanding as of January 24, 2017.   |
| Distributions per unit (excluding distributions in excess of retained earnings per unit)  | We assume that all of the undistributed profit at the end of the fiscal periods, disregarding amounts less than JPY 1 per unit, will be distributed. The calculations of distributions per unit for the 20 <sup>th</sup> and 21 <sup>st</sup> fiscal periods were based on the assumption that fluctuations in the fair value of interest rate swaps will not have any impact on distributions per unit.  |
| Distribution in excess of retained earnings per unit (allowance for temporary difference adjustments)                             | For IIF Kazo Logistics Center, which we acquired on September 1, 2016 and IIF Hamura Logistics Center, which we acquired on December 22, 2016, we are recording asset retirement obligations related to asbestos removal, and we expect to record an allowance for temporary difference adjustment for tax accounting discrepancies related to interest costs on such asset retirement obligations and depreciation expenses relating to buildings, etc. During the 20 <sup>th</sup> and 21 <sup>st</sup> fiscal periods, we assume that we will make a distribution in excess of retained earnings of JPY 7 per unit and JPY 6 per unit (allowance for temporary difference adjustments), respectively.  |
| Distributions in excess of retained earnings per unit (distributions under tax law resulting in a decrease of investment capital) | There is no plan at present to make distributions under tax law resulting in a decrease of investment capital.  |

The following 11 properties are expected to be acquired during the 20<sup>th</sup> Fiscal Period (fiscal period ending July 31, 2017):

| Assets to be acquired   | Location <sup>(Note 1)</sup>  | Asset category                                     | (Expected)<br>Acquisition<br>price (millions of<br>yen) |
|---|---|--|---|
| IIF Fukuoka Hakozaki Logistics Center I<br>(60% Co-ownership Interest)  | 38-11, Hakozakifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka, Japan    | Logistics facility                                 | 3,115   |
| IIF Fukuoka Hakozaki Logistics Center II<br>(60% Co-ownership Interest) | 5-1, Hakozakifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka, Japan      | Logistics facility                                 | 5,451   |
| IIF Itabashi Logistics Center<br>(60% Co-ownership Interest)            | 28-3 & 28-4, Higashi-Sakashita 2-chome, Itabashi-ku, Tokyo, Japan       | Logistics facility                                 | 1,031   |
| IIF Sendai Taiwa Logistics Center                                       | 3-15, Maino 2-chome, Taiwa-cho, Kurokawa-gun, Miyagi, Japan             | Logistics facility                                 | 1,480   |
| IIF Yokosuka Technology Center  | 1-15, Shinmei-cho, Yokosuka-shi, Kanagawa, Japan                        | Manufacturing, research and development facilities | 4,000   |
| IIF Shonan Technology Center  | 2001-13, Ichinomiya 6-chome, Samukawa-cho, Koza-gun, Kanagawa, Japan    | Manufacturing, research and development facilities | 1,200   |
| IIF Osaka Konohana Logistics Center<br>(49% Co-ownership Interest)      | 21-6, Shimaya 4-chome, Konohana-ku, Osaka-shi, Osaka, Japan             | Logistics facility                                 | 4,263   |
| IIF Ota Logistics Center  | 236-1, Anyoji-cho, Ota-shi, Gunma, Japan                                | Logistics facility                                 | 1,010   |
| IIF Osaka Suminoe Logistics Center I<br>(75% Co-ownership Interest)     | 10-12, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka, Japan           | Logistics facility                                 | 9,075   |
| IIF Osaka Suminoe Logistics Center II<br>(75% Co-ownership Interest)    | 10-20, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka, Japan           | Logistics facility                                 | 1,905   |
| IIF Morioka Logistics Center II   | 4-15, Ryutsu Center Minami 2-chome, Yahaba-cho, Shiwa-gun, Iwate, Japan | Logistics facility                                 | 1,302   |
|   |   | (Expected) Total                                   | 33,832  |

Note 1 Location represents the registered address of the property.

Note 2 For further details of the 11 properties to be acquired during the fiscal period ending July 31, 2017, refer to “IIF to Acquire and Lease Eleven Properties in Japan” dated January 24, 2017.

### 3. Financial information

#### (1) Balance sheets

(Thousands of yen)

|   | As of              |                    |
|---|--------------------|--------------------|
|   | June 30, 2016      | December 31, 2016  |
| <b>ASSETS</b>                                   |                    |                    |
| <b>Current assets:</b>                          |                    |                    |
| Cash and bank deposits                          | 3,559,708          | 9,486,357          |
| Cash and bank deposits in trust                 | 3,347,088          | 3,259,125          |
| Rental receivables                              | 381,234            | 157,694            |
| Prepaid expenses                                | 286,879            | 507,775            |
| Deferred tax assets                             | 18                 | —                  |
| Consumption taxes refundable                    | —                  | 20,586             |
| Other   | 2,430              | 287                |
| <b>Total current assets</b>                     | <b>7,577,358</b>   | <b>13,431,827</b>  |
| <b>Noncurrent assets:</b>                       |                    |                    |
| <b>Property, plant and equipment:</b>           |                    |                    |
| Buildings, at cost                              | 32,409,048         | 32,613,689         |
| Less: Accumulated depreciation                  | (4,842,080)        | (5,192,822)        |
| Buildings, net                                  | 27,566,968         | 27,420,867         |
| Structures, at cost                             | 92,223             | 93,211             |
| Less: Accumulated depreciation                  | (13,640)           | (16,188)           |
| Structures, net                                 | 78,583             | 77,023             |
| Machinery and equipment, at cost                | 11,892             | 11,892             |
| Less: Accumulated depreciation                  | (11,892)           | (11,892)           |
| Machinery and equipment, net                    | 0                  | 0                  |
| Tools, furniture and fixtures, at cost          | 12,076             | 13,325             |
| Less: Accumulated depreciation                  | (2,530)            | (3,257)            |
| Tools, furniture and fixtures, net              | 9,545              | 10,068             |
| Land  | 18,220,663         | 18,224,997         |
| Construction in progress                        | 1,069              | 1,069              |
| Buildings in trust, at cost                     | 56,091,852         | 55,137,002         |
| Less: Accumulated depreciation                  | (7,751,003)        | (8,009,918)        |
| Buildings in trust, net                         | 48,340,848         | 47,127,084         |
| Structures in trust, at cost                    | 485,342            | 493,635            |
| Less: Accumulated depreciation                  | (351,561)          | (360,129)          |
| Structures in trust, net                        | 133,780            | 133,505            |
| Machinery and equipment in trust, at cost       | 13,202             | 16,601             |
| Less: Accumulated depreciation                  | (3,102)            | (3,849)            |
| Machinery and equipment in trust, net           | 10,100             | 12,752             |
| Tools, furniture and fixtures in trust, at cost | 12,139             | 12,617             |
| Less: Accumulated depreciation                  | (5,172)            | (4,430)            |
| Tools, furniture and fixtures in trust, net     | 6,967              | 8,186              |
| Land in trust                                   | 93,790,292         | 97,492,380         |
| <b>Total net property, plant and equipment</b>  | <b>188,158,818</b> | <b>190,507,934</b> |
| <b>Intangible assets:</b>                       |                    |                    |
| Leasehold right (Note 1)                        | 19,833,966         | 19,833,966         |
| Other   | 1,162              | 1,066              |
| <b>Total intangible assets</b>                  | <b>19,835,128</b>  | <b>19,835,032</b>  |
| <b>Investments and other assets:</b>            |                    |                    |
| Lease and guarantee deposits                    | 12,260             | 12,442             |
| Long-term prepaid expenses                      | 891,452            | 830,312            |
| Other   | —                  | 3,000              |
| <b>Total investments and other assets</b>       | <b>903,712</b>     | <b>845,754</b>     |
| <b>Total noncurrent assets</b>                  | <b>208,897,660</b> | <b>211,188,722</b> |
| <b>Deferred assets:</b>                         |                    |                    |
| Investment unit issuance costs                  | 124,906            | 70,377             |
| Investment corporation bonds issuance costs     | 39,425             | 58,650             |
| <b>Total deferred assets</b>                    | <b>164,332</b>     | <b>129,028</b>     |
| <b>TOTAL ASSETS</b>                             | <b>216,639,350</b> | <b>224,749,578</b> |

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

(Thousands of yen)

|   | As of              |                    |
|---|--------------------|--------------------|
|   | June 30, 2016      | December 31, 2016  |
| <b>LIABILITIES</b>  |                    |                    |
| <b>Current liabilities:</b>                                 |                    |                    |
| Operating accounts payable                                  | 301,405            | 460,186            |
| Short-term loans payable                                    | —                  | 10,700,000         |
| Current portion of investment corporation bonds – unsecured | 5,000,000          | —                  |
| Current portion of long-term loans payable                  | 11,000,000         | 20,600,000         |
| Accounts payable – other                                    | 398,044            | 429,575            |
| Accrued expenses  | 10,024             | 16,656             |
| Income taxes payable  | 836                | 865                |
| Consumption taxes payable                                   | 49,371             | —                  |
| Advances received   | 1,170,273          | 1,367,506          |
| Other   | 133,637            | 9,948              |
| <b>Total current liabilities</b>                            | <b>18,063,592</b>  | <b>33,584,738</b>  |
| <b>Noncurrent liabilities:</b>                              |                    |                    |
| Investment corporation bonds – unsecured                    | 7,000,000          | 10,000,000         |
| Long-term loans payable                                     | 86,800,000         | 77,200,000         |
| Tenant leasehold and security deposits                      | 2,240,380          | 2,256,639          |
| Tenant leasehold and security deposits in trust             | 8,310,274          | 7,261,117          |
| Asset retirement obligations                                | —                  | 171,867            |
| Derivatives liabilities                                     | 405,704            | 306,733            |
| Other   | 20,385             | 8,823              |
| <b>Total noncurrent liabilities</b>                         | <b>104,776,745</b> | <b>97,205,181</b>  |
| <b>TOTAL LIABILITIES</b>                                    | <b>122,840,337</b> | <b>130,789,920</b> |
| <b>NET ASSETS</b>   |                    |                    |
| <b>Unitholders' equity:</b>                                 |                    |                    |
| Unitholders' capital  | 90,823,217         | 90,823,217         |
| Capital deduction:  |                    |                    |
| Allowance for temporary difference adjustment (Note 3)      | —                  | (405,448)          |
| Total capital deduction                                     | —                  | (405,448)          |
| Unitholders' capital, net                                   | 90,823,217         | 90,417,769         |
| Surplus:  |                    |                    |
| Retained earnings   | 3,381,499          | 3,848,622          |
| Total surplus   | 3,381,499          | 3,848,622          |
| <b>Total unitholders' equity</b>                            | <b>94,204,717</b>  | <b>94,266,391</b>  |
| <b>Valuation and translation adjustments:</b>               |                    |                    |
| Deferred gains or (losses) on hedges                        | (405,704)          | (306,733)          |
| <b>Total valuation and translation adjustments</b>          | <b>(405,704)</b>   | <b>(306,733)</b>   |
| <b>TOTAL NET ASSETS (Note 2)</b>                            | <b>93,799,013</b>  | <b>93,959,657</b>  |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                     | <b>216,639,350</b> | <b>224,749,578</b> |

