

## Translation

# INDUSTRIAL & INFRASTRUCTURE FUND INVESTMENT CORPORATION SUMMARY OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JANUARY 31, 2018

March 14, 2018

Name of issuer:	Industrial & Infrastructure Fund Investment Corporation ("the Investment Corporation")
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	3249
Website:	<a href="http://www.iif-reit.com/">http://www.iif-reit.com/</a>
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:	Hidehiko Ueda, Executive Officer Head of Industrial Division Tel: (03)5293-7091
Scheduled date for filing of securities report:	April 26, 2018
Scheduled date for distributions payment:	April 17, 2018
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 January 31, 2018 (August 1, 2017 to January 31, 2018)

### (1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the fiscal period ended								
January 31, 2018 (6 months)	8,976	-10.7	5,071	-12.4	4,082	-11.9	4,081	-11.9
July 31, 2017 (7 months)	10,054	24.6	5,787	31.0	4,634	34.6	4,633	34.6

  

	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	Yen	%	%	%
For the fiscal period ended				
January 31, 2018 (6 months)	2,568	3.5	1.6	45.5
July 31, 2017 (7 months)	2,987	4.4	1.9	46.1

Note 1: With the approval of the 6th General Meeting for Unitholders held on September 30, 2016, the Investment Corporation's Accounting Settlement Day was changed from the end of June and the end of December to the end of January and the end of July. Because of this change, the fiscal period ended July 31, 2017 is seven-month period from January 1 to July 31, 2017.

Note 2: The Investment Corporation executed a four-for-one unit split (the "Unit Split") on February 1, 2018 as the effective date. Net income per unit in the above table shows pro forma per unit information which has been adjusted to reflect the Unit Split as if it had been effective on January 1, 2017.

### (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
	Yen	Yen	Yen	Millions of yen	Millions of yen	Millions of yen		
For the fiscal period ended								
January 31, 2018 (6 months)	10,282	10,276	6	4,083	4,081	2	100.0	3.5
July 31, 2017 (7 months)	11,674	11,667	7	4,636	4,633	2	100.0	4.2

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

Note 2: Payout ratio for the seven months ended July 31, 2017 is calculated by following formula, as new investment units were issued during the period.  
Payout ratio = Distribution per unit (excluding distributions in excess of profit) ÷ Net income per unit × 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
January 31, 2018	261,500	116,483	44.5	73,321
July 31, 2017	261,999	117,008	44.7	73,652

Note 2: The Investment Corporation executed a four-for-one unit split (the "Unit Split") on February 1, 2018 as the effective date. Net asset value per unit in the above table shows pro forma per unit information which has been adjusted to reflect the Unit Split as if it had been effective on January 1, 2017.

#### (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 fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
January 31, 2018 (6 months)	6,082	(607)	(4,639)	15,646
July 31, 2017 (7 months)	5,727	(34,861)	31,200	14,811

## 2. Outlook for the six months ending July 31, 2018 (February 1, 2018 to July 31, 2018)

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2018	9,681	7.9	5,524	8.9	4,574	12.1	4,572	12.1

	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 six months ending	Yen	Yen	Yen	Yen
July 31, 2018	2,688	2,689	2,688	1

## 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 January 31, 2018 397,164 units

As of July 31, 2017 397,164 units

Number of treasury units at end of period:

As of January 31, 2018 0 unit

As of July 31, 2017 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 31.

### Forward-looking Statements and Other Notes

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

For further information and assumptions regarding the forward-looking statements, please refer to “2. Management policy and results of operation, (2) State of operation, B. Outlook for the next period” on page 5-8.

## 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 October 26, 2017), and hence, description of these matters is omitted.

## 2. Management policy and results of operation

### (1) Management policies

There are no material changes to Investment Policy, Investment Targets, or Distribution Policies in the most recent securities report (submitted on October 26, 2017), 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 59 properties whose total acquisition price amounted to 246,615 million yen as of January 31, 2018.

##### ii. Investment environment and management performance

During this fiscal period (August 2017 to January 2018), the Japanese economy performed well amid a robust global economy, buoyed by the strong performance of the corporate sector. Announced on February 14, 2018, gross domestic product (GDP) for October to December 2017 recorded positive growth for the eighth consecutive quarter, the second longest run in about 28 years since the 12 consecutive quarters between April–June 1986 and January–March 1988. Furthermore, according to the preliminary release of the December 2017 diffusion index (2010 = 100), which was announced on February 7, 2018, the coincident index was 120.7, the highest level since May 2007, prior to the global financial crisis. All indices were positive, including industrial production and shipments (mining and manufacturing) as well as retail sales, demonstrating that the range of economic improvement is expanding.

The Japanese stock market remained on an upward trend, linked to the U.S. stock market which is continuing to rise due to favorable economic statistics and in expectation of a tax reduction policy. While it has continued strong even after the start of 2018, there was an apparent phase of adjustment near the end of the quarter associated with fluctuations in foreign exchange markets combined with concerns of an increase in domestic interest rates accompanying an increase in long-term interest rates in the U.S. In the J-REIT market, funds continued to outflow from monthly distribution-type domestic investment trusts. The Tokyo Stock Exchange REIT Index did dip below 1,605 points on November 10, 2017, but subsequently rallied as a result of buying from ETFs and overseas investors, and finished at 1,744 points at the end of the period on January 31, 2018.

Under this environment, at the IIF Sendai Taiwa Logistics Center, which was acquired on February 21, 2017, IIF commenced a project during the current period to develop an extension building, taking account of the need for floor space based on its close relationship with the tenant. The IIF Sendai Taiwa Logistics Center (Extension Building) (acquisition price: 66 million yen) was acquired on December 22, 2017.

As a result, the properties IIF owned as of January 31, 2018 consisted of 39 logistics facilities, 11 manufacturing, R&D and other facilities and nine infrastructure facilities, whose total acquisition price amounted to 246,615 million yen. The total leasable area as of January 31, 2018 was 1,225,135.91 m<sup>2</sup>, and the average occupancy rate was 100.0%.

### 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, on September 29, 2017, IIF obtained new long-term loans of 11.6 billion yen (average term to maturity: 9 years) at fixed interest rates, and repaid long-term loans that came due on the same day (loan term: 6 years). Through refinancing, IIF is shifting to longer-term, fixed rate loans and, in effect, reducing its interest costs, in order to establish a financial position that will provide stable distributions over the long-term.

As a result, as of January 31, 2018, IIF's total interest bearing debt was 131,500 million yen, which was comprised of 121,500 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 during this fiscal period.

### iv. Overview of financial results and distributions

As a result of the above management activities, IIF recorded operating revenue of 8,976 million yen, operating income of 5,071 million yen, ordinary income of 4,082 million yen and net income of 4,081 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 4,081,257,264 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 2,382,984 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 10,282 yen.

## B. Outlook for the next fiscal period

### i. Outlook for the overall management

Against a backdrop of strong economic conditions worldwide, a so-called “Goldilocks” market (not too hot, not too cold) had been widely recognized, but since February 2018—following the end of the current period—growing uncertainty has been seen in the market, for instance, a sharp decline in global stock markets due to concerns of an interest rate rise in the U.S. Furthermore, although close attention must still be paid to concerns such as increasing geopolitical risks, the Japanese economy is supported by the robust performance of the corporate sector, and domestic consumption is also on an increasing trend. In financial markets too, while governments in Europe and America are working out the end of monetary easing, attention is being drawn to whether monetary easing in Japan will be maintained after the Governor of the Bank of Japan concludes his term of office in April this year.

In the J-REIT market, financing had quietened up until fall last year while investment unit prices had continued to slide, but since about the end of last year, financing through public offerings has become more active, including for new listings. Nevertheless, it is becoming increasingly tough for investors to make selections, with somewhat soft results being seen in cases, for instance, if the NAV per unit (see Note) falls below fair value. In this context, some J-REITs have become more active in their various approaches to meeting the needs of investors seeking returns following negative interest rates, such as the acquisition of treasury units designed to improve the NAV per unit, and unit splits which facilitate acquisitions by individual investors. Such a trend is likely to continue going forward.

In the real estate market, the environment for investing in domestic real estate is expected to remain strong, on the back of continuing good conditions for capital procurement. In the logistics facilities leasing market in particular, while the supply of new large-scale logistics facilities will continue, the change in distribution channels resulting primarily from growth in e-commerce has led to third party logistics (3PL) operations also showing signs of activity, and driving demand for logistics facilities. Despite signs of temporary increases in vacancy rates seen in some areas due to an increase in new supply, there is an overall balance between supply and demand, and vacancy rates in each of the main areas also remain low. Properties managed by IIF are also 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 a strength of IIF.

Note: The term “NAV per unit” refers to the net asset value per unit based on the appraisal value (or researched value) as of the end of the most recent fiscal period, and is calculated as follows. It is different to the net asset value per unit stated in the reference securities report. The same applies below.

NAV per unit = NAV / Number of issued investment units as of the end of the most recent fiscal period

Moreover, the term “NAV” refers to the difference between IIF’s assets and liabilities (net amount), where the value of real estate related assets held by IIF have been evaluated based on appraisal value (or researched value), and is calculated as follows. It is different to the accounting-based net asset value, and does not fluctuate due to changes in the amount of deferred gains or losses on hedges. The same applies below.

NAV = Unitholders’ capital\* + (Appraisal value (or researched value) of real estate related assets at the end of the period – Book value of real estate related assets at the end of the period\*)

\* For the book value of unitholders’ capital and real estate related assets at the end of the period, the balance sheet amounts as of the end of the most recent fiscal period in question are used.

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 (Corporate Real Estate) and PRE (Public Real Estate), where growth potential is apparent, and pursue "stable" property acquisition opportunities that contribute to improving "profitability" and "unitholder value." In doing so, IIF will aim to further expand the size of its portfolio.

