

Translation

INDUSTRIAL & INFRASTRUCTURE FUND INVESTMENT CORPORATION
SUMMARY OF FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2019

March 13, 2019

Name of issuer:	Industrial & Infrastructure Fund Investment Corporation ("the Investment Corporation")
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	3249
Website:	http://www.iif-reit.com/
Representative of the Investment Corporation:	Yasuyuki Kuratsu, Executive Director
Name of asset manager:	Mitsubishi Corp.-UBS Realty Inc.
Representative of the asset manager:	Katsuji Okamoto, President & CEO
Contact:	Hidehiko Ueda, Executive Officer Head of Industrial Division Tel: (03)5293-7091
Scheduled date for filing of securities report:	April 25, 2019
Scheduled date for distributions payment:	April 15, 2019
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, 2019 (August 1, 2018 to January 31, 2019)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2019	9,806	1.2	5,562	0.2	4,625	0.2	4,624	0.2
July 31, 2018	9,686	7.9	5,553	9.5	4,614	13.0	4,612	13.0

	Net income per unit		Return on unitholders' equity		Ratio of ordinary income to total assets		Ratio of ordinary income	
For the six months ended	Yen		%		%		%	
January 31, 2019	2,722		3.6		1.6		47.2	
July 31, 2018	2,749		3.7		1.7		47.6	

(2) Distributions

	Distribution per unit (including distributions in excess of profit)	Distribution per unit (excluding distributions in excess of profit)	Distribution per unit in excess of profit	Total distributions (including distributions in excess of profit)	Total distributions (excluding distributions in excess of profit)	Total distributions in excess of profit	Payout ratio	Ratio of distributions to net assets
For the six months ended	Yen	Yen	Yen	Millions of yen	Millions of yen	Millions of yen	%	%
January 31, 2019	2,723	2,722	1	4,625	4,624	1	100.0	3.6
July 31, 2018	2,716	2,715	1	4,613	4,612	1	100.0	3.6

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

Note 2: Pay out ratio for the six months ended July 31, 2018 is calculated by following formula, as new investment units were issued during the period.

Pay out ratio = Total distributions (excluding distributions in excess of profit) ÷ Net income × 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, 2019	289,242	129,780	44.9	76,394
July 31, 2018	289,221	129,765	44.9	76,385

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
For the six months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
January 31, 2019	7,038	(1,743)	(4,613)	14,545
July 31, 2018	5,108	(28,671)	21,780	13,864

2. Outlook for the six months ending July 31, 2019 (February 1, 2019 to July 31, 2019)

(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, 2019	10,310	5.1	5,999	7.9	4,982	7.7	4,981	7.7

	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, 2019	2,932	2,933	2,932	1

※ 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 investment units issued

Number of investment units issued at the end of period (including own investment units):

As of January 31, 2019 1,698,816 units

As of July 31, 2018 1,698,816 units

Number of own investment units at the end of period:

As of January 31, 2019 0 units

As of July 31, 2018 0 units

Note: For the number of unit as a basis of calculation of net income per unit, please refer to per unit information on page 23.

Forward-looking Statements and Other Notes

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

For further information and assumptions regarding the forward-looking statements, please refer to “Earnings Forecast Assumptions for the 24th Fiscal Period (February 1, 2019 to July 31, 2019)” on page 7.

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 25, 2018), 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 25, 2018), 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 67 properties whose total acquisition price amounted to 275,664 million yen as of January 31, 2019.

ii. Investment environment and management performance

During this fiscal period (August 2018 to January 2019), the Japanese economy saw negative growth in its Gross domestic product (GDP) for July to September 2018 due to the occurrence of natural disasters, such as typhoons and torrential rain. Although the growth returned to positive for October to December 2018, a slowdown was seen in the Chinese economy. The demand for electronic components and IT-related products is also estimated to have peaked out. These suggest that the increase in corporate capital investment, which had been buoyant, appeared to have entered a lull.