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



## (2) Statements of income and retained earnings

(Thousands of yen)

|   | For the six months ended |                   |
|---|--------------------------|-------------------|
|   | June 30, 2016            | December 31, 2016 |
| <b>Operating revenue</b>                                    |                          |                   |
| Rent revenue—real estate (Note 4)                           | 7,886,205                | 8,022,499         |
| Gain on sales of property (Note 5)                          | —                        | 46,792            |
| Total operating revenue                                     | 7,886,205                | 8,069,292         |
| <b>Operating expenses</b>                                   |                          |                   |
| Expenses related to property rental business (Note 4)       | 2,763,496                | 2,797,971         |
| Asset management fees                                       | 651,469                  | 683,551           |
| Directors' compensations                                    | 5,820                    | 5,820             |
| Asset custody fees  | 6,657                    | 6,765             |
| Administrative service fees                                 | 32,008                   | 33,452            |
| Other   | 88,036                   | 124,970           |
| Total operating expenses                                    | 3,547,488                | 3,652,532         |
| <b>Operating income</b>                                     | 4,338,717                | 4,416,760         |
| <b>Non-operating income</b>                                 |                          |                   |
| Interest income   | 1,009                    | 84                |
| Interest on refund  | —                        | 41                |
| Reversal of distribution payable                            | 646                      | 632               |
| Total non-operating income                                  | 1,655                    | 758               |
| <b>Non-operating expenses</b>                               |                          |                   |
| Interest expenses   | 655,697                  | 671,795           |
| Interest expenses on investment corporation bonds           | 57,580                   | 58,077            |
| Amortization of investment corporation bonds issuance costs | 5,834                    | 6,043             |
| Borrowing related expenses                                  | 176,567                  | 181,344           |
| Amortization of investment unit issuance costs              | 60,267                   | 54,528            |
| Other   | 2,150                    | 2,070             |
| Total non-operating expenses                                | 958,097                  | 973,859           |
| <b>Ordinary income</b>                                      | 3,382,275                | 3,443,659         |
| <b>Income before income taxes</b>                           | 3,382,275                | 3,443,659         |
| <b>Income taxes</b>   |                          |                   |
| Current   | 990                      | 877               |
| Deferred  | (2)                      | 18                |
| Total income taxes  | 988                      | 896               |
| <b>Net income</b>   | 3,381,287                | 3,442,762         |
| <b>Retained earnings brought forward</b>                    | 212                      | 405,859           |
| <b>Unappropriated retained earnings</b>                     | 3,381,499                | 3,848,622         |

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

### (3) Statements of changes in net assets

(Thousands of yen)

#### For the six months ended June 30, 2016

|   | Unitholders' equity              |                   |               | Total unitholders' equity | Valuation and translation adjustments |   | Total net assets |
|---|----------------------------------|-------------------|---------------|---------------------------|---------------------------------------|---|------------------|
|   | Unitholders' capital<br>(Note 2) | Retained earnings | Total surplus |                           | Deferred gains or (losses) on hedges  | Total valuation and translation adjustments |                  |
| <b>Balance as of January 1, 2016</b>                | 90,823,217                       | 3,287,518         | 3,287,518     | 94,110,736                | (293,119)                             | (293,119)                                   | 93,817,617       |
| <u>Changes during the period</u>                    |                                  |                   |               |                           |                                       |   |                  |
| Dividends from surplus                              | —                                | (3,287,306)       | (3,287,306)   | (3,287,306)               | —                                     | —   | (3,287,306)      |
| Net income  | —                                | 3,381,287         | 3,381,287     | 3,381,287                 | —                                     | —   | 3,381,287        |
| Net changes of items other than unitholders' equity | —                                | —                 | —             | —                         | (112,585)                             | (112,585)                                   | (112,585)        |
| <u>Total changes during the period</u>              | —                                | 93,980            | 93,980        | 93,980                    | (112,585)                             | (112,585)                                   | (18,604)         |
| <b>Balance as of June 30, 2016</b>                  | 90,823,217                       | 3,381,499         | 3,381,499     | 94,204,717                | (405,704)                             | (405,704)                                   | 93,799,013       |

#### For the six months ended December 31, 2016

|  | Unitholders' equity  |   |                         |                           |                   |               |                           | Valuation and translation adjustments |   |                  |
|--|----------------------|---|-------------------------|---------------------------|-------------------|---------------|---------------------------|---------------------------------------|---|------------------|
|  | Unitholders' capital |   |                         | Surplus                   |                   |               |                           |                                       |   |                  |
|  | Capital deduction    |   |                         |                           |                   |               |                           |                                       |   |                  |
|  | Unitholders' capital | Allowance for temporary difference adjustment | Total capital deduction | Unitholders' capital, net | Retained earnings | Total surplus | Total unitholders' equity | Deferred gains or (losses) on hedges  | Total valuation and translation adjustments | Total net assets |
|  | (Note 2)             |   |                         |                           |                   |               |                           |                                       |   |                  |
| Balance as of July 1, 2016                                     | 90,823,217           | —   | —                       | 90,823,217                | 3,381,499         | 3,381,499     | 94,204,717                | (405,704)                             | (405,704)                                   | 93,799,013       |
| Changes during the period                                      |                      |   |                         |                           |                   |               |                           |                                       |   |                  |
| Dividends from surplus   | —                    | —   | —                       | —                         | (2,975,640)       | (2,975,640)   | (2,975,640)               | —                                     | —   | (2,975,640)      |
| Distributions in allowance for temporary difference adjustment | —                    | (405,448)                                     | (405,448)               | (405,448)                 | —                 | —             | (405,448)                 | —                                     | —   | (405,448)        |
| Net income   | —                    | —   | —                       | —                         | 3,442,762         | 3,442,762     | 3,442,762                 | —                                     | —   | 3,442,762        |
| Net changes of items other than unitholders' equity            | —                    | —   | —                       | —                         | —                 | —             | —                         | 98,970                                | 98,970                                      | 98,970           |
| Total changes during the period                                | —                    | (405,448)                                     | (405,448)               | (405,448)                 | 467,122           | 467,122       | 61,674                    | 98,970                                | 98,970                                      | 160,644          |
| Balance as of December 31, 2016                                | 90,823,217           | (405,448)                                     | (405,448)               | 90,417,769                | 3,848,622         | 3,848,622     | 94,266,391                | (306,733)                             | (306,733)                                   | 93,959,657       |

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

#### (4) Statements of cash distributions

(Yen)

|   | For the six months ended |                   |
|---|--------------------------|-------------------|
|   | June 30, 2016            | December 31, 2016 |
| I Unappropriated retained earnings  | 3,381,499,582            | 3,848,622,404     |
| II Distributions in excess of profit  | 405,448,600              | 1,057,692         |
| Allowance for temporary difference adjustment   | 405,448,600              | 1,057,692         |
| III Capitalization  | —                        | 98,970,554        |
| Reversal of allowance for temporary difference adjustment   | —                        | 98,970,554        |
| IV Cash distribution declared   | 3,381,088,760            | 3,443,845,152     |
| <i>(Cash distribution declared per unit)</i>  | <i>(9,590)</i>           | <i>(9,768)</i>    |
| Profit distributions  | 2,975,640,160            | 3,442,787,460     |
| <i>(Profit distributions per unit)</i>  | <i>(8,440)</i>           | <i>(9,765)</i>    |
| Allowance for temporary difference adjustment   | 405,448,600              | 1,057,692         |
| <i>(Distribution per unit in excess of profit from allowance for temporary difference adjustment)</i> | <i>(1,150)</i>           | <i>(3)</i>        |
| V Retained earnings carried forward   | 405,859,422              | 306,864,390       |

#### Note:

##### For the six months ended June 30, 2016:

Cash distributions declared for the six months ended June 30, 2016 were ¥3,381,088,760.

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, profit distributions (do not include distributions in excess of profit) declared for the six months ended June 30, 2016 were ¥2,975,640,160 which were all of profit as defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan, except for fractional distribution per unit less than one yen.

In addition, the Investment Corporation makes distributions in excess of profit considering an effect of items deducted from net assets (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan) in accordance with the policy for the distributions in excess of profit prescribed in the article of incorporation 25, Paragraph 2. Distributions in excess of profit for the six months ended June 30, 2016 were amounting to ¥405,448,600 which were corresponding to ¥405,704,266 of deferred losses on hedges at the end of period, except for fractional distribution per unit in excess of profit less than one yen. All of the distributions in excess of profit for the six months ended June 30, 2016 amounting to ¥405,448,600 consist only of allowance for temporary difference adjustment (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan). Unitcapital refund from deduction of unitcapital under tax rules is not included.