IIF will continue to pioneer new asset category, while avoiding price competition using our experience, expertise, and networks in both CRE and PRE sectors. By aiming to further increase the property acquisitions 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 acquisitions of prime properties, leveraging its unique strengths as the only listed J-REIT specializing in industrial properties, creating a flexible property acquisition structure by collecting property information through its information channels including sponsor companies or by using bridge scheme structure.

b) Internal growth

As of January 31, 2018, IIF's portfolio consisted of 59 properties for a total acquisition price of 246,615 million yen.

The average occupancy rate as of the end of the period stands at 100.0%. The properties are managed under long-term lease contracts with an average remaining lease period of 8.3 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, the extension development project was started in August 2017 to realize the needs of tenants and end tenants in the IIF Sendai Taiwa Logistics Center. The Extension Building was acquired on completion in December 2017, and IIF has started leasing it to the existing lessee. In addition to improving the stability of contracts through lengthening contract periods and setting no cancellation periods while maintaining profitability, at the same time, this project will improve asset value by contributing to the creation of comfortable work environments for employees. 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 proceed with reducing fund-raising costs, lengthening borrowing periods, standardizing repayment amounts and diversifying 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) Issuance of New Investment Units

The Board of Directors adopted resolutions at meetings held on February 20, 2018 and February 28, 2018 regarding the issuance of new investment units as set forth below. Pay-in for the publicly offered new investment units was completed on March 7, 2018. The issuance terms are as indicated below. As a result of the issuance, total unitholders' capital as of March 7, 2018 was 125,274,336,084 yen and the total number of issued investment units was 1,697,931. In cases where new investment units are issued through the allocation of investment units to a third-party in conjunction with a secondary offering through over-allotment, the scheduled pay-in deadline is April 4, 2018.

Issuance of New Investment Units through Public Offering

Public offerings in Japan and in overseas markets, primarily in the U.S., Europe, and Asia (provided, however, that the offering in the U.S. market shall be restricted to qualified institutional investors pursuant to Rule 144A of the U.S. Securities Act of 1933)

Number of new investment units to be issued:	109,275 units
	53,600 units in domestic market and 55,675 units in overseas markets (53,600 new units to be underwritten and purchased by overseas underwriters plus 2,075 units issuable upon exercise of an option to purchase additional new units granted to the overseas underwriters (2,600 units at the maximum))
Issue price (Offer price):	¥119,437 per unit
Total issue price (Total offer price):	¥13,051,478,175
Issue value (Amount to be paid in):	¥115,517 per unit
Total issue value (Total amount to be paid in):	¥12,623,120,175
Payment date:	March 7, 2018
Record date for distributions:	February 1, 2018

#### Issuance of New Investment Units through Third-Party Allotment

Number of new investment units to be issued:	2,600 units
Issue value (Amount to be paid in):	¥115,517 per unit
Total issue value (Total amount to be paid in):	¥300,344,200
Payment date:	April 4, 2018
Record date for distributions:	February 1, 2018
Allottee:	SMBC Nikko Securities Inc.

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 issuance itself may not take place at all.

#### Use of Proceeds

IIF will use proceeds from the public offerings and the third-party allotment to partially finance the acquisition of additional specified assets (as defined in Article 2(1) of the Act on Investment Trusts and Investment Corporations).

#### b) Earnings forecast

The forecasts of operating results for the fiscal period ending July 31, 2018 (February 1, 2018 to July 31, 2018) are operating revenue of 9,681 million yen, ordinary income of 4,574 million yen, net income of 4,572 million yen and distributions per unit of 2,689 yen (including a distribution per unit in excess of profit of 1 yen).

For the assumptions regarding these forecasts, refer to the following “Earnings Forecast Assumptions for the 22<sup>nd</sup> Fiscal Period (February 1, 2018 to July 31, 2018) and the 23<sup>rd</sup> Fiscal Period (August 1, 2018 to January 31, 2019)”.

The main changes from the 21<sup>st</sup> Fiscal Period (August 1, 2017 to January 31, 2018) include the following.

Operating revenue (increase of 704 million yen from the previous fiscal period)

- Increase in rental revenue from the 13 properties acquired or scheduled to be acquired in the fiscal period ending July 31, 2018 (February 1, 2018 to July 31, 2018)

Operating expense (increase of 252 million yen from the previous fiscal period)

- Increase in property management fees for the 13 properties acquired or scheduled to be acquired in the fiscal period ending July 31, 2018 (February 1, 2018 to July 31, 2018)
- Taxes and public charges expensed on the 11 properties acquired in the fiscal period ended July 31, 2017 (January 1, 2017 to July 31, 2017) and in the fiscal period ended January 31, 2018 (August 1, 2017 to January 31, 2018)

#### Reference

The forecasts of operating results for the fiscal period ending January 31, 2019 (August 1, 2018 to January 31, 2019) are operating revenue of 9,710 million yen, ordinary income of 4,518 million yen, net income of 4,517 million yen and distributions per unit of 2,656 yen (including a distribution per unit in excess of profit of 1 yen). For the assumptions regarding these forecasts, refer to the following “Earnings Forecast Assumptions for the 22<sup>nd</sup> Fiscal Period (February 1, 2018 to July 31, 2018) and the 23<sup>rd</sup> Fiscal Period (August 1, 2018 to January 31, 2019)”.

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 22<sup>nd</sup> Fiscal Period (February 1, 2018 to July 31, 2018) and the 23<sup>rd</sup> Fiscal Period (August 1, 2018 to January 31, 2019)

Item	Assumption
Accounting period	22 <sup>nd</sup> Fiscal Period From February 1, 2018 to July 31, 2018 (181 days) 23 <sup>rd</sup> Fiscal Period From August 1, 2018 to January 31, 2019 (184 days)
Assets owned	<p>With respect to the 22nd and 23 fiscal periods, it is assumed that, in addition to the 59 properties owned by IIF as of January 31, 2018, IIF will acquire the following 13 properties (including five properties in which IIF will acquire an additional co-ownership interest, and the IIF Fukuoka Hakozaki Logistics Center II (Extension Building)). With respect to IIF Kobe Nishi Logistics Center (land with leasehold interest), we have entered into a memorandum of understanding<sup>(Note 2)</sup> which stipulates that Kohnan Shoji Co., Ltd. will acquire this property pursuant to the purchase agreement with Kobe City, the current owner of the land, and Kohnan Shoji Co., Ltd. shall complete certain administrative procedures and execute a purchase agreement for the sale of this property to us. The expected timing of the transfer of each of these properties to occur is as provided below. With respect to IIF Atsugi Manufacturing Center (land with leasehold interest), we have already entered into an agreement concerning status succession<sup>(Note)</sup>, which provides that we will succeed the status as a buyer in the real estate sales and purchase agreement for this property from a business company in Japan.</p> <p>•New assets acquired (or scheduled to be acquired)</p> <p>&lt;Acquired on February 1, 2018&gt;</p> <p>(1) IIF Fukuoka Hakozaki Logistics Center I (40% co-ownership interest)</p> <p>(2) IIF Fukuoka Hakozaki Logistics Center II (40% co-ownership interest)</p> <p>&lt;Acquired on March 8, 2018&gt;</p> <p>(3) IIF Itabashi Logistics Center (40% co-ownership interest)</p> <p>(4) IIF Osaka Suminoe Logistics Center I (25% co-ownership interest)</p> <p>(5) IIF Osaka Suminoe Logistics Center II (25% co-ownership interest)</p> <p>(6) IIF Sapporo Logistics Center</p> <p>(7) IIF Hiroshima Manufacturing Center (land with leasehold interest)</p> <p>(8) IIF Totsuka Manufacturing Center (land with leasehold interest)</p> <p>&lt;Acquired on March 9, 2018&gt;</p> <p>(9) IIF Hitachinaka Port Logistics Center (land with leasehold interest)</p> <p>(10) IIF Koriyama Logistics Center</p> <p>&lt;Acquired on March 14, 2018&gt;</p> <p>(11) IIF Fukuoka Hakozaki Logistics Center II (Extension Building)</p> <p>&lt;Scheduled to be acquired on March 29, 2018&gt;</p> <p>(12) IIF Kobe Nishi Logistics Center (land with leasehold interest)</p> <p>&lt;Scheduled to be acquired on April 2, 2018&gt;</p> <p>(13) IIF Atsugi Manufacturing Center (land with leasehold interest) (Note)</p> <p>While it is assumed that, once the 13 properties listed above have been acquired, there will be no further transfer of property until January 31, 2019, changes may in fact occur due to other property acquisitions, disposals or similar activities.</p>
Interest-bearing debt	<p>The total amount of interest-bearing debt as of January 31, 2018 was JPY 131,500 million, consisting of long-term debt (including those loans that will become due within one year) of JPY 121,500 million and investment corporation bonds of JPY 10,000 million.</p> <p>A new long-term loan in the amount of JPY 6,000 million was obtained on February 1, 2018 for the purpose of acquiring new assets ((1) and (2)) listed above in “Assets owned,” and it is assumed that long-term loans in the amount of JPY 7,300 million will be obtained during the 22nd fiscal period for the purpose of acquiring new assets ((3), (4), (5), (6), (7), (8), (9), (10), (12) and (13)). Of this JPY 7,300 million, a new long-term loan in the amount of JPY 2,300 million was obtained on March 7, 2018.</p> <p>Furthermore, interest-bearing debts that will come due during the 22nd fiscal period are long-term loans of JPY 13,500 million. Such debts have been refinanced for the same amount of long-term debt.</p> <p>As a result, we assume the total amount of interest-bearing debt as of the end of July 2018 and January 2019 will be JPY 144,800 million, respectively.</p>