While the capital market—affected by the process of the US-China trade negotiation and confusions in political and policy management of each country—has been highly volatile, the J-REIT market remained strong in recognition of its defensiveness and stable yields. Since November in particular, funds of overseas investors having concerns over risks flowed in the market and the investment unit prices, mainly of high market value stocks, had increased. In late December, the TSE REIT Index temporarily decreased due to the overall fall in the global stock market but appears to be recovering again in 2019.

Under this environment, IIF has continued to pursue property-sourcing activities based on a Corporate Real Estate (CRE) proposal, an approach in which IIF has strengths. During this fiscal period, IIF acquired IIF Tsukuba Manufacturing Center (land with leasehold interest) at an acquisition price of 900 million yen.

As a result, the properties IIF owned as of January 31, 2019 consisted of 43 logistics facilities, 15 manufacturing, R&D and other facilities and nine infrastructure facilities, whose total acquisition price amounted to 275,664 million yen. The total leasable area as of January 31, 2019 was 1,487,477.41 m², and the average occupancy rate was 99.6%.

iii. Funding

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

a) Debt Financing

During this fiscal period, IIF raised no fund by means of debt financing.

The total amount of interest-bearing debt as of January 31, 2019 was 144,800 million yen, which was comprised of 134,800 million yen in long-term loans (including long-term loans to be repaid within one year), and 10,000 million yen in investment corporation bonds.

b) Equity Financing

During this fiscal period, IIF raised no fund by means of equity financing.

iv. Overview of financial results and distributions

As a result of the above management activities, IIF recorded operating revenue of 9,806 million yen, operating income of 5,562 million yen, ordinary income of 4,625 million yen and net income of 4,624 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 4,624,177,152 yen, which was all profit as defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan after deducting the provision of an allowance for temporary difference adjustments and excluding fractional distributions of less than one yen per unit. In addition, the Investment Corporation makes distributions in excess of profit in amounts determined by the Investment Corporation considering the effects of taxable income in excess of accounting income and items deducted from net assets on distribution amounts. For this fiscal period, distributions related to the allowance for temporary difference adjustments stood at 1,698,816 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 2,723 yen.

B. Outlook for the next fiscal period

i. Outlook for the overall management

The Japanese economy appears to remain on track for moderate recovery against a backdrop of solid corporate performance, an improvement in the employment environment, and an expansion of capital investment to address the workstyle reform. Due attention should be paid, however, to concerns over a slowdown in the global economy against a backdrop of political risks including the US-China trade war and BREXIT.

The J-REIT market, in which the interest rate remains low and stable yields can be earned, is expected to remain strong against a backdrop of overseas investors' close attention as well as the perspective that the fund outflows from monthly distribution-type domestic investment trusts from 2017 will steady down soon.

The real estate market is also expected to keep growing steadily, with J-REITs raising funds vigorously through public offerings since the start of 2019, and properties have continued to be actively traded in the market amid good conditions for capital procurement. Despite the unprecedented volume of new logistics facility supply planned in the Tokyo metropolitan area in 2019, increases in vacancy rates are forecasted to be moderate against a backdrop of strong demand. Properties managed by IIF are also likely to see stable occupancy, given their high versatility and excellent locations.

On the other hand, in addition to the need for automation utilizing AI and other technologies to deal with the shortage of labor, business companies also need to keep pace with changes in technology brought on by advances in IT. Consequently, capital investment is expected to continue trending upward. Amid such an environment, it is expected that there will be an increase in the off-balance-sheet needs of business companies to sell their properties, and IIF also expects to see a rise in investment opportunities through its proposal-based acquisition activities in the area of corporate real estate (CRE), which is a strength of IIF.

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.

Furthermore, with increasing interest in Environmental, Social and Governance (ESG), IIF actively engages in these initiatives even among J-REITs. For example, IIF announced its acquisition as the first J-REIT in January 2019 of equity interest in the silent partnership based on the Positive Impact Real Estate Investment Framework advocated by the United Nations Environment-Finance Initiative (UNEP FI).