##### For the six months ended December 31, 2016:

Cash distributions declared for the six months ended December 31, 2016 were ¥3,443,845,152.

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, profit distributions (do not include distributions in excess of profit) declared for the six months ended December 31, 2016 were ¥3,442,787,460 which were all of profit as defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan after deduction of reversal of allowance for temporary difference adjustment (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan), except for fractional distribution per unit less than one yen.

In addition, the Investment Corporation makes distributions in excess of profit considering an effect of differences between net income and taxable income (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan) and items deducted from net assets (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan) in accordance with the policy for the distributions in excess of profit prescribed in the article of incorporation 25, Paragraph 2. Distributions in excess of profit for the six months ended December 31, 2016 were amounting to ¥1,057,692 which were corresponding to differences between net income and taxable income for the period, except for fractional distribution per unit in excess of profit less than one yen. All of the distributions in excess of profit for the six months ended December 31, 2016 amounting to ¥1,057,692 consist only of allowance for temporary difference adjustment (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan). Unitcapital refund from deduction of unitcapital under tax rules is not included.

(5) Statements of cash flows

(Thousands of yen)

|   | For the six months ended |                   |
|---|--------------------------|-------------------|
|   | June 30, 2016            | December 31, 2016 |
| <b>Net cash provided by (used in) operating activities:</b>           |                          |                   |
| Income before income taxes  | 3,382,275                | 3,443,659         |
| Depreciation and amortization   | 1,083,405                | 1,130,850         |
| Amortization of investment corporation bonds issuance costs           | 5,834                    | 6,043             |
| Amortization of investment unit issuance costs                        | 60,267                   | 54,528            |
| Interest income   | (1,009)                  | (84)              |
| Interest expenses   | 713,277                  | 729,872           |
| Changes in assets and liabilities:                                    |                          |                   |
| Increase in operating accounts receivable                             | 317,476                  | 223,539           |
| Decrease (increase) in consumption taxes refundable                   | —                        | (20,586)          |
| Decrease (increase) in prepaid expenses                               | 61,921                   | (220,896)         |
| Decrease (increase) in long-term prepaid expenses                     | 120,157                  | 61,139            |
| Increase in operating accounts payable                                | (357,029)                | (142,681)         |
| Increase (decrease) in accounts payable - other                       | (358)                    | 13,123            |
| Increase (decrease) in accrued expenses                               | (155)                    | 2,656             |
| Increase (decrease) in consumption taxes payable                      | (366,075)                | (24,824)          |
| Increase (decrease) in advances received                              | 31,173                   | 197,232           |
| Decrease in other noncurrent liabilities                              | (8,191)                  | (8,060)           |
| Decrease in property, plant and equipment in trust due to disposition | —                        | 8,957,749         |
| Other, net  | (38,069)                 | (110,728)         |
| Subtotal  | 5,004,900                | 14,292,533        |
| Interest income received  | 1,009                    | 84                |
| Interest expenses paid  | (717,346)                | (725,896)         |
| Income taxes paid   | (891)                    | (849)             |
| Net cash provided by operating activities                             | 4,287,671                | 13,565,871        |
| <b>Net cash provided by (used in) investing activities:</b>           |                          |                   |
| Purchases of property, plant and equipment                            | (1,557,183)              | (36,537)          |
| Purchases of property, plant and equipment in trust                   | (4,588,661)              | (11,934,980)      |
| Proceeds from tenant leasehold and security deposits                  | 120,758                  | —                 |
| Payments of tenant leasehold and security deposits                    | (61,796)                 | —                 |
| Proceeds from tenant leasehold and security deposits in trust         | 131,555                  | 444,709           |
| Payments of tenant leasehold and security deposits in trust           | (125,666)                | (1,493,866)       |
| Payments for lease and guarantee deposits                             | (381)                    | (181)             |
| Net cash used in investing activities                                 | (6,081,375)              | (13,020,856)      |
| <b>Net cash provided by (used in) financing activities:</b>           |                          |                   |
| Proceeds from short-term loans payable                                | —                        | 10,700,000        |
| Proceeds from long-term loans payable                                 | 1,600,000                | 2,000,000         |
| Repayments of long-term loans payable                                 | —                        | (2,000,000)       |
| Proceeds from issuance of investment corporation bonds                | —                        | 3,000,000         |
| Redemption of investment corporation bonds                            | —                        | (5,000,000)       |
| Payments of investment corporation bonds issuance costs               | —                        | (24,027)          |
| Dividends paid  | (3,287,865)              | (3,381,306)       |
| Other   | (995)                    | (995)             |
| Net cash provided by (used in) financing activities                   | (1,688,860)              | 5,293,671         |
| <b>Net change in cash and cash equivalents</b>                        | <b>(3,482,564)</b>       | <b>5,838,686</b>  |
| <b>Cash and cash equivalents at beginning of period</b>               | <b>10,389,361</b>        | <b>6,906,797</b>  |
| <b>Cash and cash equivalents at end of period (Note 6)</b>            | <b>6,906,797</b>         | <b>12,745,483</b> |

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

(6) Note relating to going concern assumption

Nothing to be noted.

(7) Summary of significant accounting policies

**(a) Property, plant and equipment**

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

|                                     |             |
|-------------------------------------|-------------|
| Buildings .....                     | 13-68 years |
| Structures.....                     | 4-45 years  |
| Machinery and equipment .....       | 3-10 years  |
| Tools, furniture and fixtures ..... | 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.

**(b) Other intangible assets**

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

**(c) Long-term prepaid expenses**

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

**(d) Investment unit issuance costs**

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

**(e) Investment corporation bonds issuance costs**

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

**(f) Taxes on property, plant and equipment**

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

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

Taxes on property, plant and equipment capitalized as part of the acquisition cost of properties amounted to ¥22,805 thousand and ¥24,924 thousand for the six months ended June 30, 2016 and December 31, 2016, respectively.

***(g) Hedge accounting***

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

***(h) Cash and cash equivalents***

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

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

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

***(j) Consumption taxes***

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

(8) Notes to financial information

**Note 1 – Leasehold right**

Leasehold right is right to use nationally-owned land on which IIF Haneda Airport Maintenance Center is located with approval of the authorities under Article 18-6 and 19 of the National Property Act of Japan.

**Note 2 – Unitholders' equity**

(1) Number of units

|                        | As of           |                   |
|------------------------|-----------------|-------------------|
|                        | June 30, 2016   | December 31, 2016 |
| Authorized             | 8,000,000 units | 8,000,000 units   |
| Issued and outstanding | 352,564 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 3 – Allowance for temporary difference adjustment**

Movements of allowance for temporary difference adjustment for the six months ended December 31, 2016 are as follows:

**For the six months ended December 31, 2016:**

(Thousands of yen)

| Content of temporary difference      |   |                | Allowance for temporary difference adjustment |           |          |                              |      |
|--------------------------------------|---|----------------|---|-----------|----------|------------------------------|------|
| Item                                 | Reason for the difference               | Initial amount | Balance at beginning of the period            | Allowance | Reversal | Balance at end of the period | Note |
| Deferred gains or (losses) on hedges | Valuation losses on interest rate swaps | ¥405,448       | —   | ¥405,448  | —        | ¥405,448                     | (i)  |

Note (i): The allowance will be reversed corresponding to future change in values of the hedging derivatives.

**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 June 30, 2016 and December 31, 2016 consist of the following:

(Thousands of yen)

|  | For the six months ended |                   |
|--|--------------------------|-------------------|
|  | June 30, 2016            | December 31, 2016 |
| <b>Rent revenue—real estate:</b>                         |                          |                   |
| Rental and parking revenue                               | 7,468,884                | 7,670,186         |
| Common area charges                                      | 362,455                  | 290,590           |
| Other  | 54,865                   | 61,722            |
| Total rent revenue—real estate                           | 7,886,205                | 8,022,499         |
| <b>Expenses related to property rental business:</b>     |                          |                   |
| Property management fees                                 | 60,158                   | 53,600            |
| Facility management fees                                 | 168,136                  | 150,369           |
| Utilities  | 357,603                  | 298,622           |
| Property-related taxes                                   | 644,047                  | 691,033           |
| Insurance  | 24,074                   | 24,334            |
| Repair and maintenance                                   | 66,391                   | 81,471            |
| Depreciation   | 1,083,405                | 1,130,850         |
| Trust fees   | 12,839                   | 13,831            |
| Leasehold rents  | 345,746                  | 350,867           |
| Other  | 1,094                    | 2,989             |
| Total expenses related to property rental business       | 2,763,496                | 2,797,971         |
| <b>Operating income from property leasing activities</b> | <b>5,122,709</b>         | <b>5,224,528</b>  |

**Note 5 – Gain on sales of property**

Analysis of gain or loss on sales of property for the six months ended December 31, 2016 is as follows:

(Thousands of yen)

|                                | As of         |                   |
|--------------------------------|---------------|-------------------|
|                                | June 30, 2016 | December 31, 2016 |
| Sale of property               | —             | 9,060,000         |
| Cost of property               | —             | 8,957,749         |
| Other sales expenses           | —             | 55,458            |
| Gain on sales of property, net | —             | 46,792            |

**Note 6 – Cash and cash equivalents**

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

(Thousands of yen)

|                                 | As of         |                   |
|---------------------------------|---------------|-------------------|
|                                 | June 30, 2016 | December 31, 2016 |
| Cash and bank deposits          | 3,559,708     | 9,486,357         |
| Cash and bank deposits in trust | 3,347,088     | 3,259,125         |
| Cash and cash equivalents       | 6,906,797     | 12,745,483        |



## Note 7 – Significant non-cash transactions

Due to the recognition of asset retirement obligations for a property acquired for the six months ended December 31, 2016, the balances of buildings in trust and asset retirement obligations increased by ¥171,681 thousand.