Operating revenues	We have estimated the rent revenue based on lease agreements we expect to be effective during the 22 <sup>nd</sup> and 23 <sup>rd</sup> fiscal periods, as well as, among others, market environment, characteristic of individual property, competitiveness of properties and status of individual tenant (including a plan for evacuation). We assume the properties are owned as described in “Assets owned” above and that there will be no arrears or non-payments of rent by the leaseholders for both the 22 <sup>nd</sup> and 23 <sup>rd</sup> fiscal periods.
Operating expenses	Fixed property tax, city planning tax and depreciable property tax in the 22 <sup>nd</sup> period is forecast to be approximately 748 million yen. Repair costs are forecast to be approximately 98 million yen. 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 and 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, city planning tax and depreciable property tax on the 13 properties listed above in “Assets owned” will be expensed starting from the 24th fiscal period. The total amount of fixed property tax, city planning tax and depreciable property tax included in the acquisition cost stated in “Assets owned” above is assumed to be JPY 139 million. We estimate the aggregate expenses related to fixed property tax, city planning tax and depreciable property tax will be approximately JPY 799 million and repair costs will be approximately JPY 68 million for the 23rd fiscal period. Depreciation (including ancillary expenses) is calculated based on the straight-line method and is estimated to be approximately JPY 1,342 million and JPY 1,379 million for the 22nd and 23rd fiscal periods, respectively. Calculation of external outsourcing expenses (property management fees, building management fees, etc.) is based on actual results thus far.
Non-operating expenses	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 883 million and JPY 889 million for the 22nd and 23rd fiscal periods, respectively. We estimate the amortization of the cost concerning the issuance of new investment units will be approximately JPY 61 million and JPY 62 million for the 22nd and 23rd 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.
Extraordinary gain or loss	No extraordinary gain or loss is expected for the 22 <sup>nd</sup> and 23 <sup>rd</sup> fiscal period.
Total number of units issued	We assume that the full issuance of up to 112,400 new investment units, consisting of up to 109,800 units through the public offering and up to 2,600 units through the third-party allotment, each of which was determined at the board of directors meeting held on February 20, 2018, in addition to the 1,588,656 investment units outstanding as of February 20, 2018.
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 1 yen per unit, will be distributed. The calculations of distributions per unit for the 22 <sup>nd</sup> and 23 <sup>rd</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 22nd and the 23rd fiscal periods, we assume that we will make a distribution in excess of retained earnings of 1 yen 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.

Note: IIF has executed an “agreement concerning status succession” with a business company in Japan regarding IIF Atsugi Manufacturing Center (land with leasehold interest). Under such agreement, IIF will succeed the status as a buyer in the real estate sales and purchase agreement for this property from the business company in Japan. Under this agreement, in the case of the buyer and seller amending this agreement into an agreement for sale and purchase of the trust beneficiary rights for the land, or when carrying out necessary procedures such as executing amendment to the agreement for that purpose, the parties shall consult in good faith. Also, IIF intends to acquire the land as trust beneficiary rights and plans to consult with the seller of the land regarding the amendment to the agreement into an agreement for sale and purchase of the trust beneficiary rights after IIF succeeds the status as a buyer pursuant to the agreement on status succession. However, in the case where consultation with the seller is not successful, there is a possibility that IIF would acquire the land as a real estate. Also, in the event it becomes clear that a building contract to construct a plant on the land will not be executed by March 31, 2018 between the seller business company in Japan, as contractor, and Ichikoh Industries, Ltd., as contractee, or in other such events, the real estate sales and purchase agreement for this property will become invalid, in which case the succession of the status as buyer under the agreement concerning status succession will not take place. Accordingly, if the building contract was not executed, IIF would not be able to acquire the property.

Following is an overview of the 13 properties which had been acquired as of the date hereof or which are scheduled to be acquired during the fiscal period ending July 31, 2018.

New property acquired (to be acquired)	Location (Note 1)	Category	(Expected) Acquisition price (Millions of yen)
IIF Fukuoka Hakozaki Logistics Center I (40% co-ownership interest)	38-11, Hakozakifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Logistics facility	2,055
IIF Fukuoka Hakozaki Logistics Center II (40% co-ownership interest)	5-1, Hakozakifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka, etc.	Logistics facility	3,593
IIF Itabashi Logistics Center (40% co-ownership interest)	28-3, Higashi-sakashita 2-chome, Itabashi-ku, Tokyo, etc.	Logistics facility	686
IIF Osaka Suminoe Logistics Center I (25% co-ownership interest)	10-34, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka, etc.	Logistics facility	3,025
IIF Osaka Suminoe Logistics Center II (25% co-ownership interest)	10-20, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka, etc.	Logistics facility	635
IIF Sapporo Logistics Center	2-1, Yonesato-sanjo 3-chome, Shiroishi-ku, Sapporo-shi, Hokkaido	Logistics facility	2,480
IIF Hiroshima Manufacturing Center (land with leasehold interest)	1461-1, Eba-minami 2-chome, Naka-ku, Hiroshima-shi, Hiroshima	Manufacturing, research and development facilities	1,608
IIF Totsuka Manufacturing Center (land with leasehold interest)	2277-4, Kamiyabe-cho Aza Kunichiyato, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Manufacturing, research and development facilities	2,300
IIF Hitachinaka Port Logistics Center (land with leasehold interest)	768-42, Terunuma aza nagisa, Tokai-mura oaza, Naka-gun, Ibaraki, etc.	Logistics facility	1,145
IIF Koriyama Logistics Center	213, Aza Mukaihara, Otsuki-machi, Koriyama-shi, Fukushima	Logistics facility	2,585
IIF Fukuoka Hakozaki Logistics Center II (Extension Building)	1-12, Hakozakifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Logistics facility	1,135
IIF Kobe Nishi Logistics Center (land with leasehold interest)	10-4, Mitsugaoka 4-chome, Nishi-ku, Kobe-shi, Hyogo	Logistics facility	1,960
IIF Atsugi Manufacturing Center (land with leasehold interest)	1-1, Atsugi Morinosato Higashi District Land Readjustment Business area, Kanagawa, Japan., etc. (Lot number) 857, Shimo-furusawa Aza Momijiyama, Atsugi-shi, Kanagawa, Japan., etc.	Manufacturing, research and development facilities	4,940
(Expected) Total			28,147

Note 1: "Location" describes an indication of residential address. However, for properties with no indication of residential address, location describes the lot number indicated in the registry (or if multiple lots, one of those). However in the case of IIF Atsugi Manufacturing Center (land with leasehold interest), location is described based on the certificate of registration ledger items of reserved land

rights.

Note 2: For further details on the 13 properties already acquired or scheduled to be acquired in the fiscal period ending July 31, 2018, refer to “Notice Concerning Acquisition of Real Estate Trust Beneficiary Rights” dated January 10, 2018, and to “IIF to Acquire and Lease Ten Properties in Japan” dated February 20, 2018.

### 3. Financial information

#### (1) Balance sheets

	(Thousands of yen)	
	As of	
	July 31, 2017	January 31, 2018
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and bank deposits	12,329,473	12,976,836
Cash and bank deposits in trust	2,482,111	2,669,286
Rental receivables	164,653	182,669
Prepaid expenses	990,319	470,787
Consumption taxes refundable	427,204	—
Other	177	329
<b>Total current assets</b>	<b>16,393,939</b>	<b>16,299,908</b>
<b>Noncurrent assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings, at cost	33,067,594	33,277,719
Less: Accumulated depreciation	(5,624,589)	(5,993,602)
Buildings, net	27,443,005	27,284,116
Structures, at cost	93,211	93,211
Less: Accumulated depreciation	(19,700)	(22,669)
Structures, net	73,511	70,542
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	13,325	13,575
Less: Accumulated depreciation	(4,211)	(5,031)
Tools, furniture and fixtures, net	9,114	8,544
Land	18,935,436	18,937,009
Construction in progress	2,399	1,433
Buildings in trust, at cost	64,332,447	64,881,829
Less: Accumulated depreciation	(8,999,164)	(9,873,951)
Buildings in trust, net	55,333,283	55,007,877
Structures in trust, at cost	494,285	495,482
Less: Accumulated depreciation	(370,908)	(380,091)
Structures in trust, net	123,376	115,390
Machinery and equipment in trust, at cost	78,484	68,707
Less: Accumulated depreciation	(8,398)	(8,365)
Machinery and equipment in trust, net	70,086	60,342
Tools, furniture and fixtures in trust, at cost	24,224	24,742
Less: Accumulated depreciation	(5,903)	(7,526)
Tools, furniture and fixtures in trust, net	18,320	17,216
Land in trust	122,358,162	122,358,162
Construction in progress in trust	2,400	4,040
<b>Total net property, plant and equipment</b>	<b>224,369,096</b>	<b>223,864,675</b>
<b>Intangible assets:</b>		
Leasehold right (Note 1)	19,833,966	19,833,966
Other	2,126	1,912
<b>Total intangible assets</b>	<b>19,836,092</b>	<b>19,835,879</b>
<b>Investments and other assets:</b>		
Lease and guarantee deposits	12,654	10,200
Long-term prepaid expenses	1,144,026	1,307,216
Other	5,974	6,783
<b>Total investments and other assets</b>	<b>1,162,654</b>	<b>1,324,199</b>
<b>Total noncurrent assets</b>	<b>245,367,844</b>	<b>245,024,754</b>
<b>Deferred assets:</b>		
Investment unit issuance costs	183,805	125,357
Investment corporation bonds issuance costs	54,208	50,400
<b>Total deferred assets</b>	<b>238,013</b>	<b>175,757</b>
<b>TOTAL ASSETS</b>	<b>261,999,798</b>	<b>261,500,420</b>

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

(Thousands of yen)