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, 2019, IIF's portfolio consisted of 67 properties for a total acquisition price of 275,664 million yen.

The average occupancy rate as of the end of the period stands at 99.6%. The properties are managed under long-term lease contracts with an average remaining lease period of 8.7 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, during this fiscal period, IIF realized an improvement in profit through the introduction of blanket contracts which covers parking space for tenants of IIF Sagami-hara R&D Center following the introduction of long term contracts and common space rental system in the fiscal period ended January 31, 2018 (the 21st fiscal period) to satisfy the need for extended functions as a core facility. Furthermore, IIF expects to further improve its profit by contracting new lease contracts to meet the need for additional office spaces. 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) Disposition of properties

IIF signed a beneficiary right disposition contract regarding the real estate trust beneficiary right for IIF Atsugi Logistics Center on March 13, 2019. The anticipated disposition will take place on March 29, 2019 and August 1, 2019, with 50% of quasi co-ownership interest being disposed each time.

b) Earnings forecast

The forecasts of operating results for the fiscal period ending July 31, 2019 (February 1, 2019 to July 31, 2019) are operating revenue of 10,310 million yen, ordinary income of 4,982 million yen, net income of 4,981 million yen and distributions per unit of 2,933 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 24th Fiscal Period (February 1, 2019 to July 31, 2019)".

The main changes from the 23rd Fiscal Period (August 1, 2018 to January 31, 2019) include the following.
Operating revenue (increase of 504 million yen from the previous fiscal period)

- Generation of proceeds for the property to be disposed in the fiscal period ending July 31, 2019 (February 1, 2019 to July 31, 2019)

Operating expense (increase of 67 million yen from the previous fiscal period)

- Taxes and public charges expensed on the 13 properties acquired in the fiscal period ended July 31, 2018 (February 1, 2018 to July 31, 2018)

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.

Earnings Forecast Assumptions for the 24th Fiscal Period (February 1, 2019 to July 31, 2019)

Item	Assumption
Accounting period	24 th Fiscal Period From February 1, 2019 to July 31, 2019 (181 days)
Assets owned	<p>It is assumed that IIF owns the real estate and trust beneficial interest in real property for the 67 properties that it holds as of January 31, 2019.</p> <p>The following property is to be disposed in the 24th fiscal period.</p> <p><To be disposed on March 29, 2019></p> <p>IIF Atsugi Logistics Center (Share of quasi-co-ownership 50%)</p> <p>Excluding the above property to be disposed, it is assumed that there will be no further transfer of property until July 31, 2019, although 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, 2019 was JPY 144,800 million, consisting of long-term debt (including those loans that will become due within one year) of JPY 134,800 million and investment corporation bonds of JPY 10,000 million.</p> <p>Interest-bearing debts that will come due during the 24th fiscal period are long-term loans of JPY 4,000 million. Such debts will be refinanced for the same amount of long-term debt.</p> <p>In addition to the above, we will repay long-term loans of JPY 4,274 million prematurely on March 29, 2019. Such debts will be refinanced for the same amount of long-term debt.</p>
Operating revenues	<p>We have estimated the rent revenue based on lease agreements we expect to be effective during the 24th fiscal period, 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 the 24th fiscal period. Proceeds for properties to be disposed are forecasted to be approximately JPY 469 million to be earned by the disposition of the property to be disposed.</p>
Operating expenses	<p>Fixed property tax, city planning tax and depreciable property tax in the 24th period is forecast to be approximately 832 million yen. Repair costs are forecast to be approximately 100 million yen.</p> <p>Depreciation (including ancillary expenses) is calculated based on the straight-line method and is estimated to be approximately JPY 1,377 million for the 24th fiscal period.</p> <p>Calculation of external outsourcing expenses (property management fees, building management fees, etc.) is based on actual results thus far.</p>
Non-operating expenses	<p>Based on the assumptions of “Interest-bearing debt” above, we estimate the interest expenses, other debt-related expenses, fees to terminate premature interest rate swap contracts, interest expenses on investment corporation bonds and amortization of investment corporation bond issuance costs will be approximately JPY 958 million for the 24th fiscal period.</p> <p>We estimate the amortization of the cost concerning the issuance of new investment units will be approximately JPY 56 million for the 24th fiscal period.</p>
Extraordinary gain or loss	No extraordinary gain or loss is expected for the 24 th fiscal period.
Total number of units issued	It is assumed that the total number of issued investment units as of March 13, 2019 is 1,698,816.
Distributions per unit (excluding distributions in excess of retained earnings per unit)	It is assumed that net income excluding amounts less than 1 yen per unit will be distributed in its entirety. The calculations of distributions per unit for the 24 th fiscal period 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)	<p>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.</p> <p>During the 24th fiscal period, we assume that we will make a distribution in excess of retained earnings of 1 yen per unit (allowance for temporary difference adjustments).</p>
Distributions in excess of retained earnings per unit (distributions under tax law resulting in a decrease of investment capital)	There is no plan at present to make distributions under tax law resulting in a decrease of investment capital.