## Note 8 – Lease rental revenues

The Investment Corporation leases its properties mainly to corporate tenants. Future minimum rental revenues pursuant to existing rental contracts as of June 30, 2016 and December 31, 2016 scheduled to be received are summarized as follows:

|                     | As of         |                   |
|---------------------|---------------|-------------------|
|                     | June 30, 2016 | December 31, 2016 |
| Due within one year | 13,257,534    | 12,984,805        |
| Due after one year  | 75,753,064    | 76,901,296        |
| Total               | 89,010,598    | 89,976,101        |

(Thousands of yen)

## Note 9 – 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 June 30, 2016 and December 31, 2016.

(Thousands of yen)

|   | As of            |             |            |                   |             |            |
|---|------------------|-------------|------------|-------------------|-------------|------------|
|   | June 30, 2016    |             |            | December 31, 2016 |             |            |
|   | Carrying amounts | Fair value  | Difference | Carrying amounts  | Fair value  | Difference |
| (1) Cash and bank deposits                                      | 3,559,708        | 3,559,708   | —          | 9,486,357         | 9,486,357   | —          |
| (2) Cash and bank deposits in trust                             | 3,347,088        | 3,347,088   | —          | 3,259,125         | 3,259,125   | —          |
| Total assets  | 6,906,797        | 6,906,797   | —          | 12,745,483        | 12,745,483  | —          |
| (1) Short-term loans payable                                    | —                | —           | —          | 10,700,000        | 10,700,000  | —          |
| (2) Current portion of investment corporation bonds — unsecured | 5,000,000        | 5,009,750   | 9,750      | —                 | —           | —          |
| (3) Current portion of long-term loans payable                  | 11,000,000       | 11,054,585  | 54,585     | 20,600,000        | 20,709,648  | 109,648    |
| (4) Investment corporation bonds — unsecured                    | 7,000,000        | 7,463,030   | 463,030    | 10,000,000        | 10,306,900  | 306,900    |
| (5) Long-term loans payable                                     | 86,800,000       | 91,526,678  | 4,726,678  | 77,200,000        | 80,525,737  | 3,325,737  |
| (6) Tenant leasehold and security deposits                      | 882              | 881         | (0)        | —                 | —           | —          |
| (7) Tenant leasehold and security deposits in trust             | 2,343,811        | 2,334,573   | (9,237)    | 851,383           | 837,141     | (14,242)   |
| Total liabilities   | 112,144,693      | 117,389,498 | 5,244,805  | 119,351,383       | 123,079,428 | 3,728,044  |
| Derivatives (derivatives liabilities), net                      | (405,704)        | (405,704)   | —          | (306,733)         | (306,733)   | —          |

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) Short-term loans payable*

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

*(2) Current portion of investment corporation bonds — unsecured and (4) Investment corporation bonds — unsecured*

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

*(3) Current portion of long-term loans payable and (5) 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.

*(6) Tenant leasehold and security deposits and (7) Tenant leasehold and security deposits in trust*

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

Derivative instruments

Please refer to “Note 10 - Derivative instruments.”

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

(Thousands of yen)

|   | As of         |                   |
|---|---------------|-------------------|
|   | June 30, 2016 | December 31, 2016 |
| Tenant leasehold and security deposits          | 2,239,497     | 2,256,639         |
| Tenant leasehold and security deposits in trust | 5,966,463     | 6,409,734         |
| Total liabilities                               | 8,205,961     | 8,666,374         |

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 June 30, 2016             | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years |
| Cash and bank deposits          | 3,559,708    | -         | -         | -         | -         | -            |
| Cash and bank deposits in trust | 3,347,088    | -         | -         | -         | -         | -            |
| Total                           | 6,906,797    | -         | -         | -         | -         | -            |

| (Thousands of yen)              |              |           |           |           |           |              |
|---------------------------------|--------------|-----------|-----------|-----------|-----------|--------------|
| As of December 31, 2016         | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years |
| Cash and bank deposits          | 9,486,357    | -         | -         | -         | -         | -            |
| Cash and bank deposits in trust | 3,259,125    | -         | -         | -         | -         | -            |
| Total                           | 12,745,483   | -         | -         | -         | -         | -            |

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

| (Thousands of yen)                       |              |            |           |           |           |              |
|--|--------------|------------|-----------|-----------|-----------|--------------|
| As of June 30, 2016                      | 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 | -         | 49,800,000   |
| Total                                    | 16,000,000   | 25,100,000 | 4,000,000 | 7,900,000 | -         | 56,800,000   |

| (Thousands of yen)                       |              |            |           |           |           |              |
|--|--------------|------------|-----------|-----------|-----------|--------------|
| As of December 31, 2016                  | Up to 1 year | 1-2 years  | 2-3 years | 3-4 years | 4-5 years | Over 5 years |
| Short-term loans payable                 | 10,700,000   | -          | -         | -         | -         | -            |
| Investment corporation bonds — unsecured | -            | -          | -         | -         | -         | 10,000,000   |
| Long-term loans payable                  | 20,600,000   | 13,500,000 | 7,900,000 | 4,000,000 | -         | 51,800,000   |
| Total                                    | 31,300,000   | 13,500,000 | 7,900,000 | 4,000,000 | -         | 61,800,000   |

## Note 10 – Derivative instruments

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

As of June 30, 2016 (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 | 6,300,000  | 6,300,000   | (405,704)  | Note (ii)                          |
| Special treatment for hedge accounting of interest rate swaps (Note (i)) | Interest rate swaps (Floating-rate to fixed-rate interest) | Long-term loans payable | 70,300,000   | 59,300,000  | Note (i)   | -                                  |

As of December 31, 2016 (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 | 6,300,000  | 6,300,000   | (306,733)  | Note (ii)                          |
| Special treatment for hedge accounting of interest rate swaps (Note (i)) | Interest rate swaps (Floating-rate to fixed-rate interest) | Long-term loans payable | 68,300,000   | 47,700,000  | Note (i)   | -                                  |

Note:

- (i) As disclosed in “(7) Summary of significant accounting policies (g) Hedge accounting”, the Investment Corporation applies the special treatment provided under Japanese GAAP for the interest rate swaps which qualify for hedge accounting and meet specific criteria, under which only the interest received or paid under swap contracts, and not the fair value of the derivative, can be determined separately from the hedged asset or liability. Consequently, the fair value of the interest rate swaps as the hedging instruments and the long-term loans payable as the hedged items is calculated together as one and disclosed as such under Note (i) in “Note 9 - Financial instruments (b) Quantitative information for financial instruments”.
- (ii) The fair value is estimated by the counterparty to the interest rate swaps contracts using market interest rates and other assumptions.

## Note 11 – Related-party transactions

There were no related-party transactions to be disclosed for the six months ended June 30, 2016 and December 31, 2016.

## Note 12 – Income taxes

Deferred tax assets consist of the following:

|                                     |  | (Thousands of yen) |                   |
|-------------------------------------|--|--------------------|-------------------|
|                                     |  | As of              |                   |
|                                     |  | June 30, 2016      | December 31, 2016 |
| Deferred tax assets, current:       |  |                    |                   |
| Enterprise tax payable              |  | 18                 | 13                |
| Subtotal                            |  | —                  | 13                |
| Valuation allowance                 |  | —                  | (13)              |
| Total                               |  | 18                 | —                 |
| Net deferred tax assets, current    |  | 18                 | —                 |
| Deferred tax assets, noncurrent:    |  |                    |                   |
| Asset retirement obligations        |  | —                  | 54,292            |
| Deferred losses on hedges           |  | 128,770            | 96,897            |
| Subtotal                            |  | 128,770            | 151,190           |
| Valuation allowance                 |  | (128,770)          | (151,690)         |
| 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 |                   |
|-------------------------------|--|--------------------------|-------------------|
|                               |  | June 30, 2016            | December 31, 2016 |
| Statutory tax rates           |  | 32.31%                   | 31.74%            |
| Deductible cash distributions |  | (32.30)                  | (31.74)           |
| Other                         |  | 0.02                     | 0.03              |
| Effective tax rates           |  | 0.03%                    | 0.03%             |

## Note 13 – Asset retirement obligations

### (a) Asset retirement obligations recognized as liabilities in the balance sheets

The Investment Corporation has obligations to remove asbestos contained in the buildings of IIF Kazo Logistics Center and IIF Hamura Logistics Center. The estimated periods of use of the properties are estimated at 53 years and 33 years, respectively, based on the useful life of each building containing asbestos. The asset retirement obligations for the removal of asbestos are recognized as a liability using discount rates at 0.5% and 0.689%, respectively.

Movements of asset retirement obligations are as follows:

|   |  | (Thousands of yen) |                   |
|---|--|--------------------|-------------------|
|   |  | As of              |                   |
|   |  | June 30, 2016      | December 31, 2016 |
| Balance at the beginning of the period    |  | —                  | —                 |
| Increase due to acquisition of properties |  | —                  | 171,681           |
| Adjustment for passage of time            |  | —                  | 186               |
| Balance at the end of the period          |  | —                  | 171,867           |

### (b) Asset retirement obligations not recognized as a liability in the balance sheets

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 14 – 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 June 30, 2016 and December 31, 2016.