	As of	
	July 31, 2017	January 31, 2018
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Operating accounts payable	199,854	299,968
Current portion of long-term loans payable	25,100,000	13,500,000
Accounts payable – other	685,653	479,356
Accrued expenses	136,844	138,309
Income taxes payable	1,205	908
Consumption taxes payable	—	451,795
Advances received	1,896,450	1,484,895
Other	7,276	3,845
<b>Total current liabilities</b>	<b>28,027,284</b>	<b>16,359,078</b>
<b>Noncurrent liabilities:</b>		
Investment corporation bonds – unsecured	10,000,000	10,000,000
Long-term loans payable	96,400,000	108,000,000
Tenant leasehold and security deposits	2,401,707	2,418,564
Tenant leasehold and security deposits in trust	7,710,840	7,816,815
Asset retirement obligations	172,439	172,938
Derivatives liabilities	279,195	249,365
Other	262	317
<b>Total noncurrent liabilities</b>	<b>116,964,446</b>	<b>128,658,001</b>
<b>TOTAL LIABILITIES</b>	<b>144,991,731</b>	<b>145,017,080</b>
<b>NET ASSETS</b>		
<b>Unitholders' equity:</b>		
Unitholders' capital	112,651,215	112,651,215
Capital deduction:		
Allowance for temporary difference adjustment (Note 3)	(307,535)	(279,803)
Total capital deduction	(307,535)	(279,803)
Unitholders' capital, net	112,343,680	112,371,412
Surplus:		
Retained earnings	4,940,608	4,357,510
Total surplus	4,940,608	4,357,510
<b>Total unitholders' equity</b>	<b>117,284,288</b>	<b>116,728,922</b>
<b>Valuation and translation adjustments:</b>		
Deferred gains or (losses) on hedges	(276,221)	(245,581)
<b>Total valuation and translation adjustments</b>	<b>(276,221)</b>	<b>(245,581)</b>
<b>TOTAL NET ASSETS (Note 2)</b>	<b>117,008,066</b>	<b>116,483,340</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>261,999,798</b>	<b>261,500,420</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 fiscal period ended	
	July 31, 2017 (seven months)	January 31, 2018 (six months)
<b>Operating revenue</b>		
Rent revenue—real estate (Note 4)	10,054,590	8,976,411
Total operating revenue	10,054,590	8,976,411
<b>Operating expenses</b>		
Expenses related to property rental business (Note 4)	3,221,157	2,976,970
Asset management fees	906,068	791,704
Directors' compensations	6,790	5,820
Asset custody fees	8,209	5,879
Administrative service fees	39,945	29,305
Other	84,562	95,521
Total operating expenses	4,266,733	3,905,200
<b>Operating income</b>	5,787,856	5,071,211
<b>Non-operating income</b>		
Interest income	52	72
Interest on refund	182	1,782
Reversal of distribution payable	536	675
Total non-operating income	771	2,530
<b>Non-operating expenses</b>		
Interest expenses	805,083	690,272
Interest expenses on investment corporation bonds	58,102	50,173
Amortization of investment corporation bonds issuance costs	4,442	3,807
Borrowing related expenses	213,443	186,485
Amortization of investment unit issuance costs	67,536	58,448
Other	5,062	2,508
Total non-operating expenses	1,153,670	991,695
<b>Ordinary income</b>	4,634,957	4,082,046
<b>Income before income taxes</b>	4,634,957	4,082,046
<b>Income taxes</b>		
Current	1,213	919
Total income taxes	1,213	919
<b>Net income</b>	4,633,743	4,081,126
<b>Retained earnings brought forward</b>	306,864	276,383
<b>Unappropriated retained earnings</b>	4,940,608	4,357,510

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 seven months ended July 31, 2017**

	Unitholders' equity						Valuation and translation adjustments			Total net assets
	Unitholders' capital			Surplus			Total unitholders' equity	Deferred gains or (losses) on hedges	Total valuation and translation adjustments	
	Unitholders' capital (Note 2)	Capital deduction	Allowance for temporary difference adjustment	Total capital deduction	Unitholders' capital, net	Retained earnings				
<b>Balance as of January 1, 2017</b>	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
<b>Changes during the period</b>										
Issuance of new investment units	21,827,998	—	—	21,827,998	—	—	21,827,998	—	—	21,827,998
Dividends from surplus	—	—	—	—	(3,442,787)	(3,442,787)	(3,442,787)	—	—	(3,442,787)
Reversal of allowance for temporary difference adjustment	—	98,970	98,970	98,970	(98,970)	(98,970)	—	—	—	—
Dividend in excess of profit from allowance for temporary difference adjustment	—	(1,057)	(1,057)	(1,057)	—	—	(1,057)	—	—	(1,057)
Net income	—	—	—	—	4,633,743	4,633,743	4,633,743	—	—	4,633,743
Net changes of items other than unitholders' equity	—	—	—	—	—	—	—	30,512	30,512	30,512
<b>Total changes during the period</b>	21,827,998	97,912	97,912	21,925,911	1,091,985	1,091,985	23,017,896	30,512	30,512	23,048,408
<b>Balance as of July 31, 2017</b>	112,651,215	(307,535)	(307,535)	112,343,680	4,940,608	4,940,608	117,284,288	(276,221)	(276,221)	117,008,066

(Thousands of yen)

## For the six months ended January 31, 2018

	Unitholders' equity						Valuation and translation adjustments			Total net assets
	Unitholders' capital			Surplus			Total unitholders' equity	Deferred gains or (losses) on hedges	Total valuation and translation adjustments	
	Unitholders' capital (Note 2)	Allowance for temporary difference adjustment	Total capital deduction	Unitholders' capital, net	Retained earnings	Total surplus				
<b>Balance as of August 1, 2017</b>	112,651,215	(307,535)	(307,535)	112,343,680	4,940,608	4,940,608	117,284,288	(276,221)	(276,221)	117,008,066
<b>Changes during the period</b>										
Dividends from surplus	—	—	—	—	(4,633,712)	(4,633,712)	(4,633,712)	—	—	(4,633,712)
Reversal of allowance for temporary difference adjustment	—	30,512	30,512	30,512	(30,512)	(30,512)	—	—	—	—
Dividend in excess of profit from allowance for temporary difference adjustment	—	(2,780)	(2,780)	(2,780)	—	—	(2,780)	—	—	(2,780)
Net income	—	—	—	—	4,081,126	4,081,126	4,081,126	—	—	4,081,126
Net changes of items other than unitholders' equity	—	—	—	—	—	—	—	30,639	30,639	30,639
<b>Total changes during the period</b>	—	27,731	27,731	27,731	(583,097)	(583,097)	(555,365)	30,639	30,639	(524,725)
<b>Balance as of January 31, 2018</b>	112,651,215	(279,803)	(279,803)	112,371,412	4,357,510	4,357,510	116,728,922	(245,581)	(245,581)	116,483,340

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 fiscal period ended	
	July 31, 2017 (seven months)	January 31, 2018 (six months)
I Unappropriated retained earnings	4,940,608,248	4,357,510,597
II Distributions in excess of profit	2,780,148	2,382,984
Allowance for temporary difference adjustment	2,780,148	2,382,984
III Capitalization	30,512,052	30,639,769
Reversal of allowance for temporary difference adjustment	30,512,052	30,639,769
IV Cash distribution declared	4,636,492,536	4,083,640,248
<i>(Cash distribution declared per unit)</i>	<i>(11,674)</i>	<i>(10,282)</i>
Profit distributions	4,633,712,388	4,081,257,264
<i>(Profit distributions per unit)</i>	<i>(11,667)</i>	<i>(10,276)</i>
Allowance for temporary difference adjustment	2,780,148	2,382,984
<i>(Distribution per unit in excess of profit from allowance for temporary difference adjustment)</i>	<i>(7)</i>	<i>(6)</i>
V Retained earnings carried forward	276,383,808	245,613,564

Note:*For the seven months ended July 31, 2017:*

Cash distributions declared for the seven months ended July 31, 2017 were ¥4,636,492,536.

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 seven months ended July 31, 2017 were ¥4,633,712,388 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 seven months ended July 31, 2017 were amounting to ¥2,780,148 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 seven months ended July 31, 2017 amounting to ¥2,780,148 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 January 31, 2018:*

Cash distributions declared for the six months ended January 31, 2018 were ¥4,083,640,248.

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 January 31, 2018 were ¥4,081,257,264 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 January 31, 2018 were amounting to ¥2,382,984 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 January 31, 2018 amounting to ¥2,382,984 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 fiscal period ended	
	July 31, 2017 (seven months)	January 31, 2018 (six months)
<b>Net cash provided by (used in) operating activities:</b>		
Income before income taxes	4,634,957	4,082,046
Depreciation and amortization	1,442,896	1,263,195
Amortization of investment corporation bonds issuance costs	4,442	3,807
Amortization of investment unit issuance costs	67,536	58,448
Interest income	(52)	(72)
Interest expenses	863,186	740,446
Changes in assets and liabilities:		
Increase in operating accounts receivable	(6,958)	(18,015)
Decrease (increase) in consumption taxes refundable	(399,496)	420,083
Decrease (increase) in prepaid expenses	(482,543)	519,532
Decrease (increase) in long-term prepaid expenses	(313,713)	(163,189)
Increase (decrease) in operating accounts payable	(25,086)	22,606
Increase (decrease) in accounts payable - other	207,217	(152,204)
Increase (decrease) in accrued expenses	(4,937)	434
Increase (decrease) in consumption taxes payable	(24,546)	451,795
Increase (decrease) in advances received	528,943	(411,554)
Decrease in other noncurrent liabilities	(8,560)	55
Other, net	(16,532)	5,531
Subtotal	6,466,751	6,822,944
Interest income received	52	72
Interest expenses paid	(738,061)	(739,415)
Income taxes paid	(872)	(1,217)
Net cash provided by operating activities	5,727,869	6,082,385
<b>Net cash provided by (used in) investing activities:</b>		
Purchases of property, plant and equipment	(1,319,121)	(188,275)
Purchases of property, plant and equipment in trust	(34,136,069)	(544,908)
Payments of intangible assets	(1,275)	—
Proceeds from tenant leasehold and security deposits	145,068	16,946
Payments of tenant leasehold and security deposits	—	(90)
Proceeds from tenant leasehold and security deposits in trust	576,539	113,474
Payments of tenant leasehold and security deposits in trust	(126,816)	(7,500)
Proceeds from lease and guarantee deposits	—	2,545
Payments for lease and guarantee deposits	(212)	(90)
Net cash used in investing activities	(34,861,886)	(607,898)
<b>Net cash provided by (used in) financing activities:</b>		
Repayments of short-term loans payable	(10,700,000)	—
Proceeds from long-term loans payable	32,700,000	11,600,000
Repayments of long-term loans payable	(9,000,000)	(11,600,000)
Payments of investment corporation bonds issuance costs	(1,240)	—
Proceeds from issuance of investment units	21,647,034	—
Dividends paid	(3,444,513)	(4,636,779)
Other	(1,160)	(3,170)
Net cash provided by (used in) financing activities	31,200,119	(4,639,949)
<b>Net change in cash and cash equivalents</b>	2,066,102	834,537
<b>Cash and cash equivalents at beginning of period</b>	12,745,483	14,811,585
<b>Cash and cash equivalents at end of period (Note 5)</b>	14,811,585	15,646,122

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

¥172,898 thousand for the seven months ended July 31, 2017. No taxes on property and equipment were capitalized for the six months ended January 31, 2018.