The overviews of properties to be disposed during the fiscal period ending July 31, 2019 are as follows.

Name of property to be disposed	Location (Note 1)	Type	Estimated disposition price (Millions of yen) (Note 2)
IIF Atsugi Logistics Center (Share of quasi co-ownership 50%)	6-19, Hase, Atsugi-shi, Kanagawa	Logistics Facilities	1,280

Note 1 "Location" means the residence indication.

Note 2 The estimated disposition price is the price for the share of quasi co-ownership of 50% and the disposition cost, adjusted amounts of taxes such as fixed property and city planning taxes, and the consumption tax are not included. The remaining share of quasi co-ownership of 50% is to be disposed on August 1, 2019.

Note 3 Refer to the “Notice Concerning Disposition of Trust Beneficiary Right 【IIF Atsugi Logistics Center】 ” for details of the property to be disposed on the website.

(3) Investment risk

There have been no significant changes to the “Investment risk” since the most recent securities report (submitted on October 25, 2018), and hence, description of these matters is omitted.

3. Financial information

(1) Balance sheets

(Thousands of yen)

	As of	
	July 31, 2018	January 31, 2019
ASSETS		
Current assets:		
Cash and bank deposits	10,585,048	11,406,761
Cash and bank deposits in trust	3,278,971	3,138,984
Rental receivables	295,575	266,549
Prepaid expenses	1,095,471	516,831
Consumption taxes refundable	278,892	-
Other	236	7,355
Total current assets	15,534,196	15,336,481
Noncurrent assets:		
Property, plant and equipment:		
Buildings, at cost	33,452,100	33,719,630
Less: Accumulated depreciation	(6,368,372)	(6,750,598)
Buildings, net	27,083,728	26,969,031
Structures, at cost	93,211	93,211
Less: Accumulated depreciation	(25,639)	(28,608)
Structures, net	67,572	64,603
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	13,575	13,575
Less: Accumulated depreciation	(5,877)	(6,714)
Tools, furniture and fixtures, net	7,698	6,860
Land	20,125,318	21,084,631
Construction in progress	1,433	1,069
Buildings in trust, at cost	70,861,106	71,341,067
Less: Accumulated depreciation	(10,809,798)	(11,769,825)
Buildings in trust, net	60,051,307	59,571,241
Structures in trust, at cost	563,738	580,484
Less: Accumulated depreciation	(389,148)	(399,932)
Structures in trust, net	174,589	180,552
Machinery and equipment in trust, at cost	106,809	109,899
Less: Accumulated depreciation	(14,133)	(20,120)
Machinery and equipment in trust, net	92,676	89,779
Tools, furniture and fixtures in trust, at cost	36,020	36,420
Less: Accumulated depreciation	(9,648)	(12,164)
Tools, furniture and fixtures in trust, net	26,372	24,256
Land in trust	144,470,488	144,470,488
Construction in progress in trust	1,969	367
Total net property, plant and equipment	252,103,156	252,462,881
Intangible assets:		
Leasehold right (Note 1)	19,833,966	19,833,966
Other	1,724	7,013
Total intangible assets	19,835,690	19,840,979
Investments and other assets:		
Lease and guarantee deposits	10,200	10,200
Long-term prepaid expenses	1,456,164	1,374,344
Other	6,586	3,000
Total investments and other assets	1,472,950	1,387,544
Total noncurrent assets	273,411,797	273,691,406
Deferred assets:		
Investment unit issuance costs	228,782	171,853
Investment corporation bonds issuance costs	46,592	42,785
Total deferred assets	275,374	214,638
TOTAL ASSETS	289,221,369	289,242,526