(Thousands of yen)

|                                     |   | As of / For the six months ended  |                   |
|-------------------------------------|---|---|-------------------|
|                                     |   | June 30, 2016   | December 31, 2016 |
| <b>Net book value<sup>(i)</sup></b> |   |   |                   |
|                                     | Balance at the beginning of the period  | 203,003,259   | 207,993,730       |
|                                     | Net increase during the period <sup>(ii)</sup>  | 4,990,471   | 2,349,078         |
|                                     | Balance at the end of the period  | 207,993,730   | 210,342,809       |
| <b>Fair value<sup>(iii)</sup></b>   |   | 243,182,500   | 247,017,000       |
| Note:                               |   |   |                   |
| (i)                                 | The net book value includes leasehold right.  |   |                   |
| (ii)                                | For the six months ended June 30, 2016:   |   |                   |
|                                     | Changes in the net book value are mainly due to the following acquisitions offset by depreciation.                        |   |                   |
|                                     | Acquisitions:   | <div>Increase<br/>in net book value<br/>(Thousands of yen)</div>            |                   |
|                                     | IIF Fukuoka Higashi Logistics Center  | 1,953,099   |                   |
|                                     | IIF Yokohama Shinyamashita R&D Center   | 16,544  |                   |
|                                     | IIF Urayasu Machinery Maintenance Center (Land with leasehold interest)   | 1,341,094   |                   |
|                                     | IIF Kakegawa Manufacturing Center (Land with leasehold interest)  | 1,572,127   |                   |
|                                     | IIF Nishinomiya Logistics Center (Extension Building)   | 864,157   |                   |
|                                     | For the six months ended December 31, 2016:   |   |                   |
|                                     | Changes in the net book value are mainly due to the following transactions offset by depreciation.                        |   |                   |
|                                     | Acquisitions:   | <div>Increase (decrease)<br/>in net book value<br/>(Thousands of yen)</div> |                   |
|                                     | IIF Yokohama Shinyamashita R&D Center   | 3,959,476   |                   |
|                                     | IIF Osaka Konohana Logistics Center   | 4,493,104   |                   |
|                                     | IIF Kazo Logistics Center   | 2,593,193   |                   |
|                                     | IIF Hamura Logistics Center   | 929,405   |                   |
|                                     | Disposition:  | (8,957,749)   |                   |
| (iii)                               | Fair value has been determined based on the appraisal or researched value provided by independent real estate appraisers. |   |                   |

For rental revenues and expenses for the six months ended June 30, 2016 and December 31, 2016, please refer to “Note 4 - Rent revenue — real estate and expenses related to property rental business.”

## Note 15 – Segment information

Segment information for the six months ended June 30, 2016 and December 31, 2016 is as follows:

### (a) Operating segment information

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

### (b) Enterprise-wide disclosures

#### (i) Information about products and services

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

#### (ii) Information about geographic areas

##### Revenues from overseas customers:

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

##### Tangible fixed assets:

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

### (c) Information about major customers

| Name of customer         | Revenues for the six months ended |                   | Relating segment         |
|--------------------------|-----------------------------------|-------------------|--------------------------|
|                          | June 30, 2016                     | December 31, 2016 |                          |
| Japan Airlines Co., Ltd. | 1,377,312                         | 1,382,297         | Property rental business |

(Thousands of yen)

## Note 16 – Per unit information

The net asset value per unit as of June 30, 2016 and December 31, 2016 was ¥266,048 and ¥266,503, respectively. Net income per unit for the six months ended June 30, 2016 and December 31, 2016 was ¥9,590 and ¥9,764, respectively.

Net income per unit is calculated by dividing the net income attributable to unitholders by the weighted average number of units outstanding during the six-month period. The Investment Corporation has no potentially dilutive units.

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

|  | For the six months ended |                   |
|--|--------------------------|-------------------|
|  | June 30, 2016            | December 31, 2016 |
|  | (in thousands of yen)    |                   |
| Net income.....  | ¥ 3,381,287              | ¥ 3,442,762       |
| Effect of dilutive units .....   | -                        | -                 |
| Net income attributable to unitholders .....                               | 3,381,287                | 3,442,762         |
| Adjusted weighted-average number of units outstanding for the period ..... | 352,564 units            | 352,564 units     |

## **Note 17 – Subsequent events**

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

The Board of Directors of the Investment Corporation, at its meeting held on January 24, 2017 and February 7, 2017, resolved to issue new investment units as follows:

#### ***(a) Issuance of new investment units through public offering***

Investment units shall be offered through a public offering in Japan (“Domestic Public Offering”) and in overseas markets, consisting mainly of the U.S., 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 “Overseas Offering” and collectively with the Domestic Public Offering, the “Offerings”).

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

43,538 investment units, out of which 21,238 new units to be offered through the Domestic Public Offering and 22,300 new units to be offered through the Overseas Offering consisting of 21,238 new units to be underwritten and purchased by overseas underwriters and an option to purchase up to an aggregate of 1,062 additional new units granted to the overseas underwriters.

##### **(ii) Issue price (Offer price):** ¥506,025 per unit

##### **(iii) Total issue price (Total offer price):** ¥22,031,316,450

##### **(iv) Issue value (Amount to be paid in):** ¥489,417 per unit

##### **(v) Total issue value (Total amount to be paid in):** ¥21,308,237,346

##### **(vi) Payment date:** February 14, 2017

##### **(vii) Distribution:**

The units to be issued will first be entitled to distributions, if any, for the six months commencing on January 1, 2017 and ending on July 31, 2017.

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

##### **(i) Number of new investment units:** 1,062 investment units

##### **(ii) Issue value (Amount to be paid in):** ¥489,417 per unit

##### **(iii) Total issue value (Total amount to be paid in):** ¥519,760,854

##### **(iv) Payment date:** Scheduled on March 3, 2017

##### **(v) Distribution:**

The units to be issued will first be entitled to distributions, if any, for the six months commencing on January 1, 2017 and ending on July 31, 2017.

##### **(iv) Allottee:** Nomura Securities Co., Ltd.

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

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

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

As a result of the Offerings, unitholders' capital increased to ¥112,131,455,055 and number of investment units issued and outstanding increased to 396,102 units on February 14, 2017.

## Note 18 –Information on allowance for temporary difference adjustments

Changes of temporary difference subject to allowance for temporary difference adjustment for the six months ended June 30, 2016 and December 31, 2016 are as follows:

(Thousands of yen)

| Period                                     | Item                                 | Reason for changes of temporary difference          | Amount for allowance (or reversal) | Note |
|--|--------------------------------------|---|------------------------------------|------|
| For the six months ended June 30, 2016     | Deferred gains or (losses) on hedges | Valuation losses on interest rate swaps             | ¥405,448                           | (i)  |
| For the six months ended December 31, 2016 | Buildings in trust                   | Excess of depreciation allowance                    | ¥1,057                             | (ii) |
|  | Deferred gains or (losses) on hedges | Decrease of Valuation losses on interest rate swaps | (¥98,970)                          | (i)  |

Note (i): The allowance will be reversed corresponding to future change in values of the hedging derivatives.

Note (ii): The allowance will be reversed corresponding to disposal of the buildings in the future.

*[Omission of disclosure]*

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



## (9) Changes in unit issued and outstanding

There was no change in unitholders' capital for the six months ended December 31, 2016. The outline of changes in unitholders' capital for the 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.

## 4. Changes in officers

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

## 5. Additional information

### (1) Composition of assets

| Classification of assets                   | Asset category   | Location category (Note 1)            | Region                              | As of June 30, 2016                          |                                | As of December 31, 2016                      |                                |
|--|--|---------------------------------------|-------------------------------------|--|--------------------------------|--|--------------------------------|
|  |  |                                       |                                     | Total of net book value<br>(Millions of yen) | Composition ratio (Note 2) (%) | Total of net book value<br>(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             | 13,067                                       | 6.0                            | 13,029                                       | 5.8                            |
|  |  |                                       | Osaka and Nagoya metropolitan areas | 4,576  | 2.1                            | 4,566  | 2.0                            |
|  |  |                                       | Other area                          | 914  | 0.4                            | 914  | 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             | 45,153                                       | 20.9                           | 45,059                                       | 20.1                           |
|  |  |                                       | Osaka and Nagoya metropolitan areas | 1,998  | 0.9                            | 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             | 79,433                                       | 36.7                           | 77,724                                       | 34.6                           |
|  |  |                                       | Osaka and Nagoya metropolitan areas | 17,366                                       | 8.0                            | 21,760                                       | 9.7                            |
|  |  |                                       | Other area                          | 7,016  | 3.2                            | 6,986  | 3.1                            |
|  |  | Other                                 | Tokyo metropolitan area             | —  | —                              | —  | —                              |
|  |  |                                       | Osaka and Nagoya metropolitan areas | —  | —                              | —  | —                              |
|  |  |                                       | Other area                          | 2,145  | 1.0                            | 2,130  | 0.9                            |
|  | Infrastructure facilities (Infrastructure properties)                                  | Urban and suburban or Industrial-area | Tokyo metropolitan area             | 12,756                                       | 5.9                            | 12,765                                       | 5.7                            |
|  |  |                                       | Osaka and Nagoya metropolitan areas | 23,564                                       | 10.9                           | 23,406                                       | 10.4                           |
|  |  |                                       | Other area                          | —  | —                              | —  | —                              |
|  |  | Other                                 | Tokyo metropolitan area             | —  | —                              | —  | —                              |
|  |  |                                       | Osaka and Nagoya metropolitan areas | —  | —                              | —  | —                              |
|  |  |                                       | Other area                          | —  | —                              | —  | —                              |
| Sub-total                                  |  |                                       |                                     | 207,993                                      | 96.0                           | 210,342                                      | 93.6                           |
| Bank deposits and other assets             |  |                                       |                                     | 8,645  | 4.0                            | 14,406                                       | 6.4                            |
| Total assets                               |  |                                       |                                     | 216,639                                      | 100.0                          | 224,749                                      | 100.0                          |
| Total liabilities                          |  |                                       |                                     | 122,840                                      | 56.7                           | 130,789                                      | 58.2                           |
| Total net assets                           |  |                                       |                                     | 93,799                                       | 43.3                           | 93,959                                       | 41.8                           |

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.