***(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	
	July 31, 2017	January 31, 2018
Authorized	8,000,000 units	8,000,000 units
Issued and outstanding	397,164 units	397,164 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 fiscal period ended July 31, 2017 and January 31, 2018 are as follows:

(Thousands of yen)

**For the seven months ended July 31, 2017:**

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
Buildings in trust	Excess of depreciation allowance	1,057	—	1,057	—	1,057	(i)
Deferred gains or (losses) on hedges	Valuation losses on interest rate swaps	405,448	405,448	—	(98,970)	306,478	(ii)
Total		406,506	405,448	1,057	(98,970)	307,535	

(Thousands of yen)

**For the six months ended January 31, 2018:**

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
Buildings in trust	Excess of depreciation allowance	3,837	1,057	2,780	—	3,837	(i)
Deferred gains or (losses) on hedges	Valuation losses on interest rate swaps	405,448	306,478	—	(30,512)	275,965	(ii)
Total		409,286	307,535	2,780	(30,512)	279,803	

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

Note (ii): 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 fiscal period ended July 31, 2017 and January 31, 2018 consist of the following:

(Thousands of yen)

	For the fiscal period ended	
	July 31, 2017 (seven months)	January 31, 2018 (six months)
<b>Rent revenue—real estate:</b>		
Rental and parking revenue	9,617,016	8,588,805
Common area charges	321,611	300,987
Other	115,961	86,618
Total rent revenue—real estate	10,054,590	8,976,411
<b>Expenses related to property rental business:</b>		
Property management fees	58,312	66,935
Facility management fees	169,441	154,111
Utilities	331,526	293,243
Property-related taxes	673,088	695,716
Insurance	27,976	23,323
Repair and maintenance	73,214	79,843
Depreciation	1,442,896	1,263,195
Trust fees	16,382	16,581
Leasehold rents	426,529	376,643
Other	1,789	7,375
Total expenses related to property rental business	3,221,157	2,976,970
<b>Operating income from property leasing activities</b>	<b>6,833,432</b>	<b>5,999,441</b>

## Note 5 – 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	
	July 31, 2017	January 31, 2018
Cash and bank deposits	12,329,473	12,976,836
Cash and bank deposits in trust	2,482,111	2,669,286
Cash and cash equivalents	14,811,585	15,646,122

## Note 6 – Lease rental revenues

The Investment Corporation leases its properties mainly to corporate tenants. Future minimum rental revenues pursuant to existing rental contracts as of July 31, 2017 and January 31, 2018 scheduled to be received are summarized as follows:

(Thousands of yen)

	As of	
	July 31, 2017	January 31, 2018
Due within one year	14,815,962	15,600,504
Due after one year	76,367,193	78,668,801
Total	91,183,155	94,269,306

## Note 7 – 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 July 31, 2017 and January 31, 2018.

(Thousands of yen)

	As of					
	July 31, 2017			January 31, 2018		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and bank deposits	12,329,473	12,329,473	—	12,976,836	12,976,836	—
(2) Cash and bank deposits in trust	2,482,111	2,482,111	—	2,669,286	2,669,286	—
Total assets	14,811,585	14,811,585	—	15,646,122	15,646,122	—
(1) Current portion of long-term loans payable	25,100,000	25,247,694	147,694	13,500,000	13,519,444	19,444
(2) Investment corporation bonds—unsecured	10,000,000	10,270,320	270,320	10,000,000	10,252,880	252,880
(3) Long-term loans payable	96,400,000	99,367,624	2,967,624	108,000,000	110,926,019	2,926,019
(4) Tenant leasehold and security deposits in trust	724,566	712,085	(12,480)	717,066	706,975	(10,090)
Total liabilities	132,224,566	135,597,724	3,373,157	132,217,066	135,405,320	3,188,253
Derivatives (derivatives liabilities), net	(276,221)	(276,221)	—	(245,581)	(245,581)	—

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

Assets

*(1) Cash and bank deposits and (2) Cash and bank deposits in trust*

Because of their short maturities, the carrying amounts approximate their fair value.

Liabilities

*(1) Current portion of long-term loans payable and (3) Long-term loans payable*

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

*(2) Investment corporation bonds—unsecured*

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

*(4) Tenant leasehold and security deposits 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 8 - Derivative instruments.”

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

(Thousands of yen)

	As of	
	July 31, 2017	January 31, 2018
Tenant leasehold and security deposits	2,401,707	2,418,564
Tenant leasehold and security deposits in trust	6,986,273	7,099,748
Total liabilities	9,387,981	9,518,313

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 July 31, 2017	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	12,329,473	-	-	-	-	-
Cash and bank deposits in trust	2,482,111	-	-	-	-	-
Total	14,811,585	-	-	-	-	-

(Thousands of yen)

As of January 31, 2018	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	12,976,836	-	-	-	-	-
Cash and bank deposits in trust	2,669,286	-	-	-	-	-
Total	15,646,122	-	-	-	-	-

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

(Thousands of yen)						
As of July 31, 2017	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Investment corporation bonds – unsecured	-	-	-	-	-	10,000,000
Long-term loans payable	25,100,000	4,000,000	7,900,000	-	7,200,000	77,300,000
Total	25,100,000	4,000,000	7,900,000	-	7,200,000	87,300,000

(Thousands of yen)						
As of January 31, 2018	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Investment corporation bonds – unsecured	-	-	-	-	5,000,000	5,000,000
Long-term loans payable	13,500,000	7,900,000	4,000,000	-	12,200,000	83,900,000
Total	13,500,000	7,900,000	4,000,000	-	17,200,000	88,900,000

## Note 8 – Derivative instruments

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

As of July 31, 2017 (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	(276,221)	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	59,300,000	39,200,000	Note (i)	-

As of January 31, 2018 (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	(245,581)	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	47,700,000	39,200,000	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 7 - 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 9 – Income taxes

Deferred tax assets consist of the following:

	(Thousands of yen)	
	As of	
	July 31, 2017	January 31, 2018
Deferred tax assets, current:		
Enterprise tax payable	17	10
Subtotal	17	10
Valuation allowance	(17)	(10)
Total	—	—
Net deferred tax assets, current	—	—
Deferred tax assets, noncurrent:		
Asset retirement obligations	54,473	54,631
Deferred losses on hedges	87,258	77,579
Subtotal	141,732	132,210
Valuation allowance	(141,732)	(132,210)
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 fiscal period ended	
	July 31, 2017	January 31, 2018
	(seven months)	(six months)
Statutory tax rates	31.74%	31.74%
Deductible cash distributions	(31.75)	(31.75)
Other	0.04	0.03
Effective tax rates	0.03%	0.02%

## Note 10 – Related-party transactions

There were no related-party transactions to be disclosed for the fiscal period ended December 31, 2016 and July 31, 2017 and January 31, 2018.

## Note 11 – 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 / For the fiscal period ended	
	July 31, 2017	January 31, 2018
	(seven months)	(six months)
Balance at the beginning of the period	171,867	172,439
Adjustment for passage of time	572	498
Balance at the end of the period	172,439	172,938

**(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 12 – 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 fiscal period ended July 31, 2017 and January 31, 2018.

	(Thousands of yen)	
	<b>As of / For the fiscal period ended</b>	
	<b>July 31, 2017</b>	<b>January 31, 2018</b>
	<b>(seven months)</b>	<b>(six months)</b>
<b>Net book value<sup>(i)</sup></b>		
Balance at the beginning of the period	210,342,809	244,203,926
Net increase during the period <sup>(ii)</sup>	33,861,117	(504,459)
Balance at the end of the period	<u>244,203,926</u>	<u>243,699,467</u>
<b>Fair value<sup>(iii)</sup></b>	286,807,000	288,123,000

Note:

- (i) The net book value includes leasehold right.  
(ii) Changes in the net book value are mainly due to the following transactions (except for depreciation):  
For the seven months ended July 31, 2017:

	Increase in net book value (Thousands of yen)
Acquisitions:	
IIF Yokosuka Technology Center	4,191,540
IIF Shonan Technology Center	1,268,161
IIF Osaka Konohana Logistics Center	4,319,863
IIF Fukuoka Hakozaki Logistics Center I	3,161,948
IIF Fukuoka Hakozaki Logistics Center II	5,528,431
IIF Itabashi Logistics Center	1,051,263
IIF Sendai Taiwa Logistics Center	1,554,028
IIF Ota Logistics Center	1,034,732
IIF Osaka Suminoe Logistics Center I	9,198,091
IIF Osaka Suminoe Logistics Center II	1,938,940
IIF Morioka Logistics Center II	1,395,329
For the six months ended January 31, 2018:	
Acquisitions:	
IIF Sendai Taiwa Logistics Center (Extension Building)	68,739

- (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 fiscal period ended July 31, 2017 and January 31, 2018, please refer to “Note 4 - Rent revenue—real estate and expenses related to property rental business.”