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

(Thousands of yen)

	As of	
	July 31, 2018	January 31, 2019
LIABILITIES		
Current liabilities:		
Operating accounts payable	650,067	545,658
Current portion of long-term loans payable	4,000,000	7,900,000
Accounts payable – other	572,264	547,074
Accrued expenses	128,581	136,149
Income taxes payable	1,691	1,308
Consumption taxes payable	-	494,160
Advances received	2,032,200	1,609,205
Other	68,756	266,131
Total current liabilities	7,453,562	11,499,687
Noncurrent liabilities:		
Investment corporation bonds – unsecured	10,000,000	10,000,000
Long-term loans payable	130,800,000	126,900,000
Tenant leasehold and security deposits	2,448,564	2,489,625
Tenant leasehold and security deposits in trust	8,358,515	8,185,305
Asset retirement obligations	173,430	173,932
Derivatives liabilities	221,519	213,241
Other	154	128
Total noncurrent liabilities	152,002,185	147,962,232
TOTAL LIABILITIES	159,455,747	159,461,919
NET ASSETS		
Unitholders' equity:		
Unitholders' capital	125,376,568	125,376,568
Capital deduction:		
Allowance for temporary difference adjustment (Note 3)	(251,547)	(225,597)
Total capital deduction	(251,547)	(225,597)
Unitholders' capital, net	125,125,021	125,150,971
Surplus:		
Retained earnings	4,858,533	4,842,876
Total surplus	4,858,533	4,842,876
Total unitholders' equity	129,983,554	129,993,847
Valuation and translation adjustments:		
Deferred gains or (losses) on hedges	(217,933)	(213,241)
Total valuation and translation adjustments	(217,933)	(213,241)
TOTAL NET ASSETS (Note 2)	129,765,621	129,780,606
TOTAL LIABILITIES AND NET ASSETS	289,221,369	289,242,526

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

(2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	July 31, 2018	January 31, 2019
Operating revenue		
Rent revenue—real estate (Note 4)	9,686,144	9,806,345
Total operating revenue	9,686,144	9,806,345
Operating expenses		
Expenses related to property rental business (Note 4)	3,135,629	3,210,848
Asset management fees	861,157	874,827
Directors' compensations	5,820	6,647
Asset custody fees	6,294	6,485
Administrative service fees	31,373	32,446
Other	92,468	112,168
Total operating expenses	4,132,742	4,243,424
Operating income	5,553,402	5,562,920
Non-operating income		
Interest income	73	70
Interest on refund	-	1,438
Reversal of distribution payable	391	429
Total non-operating income	464	1,938
Non-operating expenses		
Interest expenses	642,410	644,614
Interest expenses on investment corporation bonds	49,626	50,173
Amortization of investment corporation bonds issuance costs	3,807	3,807
Borrowing related expenses	182,176	183,662
Amortization of investment unit issuance costs	57,181	56,928
Other	4,043	75
Total non-operating expenses	939,245	939,262
Ordinary income	4,614,622	4,625,596
Income before income taxes	4,614,622	4,625,596
Income taxes		
Current	1,702	1,318
Total income taxes	1,702	1,318
Net income	4,612,919	4,624,277
Retained earnings brought forward	245,613	218,599
Unappropriated retained earnings	4,858,533	4,842,876