## (2) Outline of portfolio properties

The principal properties (top ten properties in net book value) as of December 31, 2016 were as follows:

| Name of property                             | Net book value<br>(Millions of yen) | Leasable area<br>(Note 1)<br>(m <sup>2</sup> ) | Leased area<br>(Note 2)<br>(m <sup>2</sup> ) | Occupancy ratio<br>(Note 3)<br>(%) | Ratio of rental<br>revenue to total<br>rental revenues<br>(Note 3) (%) | Major use                            |
|--|-------------------------------------|--|--|------------------------------------|--|--------------------------------------|
| IIF Haneda Airport Maintenance Center        | 39,172                              | 81,995.81                                      | 81,995.81                                    | 100.0                              | 17.2   | Infrastructure facility              |
| IIF Kobe District Heating and Cooling Center | 16,530                              | 11,292.79                                      | 11,292.79                                    | 100.0                              | 4.1  | Infrastructure facility              |
| IIF Shinonome Logistics Center (Note 4)      | 13,068                              | 27,493.29                                      | 27,493.29                                    | 100.0                              | 5.0  | Logistics facility                   |
| IIF Mitaka Card Center                       | 9,153                               | 21,615.01                                      | 21,615.01                                    | 100.0                              | 4.5  | Manufacturing and R&D facility, etc. |
| IIF Shinagawa IT Solution Center (Note 5)    | 7,542                               | 7,089.62                                       | 7,089.62                                     | 100.0                              | —  | Infrastructure facility              |
| IIF Kamata R&D Center (Note 5)               | 7,451                               | 21,896.56                                      | 21,896.56                                    | 100.0                              | —  | Manufacturing and R&D facility, etc. |
| IIF Kyotanabe Logistics Center (Note 5)      | 5,861                               | 33,243.99                                      | 33,243.99                                    | 100.0                              | —  | Logistics facility                   |
| IIF Osaka Toyonaka Data Center (Note 5)      | 5,624                               | 20,027.14                                      | 20,027.14                                    | 100.0                              | —  | Infrastructure facility              |
| IIF Noda Logistics Center (Note 5)           | 5,517                               | 38,828.10                                      | 38,828.10                                    | 100.0                              | —  | Logistics facility                   |
| IIF Zama IT Solution Center (Note 5)         | 5,222                               | 10,931.89                                      | 10,931.89                                    | 100.0                              | —  | Infrastructure facility              |
| Total  | 115,145                             | 274,414.20                                     | 274,414.20                                   | 100.0                              | 50.5   |                                      |

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

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

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

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

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

The details of logistics facilities, manufacturing and R&D facilities, etc. or infrastructure facilities held by the Investment Corporation as of December 31, 2016 were as follows:

| Name of property  | Location<br>(Note 1)   | Form of ownership         | Leasable area<br>(Note 2) (m <sup>2</sup> ) | Appraisal value at end of period<br>(Note 3) (Millions of yen) | Net book value<br>(Millions of yen) |
|---|--|---------------------------|---|--|-------------------------------------|
| IIF Shinonome Logistics Center (Note 4)                       | 19-4, Shinonome 2-chome, Koto-ku, Tokyo, etc.                                  | Trust beneficial interest | 27,493.29                                   | 16,642   | 13,068                              |
| IIF Noda Logistics Center                                     | 340-13, Aza Tamedai, Nishi-sangao, Noda-shi, Chiba, etc.                       | Trust beneficial interest | 38,828.10                                   | 8,400  | 5,517                               |
| IIF Shinsuna Logistics Center                                 | 2458-5, Shinsuna 3-chome, Koto-ku, Tokyo                                       | Trust beneficial interest | 5,741.75                                    | 6,750  | 5,199                               |
| IIF Atsugi Logistics Center                                   | 6-19, Aza Ikoda, Hase, Atsugi-shi, Kanagawa, etc.                              | Trust beneficial interest | 10,959.68                                   | 2,170  | 1,627                               |
| IIF Koshigaya Logistics Center                                | 1-1, Ryutsudanchi 4-chome, Koshigaya-shi, Saitama                              | Trust beneficial interest | 10,113.50                                   | 2,640  | 1,817                               |
| IIF Nishinomiya Logistics Center                              | 2, Nishinomiyahama 1-chome, Nishinomiya-shi, Hyogo                             | Trust beneficial interest | 17,200.00                                   | 2,970  | 2,029                               |
| IIF Narashino Logistics Center (land with leasehold interest) | 34-9, Akanehama 3-chome, Narashino-shi, Chiba                                  | Real property             | 19,834.71                                   | 2,460  | 1,223                               |
| IIF Narashino Logistics Center II (Note 5)                    | 34-1, Akanehama 3-chome, Narashino-shi, Chiba                                  | Trust beneficial interest | 83,905.16                                   | 6,290  | 4,650                               |
| IIF Atsugi Logistics Center II                                | 602-9, Aza Kitaya, Funako, Atsugi-shi, Kanagawa                                | Real property             | 20,661.13                                   | 3,850  | 3,251                               |
| IIF Yokohama Tsuzuki Logistics Center                         | 747-1, Aza Minamikochi, Kawamukou-cho, Tsuzuki-ku Yokohama-shi, Kanagawa, etc. | Trust beneficial interest | 9,464.03                                    | 3,140  | 2,329                               |
| IIF Saitama Logistics Center                                  | 398-3, Yoshino-cho 1-chome, Kita-ku, Saitama-shi, Saitama, etc.                | Trust beneficial interest | 8,995.00                                    | 2,040  | 1,486                               |
| IIF Nagoya Logistics Center                                   | 34, Yanagida-cho 2-chome, Nakagawa-ku, Nagoya-shi, Aichi, etc.                 | Real property             | 8,721.01                                    | 1,520  | 1,160                               |
| IIF Atsugi Logistics Center III                               | 3007-7, Kamiechi Aza Uenohara, Atsugi-shi, Kanagawa                            | Trust beneficial interest | 16,584.64                                   | 3,000  | 2,393                               |
| IIF Kawaguchi Logistics Center                                | 4829 Midori-cho, Kawaguchi-shi, Saitama, etc.                                  | Real property             | 11,705.02                                   | 4,080  | 2,040                               |
| IIF Kobe Logistics Center                                     | 2-10, Maya-futo, Nada-ku, Kobe-shi, Hyogo, etc.                                | Trust beneficial interest | 39,567.74                                   | 6,920  | 5,213                               |
| IIF Higashi-Osaka Logistics Center                            | 701-2, Wakae-higashi-machi 6-chome, Higashi Osaka-shi, Osaka, etc.             | Real property             | 20,495.06                                   | 3,120  | 2,457                               |
| IIF Kashiwa Logistics Center                                  | 1027-1, Aza Miyagohara, Washinoya, Kashiwa-shi, Chiba, etc.                    | Real property             | 17,373.53                                   | 2,670  | 1,861                               |
| IIF Misato Logistics Center                                   | 5, Izumi 3-chome, Misato-shi, Saitama  | Trust beneficial interest | 19,019.71                                   | 4,950  | 3,515                               |
| IIF Iruma Logistics Center                                    | 660-2, Aza Higashimusashino, Oaza Minami-mine, Iruma-shi, Saitama, etc.        | Trust beneficial interest | 17,881.65                                   | 4,030  | 3,164                               |
| IIF Tosu Logistics Center                                     | 781-1 Aza Hiratsuka, Shuku-machi, Tosu-shi, Saga, etc.                         | Trust beneficial interest | 13,862.05                                   | 1,890  | 1,543                               |
| IIF Inzai Logistics Center                                    | 6-6, Matsuzakidai 2-chome, Inzai-shi, Chiba, etc.                              | Trust beneficial interest | 5,490.00                                    | 1,310  | 1,047                               |