### Note 13 – Segment information

Segment information for the fiscal period ended July 31, 2017 and January 31, 2018 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 fiscal period ended		Relating segment
	July 31, 2017 (seven months)	January 31, 2018 (six months)	
Japan Airlines Co., Ltd.	1,630,276	1,420,829	Property rental business

(Thousands of yen)

### Note 14 – Per unit information

The Investment Corporation executed a four-for-one unit split (the “Unit Split”) with February 1, 2018 as the effective date for the Unit Split. Following table shows pro forma per unit information which has been adjusted to reflect the Unit Split as if it had been effective on January 1, 2017.

(Yen)

	As of / For the fiscal period ended	
	July 31, 2017 (seven months)	January 31, 2018 (six months)
Pro forma net asset value per unit	73,652	73,321
Pro forma net income per unit	2,987	2,568

The pro forma net income per unit is calculated by dividing the net income attributable to unitholders by the weighted average number of units outstanding during the fiscal period as if the Unit Split had been effective on January 1, 2017. The Investment Corporation has no potentially dilutive units.

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

(Thousands of yen)

	For the fiscal period ended	
	July 31, 2017 (seven months)	January 31, 2018 (six months)
Net income	4,663,743	4,081,126
Effect of dilutive unit	-	-
Net income attributable to unitholders	4,633,743	4,081,126
Adjusted weighted-average number of units outstanding for the period	1,551,288 units	1,588,656 units

## Note 15 – Subsequent events

### *Unit split*

The Investment Corporation executed a four-for-one unit split (the “Unit Split”) with January 31, 2018 as the record date and February 1, 2018 as the effective date for the Unit Split.

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

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

#### *(2) Split method*

Each unit owned by unitholders listed in the final unitholders register on January 31, 2018 was split into four units.

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

- 1) Number of outstanding units of the Investment Corporation before the Unit Split: 397,164 units
- 2) Number of units increased by the Unit Split: 1,191,492 units
- 3) Number of outstanding units of the Investment Corporation after the Unit Split: 1,588,656 units
- 4) Number of authorized units of the Investment Corporation after the Unit Split: 32,000,000 units

For pro forma per unit information which has been adjusted to reflect the Unit Split as if it had been effective on the beginning of the six months ended January 31, 2018, please refer to “Note 14 – Per unit information.”

### *Issuance of new investment units*

The Board of Directors of the Investment Corporation, at its meeting held on February 20, 2018 and February 28, 2018, 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:*

109,275 investment units, out of which 53,600 new units to be offered through the Domestic Public Offering and 55,675 new units to be offered through the Overseas Offering consisting of 53,600 new units to be underwritten and purchased by overseas underwriters and 2,075 new units to be additionally issued pursuant to an option (maximum of 2,600 units) granted to the overseas underwriters.

- (ii) Issue price (Offer price): ¥119,437 per unit
- (iii) Total issue price (Total offer price): ¥13,051,478,175
- (iv) Issue value (Amount to be paid in): ¥115,517 per unit
- (v) Total issue value (Total amount to be paid in): ¥12,623,120,175
- (vi) Payment date: March 7, 2018
- (vii) Distribution:

The units to be issued will first be entitled to distributions, if any, for the six months commencing on February 1, 2018 and ending on July 31, 2018.

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

- (i) Number of new investment units: 2,600 units
- (ii) Issue value (Amount to be paid in): ¥115,517 per unit
- (iii) Total issue value (Total amount to be paid in): ¥300,344,200
- (iv) Payment date: Scheduled on April 4, 2018
- (v) Distribution:

The units to be issued will first be entitled to distributions, if any, for the six months commencing on February 1, 2018 and ending on July 31, 2018.

- (iv) Allottee: SMBC Nikko Securities Inc.

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 defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations.)

As a result of the Offerings, unitholders' capital increased to ¥125,274,336,084 and number of investment units issued and outstanding increased to 1,697,931 units on March 7, 2018.

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

Changes of temporary difference subject to allowance for temporary difference adjustment for the fiscal period ended July 31, 2017 and January 31, 2018 are as follows:

(Thousands of yen)

Period	Item	Reason for changes of temporary difference	Amount for allowance (or reversal)	Note
For the seven months ended July 31, 2017	Buildings in trust	Excess of depreciation allowance	2,780	(i)
	Deferred gains or (losses) on hedges	Decrease of Valuation losses on interest rate swaps	(30,512)	(ii)
For the six months ended January 31, 2018	Buildings in trust	Excess of depreciation allowance	2,382	(i)
	Deferred gains or (losses) on hedges	Decrease of Valuation losses on interest rate swaps	(30,639)	(ii)

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

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

*[Omission of disclosure]*

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

(9) Changes in unit issued and outstanding

The changes in unitholders' capital and number of units issued and outstanding for last five years were as follows:

Date	Capital transaction	Number of units issued and outstanding		Unitholders' capital (Note 1) (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
February 4, 2013	Public offering	15,424	156,056	10,304	72,186	Note 2
March 5, 2013	Allocation of investment units to a third party	376	156,432	251	72,437	Note 3
February 3, 2014	Public offering	8,884	165,316	6,888	79,326	Note 4
March 4, 2014	Allocation of investment units to a third party	216	165,532	167	79,493	Note 5
January 1, 2015	Unit Split	165,532	331,064	—	79,493	Note 6
March 16, 2015	Public offering	20,988	352,052	11,059	90,553	Note 7
March 27, 2015	Allocation of investment units to a third party	512	352,564	269	90,823	Note 8
February 14, 2017	Public offering	43,538	396,102	21,308	112,131	Note 9
March 3, 2017	Allocation of investment units to a third party	1,062	397,164	519	112,651	Note 10

Note 1 Unitholders' capital does not reflect capital deduction item caused by allowance for temporary difference adjustment.

Note 2 New investment units were issued at a price of ¥692,250 per unit (subscription price of ¥668,110 per unit) through a public offering.

Note 3 New investment units were issued at a price of ¥668,110 per unit through the allocation of investment units to a third-party.

Note 4 New investment units were issued at a price of ¥803,400 per unit (subscription price of ¥775,384 per unit) through a public offering.

Note 5 New investment units were issued at a price of ¥775,384 per unit through the allocation of investment units to a third-party.

Note 6 The Investment Corporation implemented a split of its investment units on a two-for-one basis with December 31, 2014 as the record date for the unit split.

Note 7 New investment units were issued at a price of ¥546,000 per unit (subscription price of ¥526,960 per unit) through a public offering.

Note 8 New investment units were issued at a price of ¥526,960 per unit through the allocation of investment units to a third-party.

Note 9 New investment units were issued at a price of ¥506,025 per unit (subscription price of ¥489,417 per unit) through a public offering.

Note 10 New investment units were issued at a price of ¥489,417 per unit through the allocation of investment units to a third-party.

## 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 July 31, 2017		As of January 31, 2018	
				Total of net book value (Millions of yen)	Composition ratio (Note 2) (%)	Total of net book value (Millions of yen)	Composition ratio (Note 2) (%)
Real property	Logistics facilities or Manufacturing and R&D facilities, etc. (Industrial properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	13,032	5.0	12,987	5.0
			Osaka and Nagoya metropolitan areas	4,551	1.7	4,558	1.7
			Other area	1,944	0.8	1,946	0.7
		Other	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	—	—	—	—
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	44,770	17.1	44,645	17.1
			Osaka and Nagoya metropolitan areas	1,998	0.8	1,998	0.8
			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	83,996	32.1	83,734	32.0
			Osaka and Nagoya metropolitan areas	37,041	14.1	36,895	14.1
			Other area	17,149	6.5	17,148	6.6
		Other	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	3,504	1.3	3,485	1.3
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	12,952	4.9	13,034	5.0
			Osaka and Nagoya metropolitan areas	23,260	8.9	23,264	8.9
			Other area	—	—	—	—
		Other	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	—	—	—	—
Sub-total				244,203	93.2	243,699	93.2
Bank deposits and other assets				17,795	6.8	17,800	6.8
Total assets				261,999	100.0	261,500	100.0
Total liabilities				144,991	55.3	145,017	55.5
Total net assets				117,008	44.7	116,483	44.5

Note 1 “Location category” is classified as below.

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 January 31, 2018 were as follows:

Name of property	Net book value (Millions of yen)	Leasable area (Note 1) (m <sup>2</sup> )	Leased area (Note 2) (m <sup>2</sup> )	Occupancy ratio (Note 3) (%)	Ratio of rental revenue to total rental revenues		Major use
					(Note 3)	(%)	
IIF Haneda Airport Maintenance Center	38,687	81,995.81	81,995.81	100.0		15.8	Infrastructure facility
IIF Kobe District Heating and Cooling Center	16,421	11,476.05	11,476.05	100.0		3.7	Infrastructure facility
IIF Shinonome Logistics Center (Note 4)	12,974	27,493.29	27,493.29	100.0		4.5	Logistics facility
IIF Mitaka Card Center	9,161	21,615.01	21,615.01	100.0		4.1	Manufacturing and R&D facility, etc.
IIF Osaka Suminoe Logistics Center I (Note 5)	9,125	39,150.98	39,150.98	100.0		Note 6	Logistics facility
IIF Osaka Konohana Logistics Center	8,727	46,262.20	46,262.20	100.0		Note 6	Logistics facility
IIF Shinagawa IT Solution Center	7,889	7,089.62	7,089.62	100.0		Note 6	Infrastructure facility
IIF Kamata R&D Center	7,441	21,896.56	21,896.56	100.0		Note 6	Manufacturing and R&D facility, etc.
IIF Kyotanabe Logistics Center	5,790	33,243.99	33,243.99	100.0		Note 6	Logistics facility
IIF Osaka Toyonaka Data Center	5,611	20,027.14	20,027.14	100.0		Note 6	Infrastructure facility
Total	121,830	310,250.65	310,250.65	100.0		46.0	

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

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

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

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

Note 5 The Investment Corporation owns 75% of the trust beneficial interest in the property. The leasable area and leased area of the property show 75% of the total leasable area or leased area as the share of quasi-co-ownership.