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)

	Unitholders' equity						Valuation and translation adjustments			
	Unitholders' capital			Surplus						
	Capital deduction									
	Unitholders' capital (Note 2)	Allowance for temporary difference adjustment	Total capital deduction	Unitholders' capital, net	Retained earnings	Total surplus	Total unitholders' equity	Deferred gains or (losses) on hedges	Total valuation and translation adjustments	Total net assets
Balance as of January 31, 2018	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
Changes during the period										
Issuance of new investment units	12,725,352	-	-	12,725,352	-	-	12,725,352	-	-	12,725,352
Dividends from surplus	-	-	-	-	(4,081,257)	(4,081,257)	(4,081,257)	-	-	(4,081,257)
Reversal of allowance for temporary difference adjustment	-	30,639	30,639	30,639	(30,639)	(30,639)	-	-	-	-
Dividend in excess of profit from allowance for temporary difference adjustment	-	(2,382)	(2,382)	(2,382)	-	-	(2,382)	-	-	(2,382)
Net income	-	-	-	-	4,612,919	4,612,919	4,612,919	-	-	4,612,919
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	27,648	27,648	27,648
Total changes during the period	12,725,352	28,256	28,256	12,753,609	501,022	501,022	13,254,632	27,648	27,648	13,282,280
Balance as of July 31, 2018	125,376,568	(251,547)	(251,547)	125,125,021	4,858,533	4,858,533	129,983,554	(217,933)	(217,933)	129,765,621
Changes during the period										
Dividends from surplus	-	-	-	-	(4,612,285)	(4,612,285)	(4,612,285)	-	-	(4,612,285)
Reversal of allowance for temporary difference adjustment	-	27,648	27,648	27,648	(27,648)	(27,648)	-	-	-	-
Dividend in excess of profit from allowance for temporary difference adjustment	-	(1,698)	(1,698)	(1,698)	-	-	(1,698)	-	-	(1,698)
Net income	-	-	-	-	4,624,277	4,624,277	4,624,277	-	-	4,624,277
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	4,692	4,692	4,692
Total changes during the period	-	25,949	25,949	25,949	(15,656)	(15,656)	10,293	4,692	4,692	14,985
Balance as of January 31, 2019	125,376,568	(225,597)	(225,597)	125,150,971	4,842,876	4,842,876	129,993,847	(213,241)	(213,241)	129,780,606

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

(4) Statements of cash distributions

	(Yen)	
	For the six months ended	
	July 31, 2018	January 31, 2019
I Unappropriated retained earnings	4,858,533,120	4,842,876,566
II Distributions in excess of profit	1,698,816	1,698,816
Allowance for temporary difference adjustment	1,698,816	1,698,816
III Capitalization	27,648,569	4,692,183
Reversal of allowance for temporary difference adjustment	27,648,569	4,692,183
IV Cash distribution declared	4,613,984,256	4,625,875,968
<i>(Cash distribution declared per unit)</i>	<i>(2,716)</i>	<i>(2,723)</i>
Profit distributions	4,612,285,440	4,624,177,152
<i>(Profit distributions per unit)</i>	<i>(2,715)</i>	<i>(2,722)</i>
Allowance for temporary difference adjustment	1,698,816	1,698,816
<i>(Distribution per unit in excess of profit from allowance for temporary difference adjustment)</i>	<i>(1)</i>	<i>(1)</i>
V Retained earnings carried forward	218,599,111	214,007,231

Note:

For the six months ended July 31, 2018:

Cash distributions declared for the six months ended July 31, 2018 were ¥4,613,984,256.