| Name of property   | Location<br>(Note 1)  | Form of<br>ownership            | Leasable area<br>(Note 2) (m <sup>2</sup> ) | Appraisal value<br>at end of period<br>(Note 3) (Millions of yen) | Net book value<br>(Millions of yen) |
|--|---|---------------------------------|---|---|-------------------------------------|
| IIF Morioka Logistics Center   | Plot 5-44-5, Oaza<br>Hiromiyasawa, Yahabacho,<br>Shiwa-gun, Iwate, etc.       | Trust<br>beneficial<br>interest | 8,001.57                                    | 1,200   | 586                                 |
| IIF Hiroshima Logistics Center   | 22-4, Itsukaichi-ko 3-chome,<br>Saeki-ku, Hiroshima-shi,<br>Hiroshima         | Trust<br>beneficial<br>interest | 22,768.24                                   | 4,370   | 3,470                               |
| IIF Izumiotsu e-shop Logistics<br>Center<br>(land with leasehold interest)     | 39, Nagisa-cho, Izumiotsu-shi,<br>Osaka, etc.                                 | Trust<br>beneficial<br>interest | 48,932.00                                   | 4,370   | 4,179                               |
| IIF Izumisano Food Processing<br>and Logistics Center                          | 2-11, Rinkuorai-kita,<br>Izumisano-shi, Osaka                                 | Real<br>property                | 13,947.83                                   | 1,040   | 947                                 |
| IIF Kyotanabe Logistics Center   | 55-13, Osumi-hama,<br>Kyotanabe-shi, Kyoto                                    | Trust<br>beneficial<br>interest | 33,243.99                                   | 6,930   | 5,861                               |
| IIF Fukuoka Koga Vehicle<br>Logistics Center<br>(land with leasehold interest) | 1134-1, Aoyagi, Koga-shi,<br>Fukuoka, etc.                                    | Real<br>property                | 30,815.97                                   | 965   | 914                                 |
| IIF Fukuoka Higashi Logistics<br>Center  | 90-1 Kamata 4-chome,<br>Higashi-ku, Fukuoka-shi,<br>Fukuoka, etc.             | Trust<br>beneficial<br>interest | 11,262.86                                   | 2,030   | 1,943                               |
| IIF Osaka Konohana Logistics<br>Center (Note 6)                                | 21-6, Shimaya 4-chome,<br>Konohana-ku, Osaka-shi,<br>Osaka                    | Trust<br>beneficial<br>interest | 23,593.72                                   | 4,510   | 4,476                               |
| IIF Kazo Logistics Center  | 6-1, Shintone 2-chome,<br>Kazo-shi, Saitama                                   | Trust<br>beneficial<br>interest | 17,744.41                                   | 2,570   | 2,622                               |
| IIF Hamura Logistics Center  | 8-16, Shinmeidai 4-chome,<br>Hamura-shi, Tokyo                                | Trust<br>beneficial<br>interest | 3,892.66                                    | 864   | 928                                 |
| IIF Totsuka Technology Center<br>(land with leasehold interest)                | 344-1, Aza Uchikune,<br>Nase-cho, Totsuka-ku,<br>Yokohama-shi, Kanagawa, etc. | Trust<br>beneficial<br>interest | 31,442.47                                   | 5,340   | 4,553                               |
| IIF Yokohama Tsuzuki<br>Technology Center                                      | 25-2, Kitayamada 4-chome,<br>Tsuzuki-ku, Yokohama-shi,<br>Kanagawa            | Real<br>property                | 4,655.48                                    | 1,350   | 1,166                               |
| IIF Mitaka Card Center   | 444-2, Shimo-Renjaku<br>7-chome, Mitaka-shi, Tokyo,<br>etc.                   | Trust<br>beneficial<br>interest | 21,615.01                                   | 10,200  | 9,153                               |
| IIF Kamata R&D Center  | 31-1, Minami-Kamata<br>2-chome, Ota-ku, Tokyo                                 | Trust<br>beneficial<br>interest | 21,896.56                                   | 8,400   | 7,451                               |
| IIF Kawasaki Science Center  | 25-19, Tono-machi 3-chome,<br>Kawasaki-ku, Kawasaki-shi,<br>Kanagawa          | Real<br>property                | 4,857.73                                    | 2,950   | 2,139                               |
| IIF Sagamihara R&D Center  | 41-1, Minamihashimoto<br>3-chome, Chuo-ku,<br>Sagamihara-shi, Kanagawa        | Trust<br>beneficial<br>interest | 14,304.37                                   | 3,650   | 3,241                               |
| IIF Yokohama Shinyamashita<br>R&D Center                                       | 2-19, Shinyamashita 1-chome,<br>Naka-ku, Yokohama-shi,<br>Kanagawa            | Trust<br>beneficial<br>interest | 4,887.83                                    | 4,150   | 3,956                               |
| IIF Kakegawa Manufacturing<br>Center<br>(Land with leasehold interest)         | 30, Tanyo, Kakegawa-shi,<br>Shizuoka  | Trust<br>beneficial<br>interest | 66,171.92                                   | 1,770   | 1,572                               |
| IIF Urayasu Machinery<br>Maintenance Center<br>(Land with leasehold interest)  | 195, Tekkadori 3-chome,<br>Urayasu-shi, Chiba                                 | Real<br>property                | 7,925.94                                    | 1,670   | 1,345                               |
| IIF Kobe District Heating and<br>Cooling Center                                | 77-1, Higashikawasaki-cho<br>1-chome, Chuo-ku, Kobe-shi,<br>Hyogo             | Trust<br>beneficial<br>interest | 11,292.79                                   | 14,600  | 16,530                              |
| IIF Haneda Airport Maintenance<br>Center                                       | 5-1 and 2, Haneda Airport<br>3-chome, Ota-ku, Tokyo                           | Real<br>property                | 81,995.81                                   | 41,600  | 39,172                              |
| IIF Zama IT Solution Center  | 5505-7, Higashihara 5-chome,<br>Zama-shi, Kanagawa                            | Trust<br>beneficial<br>interest | 10,931.89                                   | 5,530   | 5,222                               |

| Name of property  | Location<br>(Note 1)                                       | Form of ownership         | Leasable area<br>(Note 2) (m <sup>2</sup> ) | Appraisal value at end of period<br>(Note 3) (Millions of yen) | Net book value<br>(Millions of yen) |
|---|--|---------------------------|---|--|-------------------------------------|
| IIF Shinagawa Data Center   | 521-1, Futaba 2-chome, Shinagawa-ku, Tokyo, etc.           | Real property             | 19,547.11                                   | 6,850  | 5,157                               |
| IIF Osaka Toyonaka Data Center  | 1-38, Shin-senri-nishi-machi 1-chome, Toyonaka-shi, Osaka  | Trust beneficial interest | 20,027.14                                   | 6,040  | 5,624                               |
| IIF Osaka Nanko IT Solution Center  | 21, Nanko-kita 1-chome, Suminoe-ku, Osaka-shi, Osaka, etc. | Trust beneficial interest | 18,435.93                                   | 2,380  | 1,252                               |
| IIF Nagoya Port Tank Terminal (land with leasehold interest)                    | 37-31, Shiomi-cho, Minato-ku, Nagoya-shi, Aichi            | Real property             | 51,583.70                                   | 2,270  | 1,998                               |
| IIF Shinagawa IT Solution Center  | 31-18, Nishi-Gotanda 4-chome, Shinagawa-ku, Tokyo          | Trust beneficial interest | 7,089.62                                    | 7,830  | 7,542                               |
| IIF Higashimatsuyama Gas Tank Maintenance Center (land with leasehold interest) | 75-1, Shingo, Higashimatsuyama-shi, Saitama                | Real property             | 12,880.38                                   | 746  | 729                                 |
| Total (Note 7)  |  |                           | 1,049,641.69                                | 247,017  | 210,342                             |

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 researched 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 As the Investment Corporation invests in IIF Narashino Logistics Center II 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, “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 The Investment Corporation owns 51% of the trust beneficial interest in the property. The leasable area of the property shows 51% of the total leasable area as the share of quasi-co-ownership.

Note 7 “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 June 30, 2016 and December 31, 2016 were as follows:

| Name of property   | For the six months ended      |                                 |                                      |   |                                 |                               |                                 |                                      |   |                                 |
|--|-------------------------------|---------------------------------|--------------------------------------|---|---------------------------------|-------------------------------|---------------------------------|--------------------------------------|---|---------------------------------|
|  | June 30, 2016                 |                                 |                                      |   |                                 | December 31, 2016             |                                 |                                      |   |                                 |
|  | Number of tenants<br>(Note 1) | Occupancy ratio<br>(Note 2) (%) | Rental revenues<br>(Millions of yen) | Rental net operating income (NOI)<br>(Note 3) (Millions of yen) | Composition ratio of NOI<br>(%) | Number of tenants<br>(Note 1) | Occupancy ratio<br>(Note 2) (%) | Rental revenues<br>(Millions of yen) | Rental net operating income (NOI)<br>(Note 3) (Millions of yen) | Composition ratio of NOI<br>(%) |
| IIF Shinonome Logistics Center   | 1                             | 100.0                           | 400                                  | 367   | 5.9                             | 1                             | 100.0                           | 400                                  | 367   | 5.8                             |
| IIF Noda Logistics Center<br>(Note 4)  | 2                             | 100.0                           | —                                    | 181   | 2.9                             | 2                             | 100.0                           | —                                    | 207   | 3.3                             |
| IIF Shinsuna Logistics Center  | 1                             | 100.0                           | 173                                  | 156   | 2.5                             | 1                             | 100.0                           | 178                                  | 159   | 2.5                             |
| IIF Atsugi Logistics Center<br>(Note 4)                                      | 1                             | 100.0                           | —                                    | 47  | 0.8                             | 1                             | 100.0                           | —                                    | 47  | 0.7                             |
| IIF Koshigaya Logistics Center   | 1                             | 100.0                           | 75                                   | 69  | 1.1                             | 1                             | 100.0                           | 75                                   | 69  | 1.1                             |
| IIF Nishinomiya Logistics Center<br>(Note 4)                                 | 2                             | 100.0                           | —                                    | 53  | 0.9                             | 2                             | 100.0                           | —                                    | 82  | 1.3                             |
| IIF Narashino Logistics Center<br>(land with leasehold interest)<br>(Note 4) | 1                             | 100.0                           | —                                    | 38  | 0.6                             | 1                             | 100.0                           | —                                    | 38  | 0.6                             |
| IIF Narashino Logistics Center II<br>(Notes 4 and 5)                         | 2                             | 100.0                           | —                                    | 175   | 2.8                             | 2                             | 100.0                           | —                                    | 176   | 2.8                             |
| IIF Atsugi Logistics Center II<br>(Note 4)                                   | 1                             | 100.0                           | —                                    | 113   | 1.8                             | 1                             | 100.0                           | —                                    | 113   | 1.8                             |
| IIF Yokohama Tsuzuki Logistics Center<br>(Note 4)                            | 1                             | 100.0                           | —                                    | 77  | 1.3                             | 1                             | 100.0                           | —                                    | 77  | 1.2                             |
| IIF Saitama Logistics Center   | 1                             | 100.0                           | 66                                   | 61  | 1.0                             | 1                             | 100.0                           | 66                                   | 61  | 1.0                             |
| IIF Nagoya Logistics Center<br>(Note 4)                                      | 1                             | 100.0                           | —                                    | 42  | 0.7                             | 1                             | 100.0                           | —                                    | 42  | 0.7                             |
| IIF Atsugi Logistics Center III<br>(Note 4)                                  | 1                             | 100.0                           | —                                    | 76  | 1.3                             | 1                             | 100.0                           | —                                    | 72  | 1.1                             |
| IIF Kawaguchi Logistics Center<br>(Note 4)                                   | 1                             | 100.0                           | —                                    | 105   | 1.7                             | 1                             | 100.0                           | —                                    | 105   | 1.7                             |
| IIF Kobe Logistics Center<br>(Note 4)  | 1                             | 100.0                           | —                                    | 177   | 2.9                             | 1                             | 100.0                           | —                                    | 177   | 2.8                             |
| IIF Higashi-Osaka Logistics Center<br>(Note 4)                               | 2                             | 96.2                            | —                                    | 86  | 1.4                             | 2                             | 97.3                            | —                                    | 88  | 1.4                             |
| IIF Kashiwa Logistics Center<br>(Note 4)                                     | 1                             | 100.0                           | —                                    | 67  | 1.1                             | 1                             | 100.0                           | —                                    | 68  | 1.1                             |
| IIF Misato Logistics Center<br>(Note 4)                                      | 1                             | 100.0                           | —                                    | 116   | 1.9                             | 1                             | 100.0                           | —                                    | 116   | 1.8                             |
| IIF Iruma Logistics Center<br>(Note 4)                                       | 1                             | 100.0                           | —                                    | 106   | 1.7                             | 1                             | 100.0                           | —                                    | 106   | 1.7                             |
| IIF Tosu Logistics Center<br>(Note 4)  | 2                             | 100.0                           | —                                    | 53  | 0.9                             | 2                             | 100.0                           | —                                    | 52  | 0.8                             |
| IIF Inzai Logistics Center<br>(Note 4)                                       | 1                             | 100.0                           | —                                    | 37  | 0.6                             | 1                             | 100.0                           | —                                    | 37  | 0.6                             |
| IIF Morioka Logistics Center<br>(Note 4)                                     | 1                             | 100.0                           | —                                    | 37  | 0.6                             | 1                             | 100.0                           | —                                    | 37  | 0.6                             |