Note 6 “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 January 31, 2018 were as follows:

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m <sup>2</sup> )	Fair value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Shinonome Logistics Center (Note 4)	13-32, Shinonome 2-chome, Koto-ku, Tokyo	Trust beneficial interest	27,493.29	16,960	12,974
IIF Noda Logistics Center	340-13, Nishi-sangao, Noda-shi, Chiba	Trust beneficial interest	38,828.10	8,960	5,410
IIF Shinsuna Logistics Center	5-15, Shinsuna 3-chome, Koto-ku, Tokyo	Trust beneficial interest	5,741.75	7,070	5,175
IIF Atsugi Logistics Center	6-19, Hase, Atsugi-shi, Kanagawa	Trust beneficial interest	10,959.68	2,110	1,577
IIF Koshigaya Logistics Center	1-1, Ryutsudanchi 4-chome, Koshigaya-shi, Saitama	Trust beneficial interest	10,113.50	2,700	1,799
IIF Nishinomiya Logistics Center	2, Nishinomiyahama 1-chome, Nishinomiya-shi, Hyogo	Trust beneficial interest	17,200.00	2,980	1,996
IIF Narashino Logistics Center (land with leasehold interest)	34-9, Akanehama 3-chome, Narashino-shi, Chiba	Real property	19,834.71	2,650	1,223
IIF Narashino Logistics Center II (Note 5)	34-1, Akanehama 3-chome, Narashino-shi, Chiba	Trust beneficial interest	83,905.16	6,480	4,655
IIF Atsugi Logistics Center II	602-9, Aza Kitaya, Funako, Atsugi-shi, Kanagawa	Real property	20,661.13	3,910	3,231
IIF Yokohama Tsuzuki Logistics Center	747, Aza Minamikochi, Kawamukou-cho, Tsuzuki-ku Yokohama-shi, Kanagawa	Trust beneficial interest	9,464.03	3,210	2,320
IIF Saitama Logistics Center	398-3, Yoshino-cho 1-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	8,995.00	2,080	1,462
IIF Nagoya Logistics Center	27, Yanagida-cho 2-chome, Nakagawa-ku, Nagoya-shi, Aichi	Real property	8,721.01	1,580	1,150
IIF Atsugi Logistics Center III	3007-7, Kamiechi Aza Uenohara, Atsugi-shi, Kanagawa	Trust beneficial interest	16,584.64	3,050	2,390
IIF Kawaguchi Logistics Center	5-3, Midori-cho, Kawaguchi-shi, Saitama	Real property	11,705.02	4,260	2,055
IIF Kobe Logistics Center	2-10, Maya-futo, Nada-ku, Kobe-shi, Hyogo	Trust beneficial interest	39,567.74	7,400	5,148
IIF Higashi-Osaka Logistics Center	7-46, Wakae-higashi-machi 6-chome, Higashi Osaka-shi, Osaka	Real property	20,495.06	3,130	2,468
IIF Kashiwa Logistics Center	1027-1, Washinoya, Kashiwa-shi, Chiba	Real property	17,379.78	2,840	1,853
IIF Misato Logistics Center	5, Izumi 3-chome, Misato-shi, Saitama	Trust beneficial interest	19,019.71	5,200	3,478
IIF Iruma Logistics Center	660-2, Aza Higashimusashino, Oaza Minami-mine, Iruma-shi, Saitama	Trust beneficial interest	17,881.65	4,220	3,109
IIF Tosu Logistics Center	127-1, Aza Uchishirage, Kuranoue-machi, Tosu-shi, Saga	Trust beneficial interest	13,862.05	1,970	1,522
IIF Inzai Logistics Center	6-1, Matsuzakidai 2-chome, Inzai-shi, Chiba	Trust beneficial interest	5,490.00	1,370	1,035
IIF Morioka Logistics Center	Plot 3-25-2, Oaza Hiromiyasawa, Yahabacho, Shiwa-gun, Iwate	Trust beneficial interest	8,001.57	1,240	574

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m <sup>2</sup> )	Fair value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Hiroshima Logistics Center	22-4, Itsukaichi-ko 3-chome, Saeki-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	22,768.24	4,560	3,415
IIF Izumiotsu e-shop Logistics Center (land with leasehold interest)	8-1, Nagisa-cho, Izumiotsu-shi, Osaka	Trust beneficial interest	48,932.00	4,420	4,179
IIF Izumisano Food Processing and Logistics Center	2-11, Rinkuorai-kita, Izumisano-shi, Osaka	Real property	13,947.83	1,090	940
IIF Kyotanabe Logistics Center	55-13, Osumi-hama, Kyotanabe-shi, Kyoto	Trust beneficial interest	33,243.99	7,230	5,790
IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest)	1134-1, Aoyagi, Koga-shi, Fukuoka	Real property	30,815.97	977	914
IIF Fukuoka Higashi Logistics Center	9-1 Kamata 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	11,262.86	2,050	1,932
IIF Osaka Konohana Logistics Center	4-51, Shimaya 4-chome, Konohana-ku, Osaka-shi, Osaka	Trust beneficial interest	46,262.20	9,340	8,727
IIF Kazo Logistics Center	6-1, Shintone 2-chome, Kazo-shi, Saitama	Trust beneficial interest	17,744.41	2,730	2,605
IIF Hamura Logistics Center	8-16, Shinmeidai 4-chome, Hamura-shi, Tokyo	Trust beneficial interest	3,892.66	887	921
IIF Fukuoka Hakozaki Logistics Center I (Note 4)	38-11, Hakozakifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	14,999.86	3,170	3,131
IIF Fukuoka Hakozaki Logistics Center II (Note 4)	5-1, Hakozakifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka, etc.	Trust beneficial interest	25,338.99	5,530	5,490
IIF Itabashi Logistics Center (Note 4)	28-3, Higashi-sakashita 2-chome, Itabashi-ku, Tokyo, etc.	Trust beneficial interest	3,034.61	1,130	1,043
IIF Sendai Taiwa Logistics Center (Note 6)	3-15, Maino 2-chome, Taiwa-cho, Kurokawa-gun, Miyagi	Trust beneficial interest	15,555.15	1,650	1,606
IIF Ota Logistics Center	236-1, Anyoji-cho, Ota-shi, Gunma	Real property	6,900.01	1,160	1,032
IIF Osaka Suminoe Logistics Center I (Note 4)	10-34, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	39,150.98	10,400	9,125
IIF Osaka Suminoe Logistics Center II (Note 4)	10-20, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	9,224.82	2,047	1,927
IIF Morioka Logistics Center II	4-15, Ryutsu Center Minami 2-chome, Yahaba-cho, Shiwa-gun, Iwate	Trust beneficial interest	12,383.30	1,560	1,388
IIF Totsuka Technology Center (land with leasehold interest)	344-1, Nase-cho, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	31,442.47	5,400	4,553
IIF Yokohama Tsuzuki Technology Center	25-2, Kitayamada 4-chome, Tsuzuki-ku, Yokohama-shi, Kanagawa	Real property	4,655.48	1,350	1,189
IIF Mitaka Card Center	5-14, Shimo-Renjaku 7-chome, Mitaka-shi, Tokyo,	Trust beneficial interest	21,615.01	10,100	9,161
IIF Kamata R&D Center	16-46, Minami-Kamata 2-chome, Ota-ku, Tokyo	Trust beneficial interest	21,896.56	8,400	7,441
IIF Kawasaki Science Center	25-19, Tono-machi 3-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa	Real property	4,857.73	2,950	2,087
IIF Sagamihara R&D Center	1-35, Minamihashimoto 3-chome, Chuo-ku, Sagamihara-shi, Kanagawa	Trust beneficial interest	19,328.40	3,960	3,226

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m <sup>2</sup> )	Fair value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Yokohama Shinyamashita R&D Center	16-5, Shinyamashita 1-chome, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	4,887.83	4,220	3,912
IIF Kakegawa Manufacturing Center (Land with leasehold interest)	30, Tanyo, Kakegawa-shi, Shizuoka	Trust beneficial interest	66,171.92	1,770	1,572
IIF Urayasu Machinery Maintenance Center (Land with leasehold interest)	195, Tekkadori 3-chome, Urayasu-shi, Chiba	Real property	7,925.94	1,670	1,345
IIF Yokosuka Technology Center	1-15, Shinmei-cho, Yokosuka-shi, Kanagawa	Trust beneficial interest	13,779.77	4,450	4,184
IIF Shonan Technology Center	1-1, Ichinomiya 6-chome, Samukawa-cho, Koza-gun, Kanagawa	Trust beneficial interest	7,244.71	1,320	1,296
IIF Kobe District Heating and Cooling Center	8-2, Higashikawasaki-cho 1-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	11,476.05	14,600	16,421
IIF Haneda Airport Maintenance Center	5-1 and 2, Haneda Airport 3-chome, Ota-ku, Tokyo	Real property	81,995.81	41,200	38,687
IIF Zama IT Solution Center	1-78, Higashihara 5-chome, Zama-shi, Kanagawa	Trust beneficial interest	10,931.89	5,530	5,144
IIF Shinagawa Data Center	9-15, Futaba 2-chome, Shinagawa-ku, Tokyo	Real property	19,547.11	6,890	5,228
IIF Osaka Toyonaka Data Center	1-8, Shin-senri-nishi-machi 1-chome, Toyonaka-shi, Osaka	Trust beneficial interest	20,027.14	6,030	5,611
IIF Osaka Nanko IT Solution Center	1-23, Nanko-kita 1-chome, Suminoe-ku, Osaka-shi, Osaka	Trust beneficial interest	18,435.93	2,400	1,231
IIF Nagoya Port Tank Terminal (land with leasehold interest)	37-31, Shiomi-cho, Minato-ku, Nagoya-shi, Aichi	Real property	51,583.70	2,240	1,998
IIF Shinagawa IT Solution Center	31-18, Nishi-Gotanda 4-chome, Shinagawa-ku, Tokyo	Trust beneficial interest	7,089.62	7,590	7,889
IIF Higashimatsuyama Gas Tank Maintenance Center (land with leasehold interest)	75-1, Shingo, Higashimatsuyama-shi, Saitama	Real property	12,880.38	752	729
Total			1,225,135.91	288,123	243,699

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 “Fair value at end of period” shows the appraisal or researched value provided 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 leasable area of the following properties in which the Investment Corporation owns partial share of the trust beneficial interest is calculated multiplying the total leasable area of each property by the share of quasi-co-ownership.