| Name of property  | For the six months ended      |                                 |                                      |  |                                 |                               |                                 |                                      |  |                                 |
|---|-------------------------------|---------------------------------|--------------------------------------|--|---------------------------------|-------------------------------|---------------------------------|--------------------------------------|--|---------------------------------|
|   | June 30, 2016                 |                                 |                                      |  |                                 | December 31, 2016             |                                 |                                      |  |                                 |
|   | Number of tenants<br>(Note 1) | Occupancy ratio<br>(Note 2) (%) | Rental revenues<br>(Millions of yen) | Rental net operating income (NOI)<br>(Note 3)<br>(Millions of yen) | Composition ratio of NOI<br>(%) | Number of tenants<br>(Note 1) | Occupancy ratio<br>(Note 2) (%) | Rental revenues<br>(Millions of yen) | Rental net operating income (NOI)<br>(Note 3)<br>(Millions of yen) | Composition ratio of NOI<br>(%) |
| IIF Hiroshima Logistics Center (Note 4)   | 1                             | 100.0                           | —                                    | 119  | 1.9                             | 1                             | 100.0                           | —                                    | 119  | 1.9                             |
| IIF Izumiotsu e-shop Logistics Center (land with leasehold interest) (Note 4)     | 1                             | 100.0                           | —                                    | 116  | 1.9                             | 1                             | 100.0                           | —                                    | 110  | 1.7                             |
| IIF Izumisano Food Processing and Logistics Center (Note 4)                       | 1                             | 100.0                           | —                                    | 32   | 0.5                             | 1                             | 100.0                           | —                                    | 28   | 0.5                             |
| IIF Kyotanabe Logistics Center (Note 4)   | 1                             | 100.0                           | —                                    | 181  | 2.9                             | 1                             | 100.0                           | —                                    | 174  | 2.7                             |
| IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest) (Note 4) | 1                             | 100.0                           | —                                    | 28   | 0.5                             | 1                             | 100.0                           | —                                    | 27   | 0.4                             |
| IIF Fukuoka Higashi Logistics Center (Note 4)                                     | 1                             | 100.0                           | —                                    | 48   | 0.8                             | 1                             | 100.0                           | —                                    | 57   | 0.9                             |
| IIF Osaka Konohana Logistics Center (Note 4)                                      | —                             | —                               | —                                    | —  | —                               | 1                             | 100.0                           | —                                    | 121  | 1.9                             |
| IIF Kazo Logistics Center (Note 4)  | —                             | —                               | —                                    | —  | —                               | 1                             | 100.0                           | —                                    | 49   | 0.8                             |
| IIF Hamura Logistics Center (Note 4)  | —                             | —                               | —                                    | —  | —                               | 1                             | 100.0                           | —                                    | 1  | 0.0                             |
| IIF Totsuka Technology Center (land with leasehold interest)                      | 1                             | 100.0                           | 154                                  | 137  | 2.2                             | 1                             | 100.0                           | 154                                  | 137  | 2.2                             |
| IIF Yokohama Tsuzuki Technology Center  | 1                             | 100.0                           | 58                                   | 38   | 0.6                             | 1                             | 100.0                           | 58                                   | 34   | 0.5                             |
| IIF Mitaka Card Center  | 1                             | 100.0                           | 364                                  | 311  | 5.0                             | 1                             | 100.0                           | 364                                  | 307  | 4.8                             |
| IIF Shinonome R&D Center (Notes 4 and 6)  | 1                             | 100.0                           | —                                    | 343  | 5.5                             | —                             | —                               | —                                    | 139  | 2.2                             |
| IIF Kamata R&D Center (Note 4)  | 1                             | 100.0                           | —                                    | 236  | 3.8                             | 1                             | 100.0                           | —                                    | 235  | 3.7                             |
| IIF Kawasaki Science Center (Note 4)  | 1                             | 100.0                           | —                                    | 82   | 1.3                             | 1                             | 100.0                           | —                                    | 83   | 1.3                             |
| IIF Sagami-hara R&D Center (Note 4)   | 6                             | 98.8                            | —                                    | 130  | 2.1                             | 5                             | 98.3                            | —                                    | 131  | 2.1                             |
| IIF Yokohama Shinyamashita R&D Center (Note 4)                                    | 1                             | 100.0                           | —                                    | 0  | 0.0                             | 1                             | 100.0                           | —                                    | 110  | 1.7                             |
| IIF Kakegawa Manufacturing Center (Land with leasehold interest) (Note 4)         | 1                             | 100.0                           | —                                    | 20   | 0.3                             | 1                             | 100.0                           | —                                    | 47   | 0.8                             |
| IIF Urayasu Machinery Maintenance Center (Land with leasehold interest) (Note 4)  | 1                             | 100.0                           | —                                    | 20   | 0.3                             | 1                             | 100.0                           | —                                    | 40   | 0.6                             |
| IIF Kobe District Heating and Cooling Center                                      | 3                             | 100.0                           | 330                                  | 316  | 5.1                             | 3                             | 100.0                           | 330                                  | 313  | 4.9                             |
| IIF Haneda Airport Maintenance Center   | 1                             | 100.0                           | 1,377                                | 938  | 15.1                            | 1                             | 100.0                           | 1,382                                | 939  | 14.8                            |
| IIF Zama IT Solution Center (Note 4)  | 1                             | 100.0                           | —                                    | 201  | 3.3                             | 1                             | 100.0                           | —                                    | 201  | 3.2                             |
| IIF Shinagawa Data Center (Note 4)  | 1                             | 100.0                           | —                                    | 169  | 2.7                             | 1                             | 100.0                           | —                                    | 173  | 2.7                             |



| Name of property   | For the six months ended      |                                 |                                      |   |                                 |                               |                                 |                                      |   |                                 |
|--|-------------------------------|---------------------------------|--------------------------------------|---|---------------------------------|-------------------------------|---------------------------------|--------------------------------------|---|---------------------------------|
|  | June 30, 2016                 |                                 |                                      |   |                                 | December 31, 2016             |                                 |                                      |   |                                 |
|  | Number of tenants<br>(Note 1) | Occupancy ratio<br>(Note 2) (%) | Rental revenues<br>(Millions of yen) | Rental net operating income (NOI)<br>(Note 3) (Millions of yen) | Composition ratio of NOI<br>(%) | Number of tenants<br>(Note 1) | Occupancy ratio<br>(Note 2) (%) | Rental revenues<br>(Millions of yen) | Rental net operating income (NOI)<br>(Note 3) (Millions of yen) | Composition ratio of NOI<br>(%) |
| IIF Osaka Toyonaka Data Center (Note 4)  | 1                             | 100.0                           | —                                    | 165   | 2.7                             | 1                             | 100.0                           | —                                    | 176   | 2.8                             |
| IIF Osaka Nanko IT Solution Center (Note 4)  | 1                             | 100.0                           | —                                    | 69  | 1.1                             | 1                             | 100.0                           | —                                    | 69  | 1.1                             |
| IIF Nagoya Port Tank Terminal (land with leasehold interest) (Note 4)                    | 1                             | 100.0                           | —                                    | 62  | 1.0                             | 1                             | 100.0                           | —                                    | 62  | 1.0                             |
| IIF Shinagawa IT Solution Center (Note 4)  | 5                             | 76.1                            | —                                    | 166   | 2.7                             | 5                             | 100.0                           | —                                    | 135   | 2.1                             |
| IIF Higashimatsuyama Gas Tank Maintenance Center (land with leasehold interest) (Note 4) | 1                             | 100.0                           | —                                    | 18  | 0.3                             | 1                             | 100.0                           | —                                    | 18  | 0.3                             |
| Total (Notes 7 and 8)  | 63                            | 99.7                            | 7,886                                | 6,206   | 100.0                           | 64                            | 99.9                            | 8,022                                | 6,355   | 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 “Composition ratio of NOI” are calculated by rounding to the nearest first decimal place.

Note 3 “Rental net operating income (NOI)” is calculated by following formula.  
(Rental revenues – Rental expenses) + Depreciation

Note 4 “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 5 As the Investment Corporation invests in IIF Narashino Logistics Center II 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 IIF sold the property on November 15, 2016.

Note 7 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 8 “Number of tenants” of IIF Narashino Logistics Center II is total of the number of tenant of leased land and that of the building.