Name of property (Share of quasi-co-ownership):

IIF Shinonome Logistics Center (53%), IIF Fukuoka Hakozaiki Logistics Center I (60%), IIF Fukuoka Hakozaiki Logistics Center II (60%), IIF Itabashi Logistics Center (60%), IIF Osaka Suminoe Logistics Center I (75%), IIF Osaka Suminoe Logistics Center II (75%)

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 An extension building additionally was acquired on December 22, 2017.

Operating results of each property for the fiscal period ended July 31, 2017 and January 31, 2018 were as follows:

Name of property	For the fiscal period ended									
	July 31, 2017 (seven months)					January 31, 2018 (six months)				
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Rental net operating income (NOI) (Note 3) (Millions of yen)	Composition ratio of NOI (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Rental net operating income (NOI) (Note 3) (Millions of yen)	Composition ratio of NOI (%)
IIF Shinonome Logistics Center	1	100.0	466	433	5.2	1	100.0	400	368	5.1
IIF Noda Logistics Center (Note 4)	2	100.0	—	244	3.0	2	100.0	—	207	2.9
IIF Shinsuna Logistics Center	1	100.0	208	190	2.3	1	100.0	179	161	2.2
IIF Atsugi Logistics Center (Note 4)	1	100.0	—	57	0.7	1	100.0	—	53	0.7
IIF Koshigaya Logistics Center	1	100.0	87	80	1.0	1	100.0	75	68	0.9
IIF Nishinomiya Logistics Center (Note 4)	2	100.0	—	94	1.1	2	100.0	—	82	1.1
IIF Narashino Logistics Center (land with leasehold interest) (Note 4)	1	100.0	—	45	0.5	1	100.0	—	38	0.5
IIF Narashino Logistics Center II (Notes 4 and 5)	2	100.0	—	204	2.5	2	100.0	—	174	2.4
IIF Atsugi Logistics Center II (Note 4)	1	100.0	—	132	1.6	1	100.0	—	112	1.5
IIF Yokohama Tsuzuki Logistics Center (Note 4)	1	100.0	—	90	1.1	1	100.0	—	78	1.1
IIF Saitama Logistics Center	1	100.0	78	71	0.9	1	100.0	66	60	0.8
IIF Nagoya Logistics Center (Note 4)	1	100.0	—	50	0.6	1	100.0	—	42	0.6
IIF Atsugi Logistics Center III (Note 4)	1	100.0	—	94	1.1	1	100.0	—	81	1.1
IIF Kawaguchi Logistics Center (Note 4)	1	100.0	—	125	1.5	1	100.0	—	105	1.5
IIF Kobe Logistics Center (Note 4)	1	100.0	—	213	2.6	1	100.0	—	179	2.5
IIF Higashi-Osaka Logistics Center (Note 4)	2	97.3	—	103	1.2	2	97.3	—	87	1.2
IIF Kashiwa Logistics Center (Note 4)	1	100.0	—	82	1.0	1	100.0	—	49	0.7
IIF Misato Logistics Center (Note 4)	1	100.0	—	136	1.7	1	100.0	—	116	1.6
IIF Iruma Logistics Center (Note 4)	1	100.0	—	126	1.5	1	100.0	—	101	1.4
IIF Tosu Logistics Center (Note 4)	2	100.0	—	62	0.8	2	100.0	—	53	0.7
IIF Inzai Logistics Center (Note 4)	1	100.0	—	43	0.5	1	100.0	—	37	0.5
IIF Morioka Logistics Center (Note 4)	1	100.0	—	44	0.5	1	100.0	—	37	0.5
IIF Hiroshima Logistics Center (Note 4)	1	100.0	—	142	1.7	1	100.0	—	120	1.7

Name of property	For the fiscal period ended									
	July 31, 2017 (seven months)					January 31, 2018 (six months)				
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Rental net operating income (NOI) (Note 3) (Millions of yen)	Composition ratio of NOI (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Rental net operating income (NOI) (Note 3) (Millions of yen)	Composition ratio of NOI (%)
IIF Izumiotsu e-shop Logistics Center (land with leasehold interest) (Note 4)	1	100.0	—	131	1.6	1	100.0	—	111	1.5
IIF Izumisano Food Processing and Logistics Center (Note 4)	1	100.0	—	34	0.4	1	100.0	—	29	0.4
IIF Kyotanabe Logistics Center (Note 4)	1	100.0	—	206	2.5	1	100.0	—	175	2.4
IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest) (Note 4)	1	100.0	—	32	0.4	1	100.0	—	27	0.4
IIF Fukuoka Higashi Logistics Center (Note 4)	1	100.0	—	64	0.8	1	100.0	—	51	0.7
IIF Osaka Konohana Logistics Center (Note 4)	1	100.0	—	238	2.9	1	100.0	—	225	3.1
IIF Kazo Logistics Center (Note 4)	1	100.0	—	82	1.0	1	100.0	—	66	0.9
IIF Hamura Logistics Center (Note 4)	1	100.0	—	28	0.3	1	100.0	—	21	0.3
IIF Fukuoka Hakozaki Logistics Center I (Note 4)	3	100.0	—	73	0.9	3	100.0	—	78	1.1
IIF Fukuoka Hakozaki Logistics Center II (Note 4)	4	100.0	—	124	1.5	4	100.0	—	135	1.9
IIF Itabashi Logistics Center (Note 4)	1	100.0	—	23	0.3	1	100.0	—	24	0.3
IIF Sendai Taiwa Logistics Center (Notes 4 and 6)	1	100.0	—	44	0.5	1	100.0	—	50	0.7
IIF Ota Logistics Center (Note 4)	1	100.0	—	31	0.4	1	100.0	—	35	0.5
IIF Osaka Suminoe Logistics Center I (Note 4)	1	100.0	—	155	1.9	1	100.0	—	212	2.9
IIF Osaka Suminoe Logistics Center II (Note 4)	1	100.0	—	36	0.4	1	100.0	—	49	0.7
IIF Morioka Logistics Center II (Note 4)	1	100.0	—	18	0.2	1	100.0	—	43	0.6
IIF Totsuka Technology Center (land with leasehold interest)	1	100.0	177	160	1.9	1	100.0	154	137	1.9
IIF Yokohama Tsuzuki Technology Center	1	100.0	68	48	0.6	1	100.0	59	41	0.6
IIF Mitaka Card Center	1	100.0	425	365	4.4	1	100.0	364	308	4.2
IIF Kamata R&D Center (Note 4)	1	100.0	—	270	3.3	1	100.0	—	229	3.2
IIF Kawasaki Science Center (Note 4)	1	100.0	—	95	1.2	1	100.0	—	82	1.1
IIF Sagamihara R&D Center (Note 4)	5	98.3	—	165	2.0	2	100.0	—	136	1.9
IIF Yokohama Shinyamashita R&D Center (Note 4)	1	100.0	—	125	1.5	1	100.0	—	102	1.4
IIF Kakegawa Manufacturing Center (Land with leasehold interest) (Note 4)	1	100.0	—	53	0.6	1	100.0	—	43	0.6

Name of property	For the fiscal period ended									
	July 31, 2017 (seven months)					January 31, 2018 (six months)				
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Rental net operating income (NOI) (Note 3) (Millions of yen)	Composition ratio of NOI (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Rental net operating income (NOI) (Note 3) (Millions of yen)	Composition ratio of NOI (%)
IIF Urayasu Machinery Maintenance Center (Land with leasehold interest) (Note 4)	1	100.0	—	45	0.6	1	100.0	—	37	0.5
IIF Yokosuka Technology Center (Note 4)	1	100.0	—	140	1.7	1	100.0	—	158	2.2
IIF Shonan Technology Center (Note 4)	1	100.0	—	40	0.5	1	100.0	—	48	0.7
IIF Kobe District Heating and Cooling Center	3	100.0	385	368	4.4	4	100.0	332	311	4.3
IIF Haneda Airport Maintenance Center	1	100.0	1,630	1,110	13.4	1	100.0	1,421	952	13.1
IIF Zama IT Solution Center (Note 4)	1	100.0	—	234	2.8	1	100.0	—	201	2.8
IIF Shinagawa Data Center (Note 4)	1	100.0	—	212	2.6	1	100.0	—	177	2.4
IIF Osaka Toyonaka Data Center (Note 4)	1	100.0	—	220	2.7	1	100.0	—	195	2.7
IIF Osaka Nanko IT Solution Center (Note 4)	1	100.0	—	88	1.1	1	100.0	—	70	1.0
IIF Nagoya Port Tank Terminal (land with leasehold interest) (Note 4)	1	100.0	—	73	0.9	1	100.0	—	62	0.9
IIF Shinagawa IT Solution Center (Note 4)	5	100.0	—	238	2.9	5	100.0	—	194	2.7
IIF Higashimatsuyama Gas Tank Maintenance Center (land with leasehold interest) (Note 4)	1	100.0	—	21	0.3	1	100.0	—	18	0.2
Total (Note 7)	79	99.9	10,054	8,276	100.0	77	100.0	8,976	7,262	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 An extension building additionally was acquired on December 22, 2017.

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.