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 July 31, 2018 were ¥4,612,285,440 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 July 31, 2018 were amounting to ¥1,698,816 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 July 31, 2018 were amounting to ¥1,698,816 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, 2019:

Cash distributions declared for the six months ended January 31, 2019 were ¥4,625,875,968.

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, 2019 were ¥4,624,177,152 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, 2019 were amounting to ¥1,698,816 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, 2019 were amounting to ¥1,698,816 consist only of allowance for temporary difference adjustment (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan). Unitcapital refund from deduction of unitcapital under tax rules is not included.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	July 31, 2018	January 31, 2019
Net cash provided by (used in) operating activities:		
Income before income taxes	4,614,622	4,625,596
Depreciation and amortization	1,331,908	1,365,886
Amortization of investment corporation bonds issuance costs	3,807	3,807
Amortization of investment unit issuance costs	57,181	56,928
Interest income	(73)	(70)
Interest expenses	692,036	694,788
Changes in assets and liabilities:		
Decrease (increase) in operating accounts receivable	(112,906)	29,026
Decrease (increase) in consumption taxes refundable	(278,892)	278,892
Decrease (increase) in prepaid expenses	(624,684)	578,640
Decrease (increase) in long-term prepaid expenses	(148,948)	81,819
Increase (decrease) in operating accounts payable	65,343	(12,610)
Increase (decrease) in accounts payable - other	51,336	16,999
Increase (decrease) in accrued expenses	(82)	287
Increase (decrease) in consumption taxes payable	(451,795)	494,160
Increase (decrease) in advances received	547,305	(422,994)
Increase (decrease) in other noncurrent liabilities	(162)	(26)
Other, net	65,359	(63,514)
Subtotal	5,811,355	7,727,615
Interest income received	73	70
Interest expenses paid	(701,681)	(687,507)
Income taxes paid	(919)	(1,702)
Net cash provided by operating activities	5,108,827	7,038,476
Net cash provided by (used in) investing activities:		
Purchases of property, plant and equipment	(1,311,319)	(1,235,670)
Purchases of property, plant and equipment in trust	(27,932,212)	(623,391)
Proceeds from tenant leasehold and security deposits	30,000	41,060
Proceeds from tenant leasehold and security deposits in trust	742,281	95,540
Payments of tenant leasehold and security deposits in trust	(200,581)	(15,393)
Other	-	(5,464)
Net cash used in investing activities	(28,671,831)	(1,743,319)
Net cash provided by (used in) financing activities:		
Proceeds from long-term loans payable	26,800,000	-
Repayments of long-term loans payable	(13,500,000)	-
Proceeds from issuance of investment units	12,564,746	-
Dividends paid	(4,083,844)	(4,613,431)
Net cash provided by (used in) financing activities	21,780,901	(4,613,431)
Net change in cash and cash equivalents	(1,782,102)	681,725
Cash and cash equivalents at beginning of period	15,646,122	13,864,019
Cash and cash equivalents at end of period (Note 5)	13,864,019	14,545,745

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 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 - 69 years
Structures	3 - 45 years
Machinery and equipment	3 - 10 years
Tools, furniture and fixtures	6 - 15 years

(b) Other intangible assets

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

(c) Long-term prepaid expenses

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

(d) Investment unit issuance costs

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

(e) Investment corporation bonds issuance costs

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

(f) Taxes on property, plant and equipment

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

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

Taxes on property, plant and equipment capitalized as part of the acquisition cost of properties amounted to ¥120,818 thousand and ¥2,435 thousand for the six months ended July 31, 2018 and January 31, 2019, respectively.

(g) Hedge accounting

In accordance with the Investment Corporation's risk management policy and its internal rules, the Investment Corporation uses derivative instruments for the purpose of hedging risks that are prescribed in the Investment Corporation's articles of incorporation. The Investment Corporation hedges fluctuations in interest rates of loans payable through the use of interest rate swaps as hedging instruments and deferred hedge accounting is generally applied. The hedge effectiveness of the interest rate swaps is assessed by comparing the cumulative changes in the cash flows of the hedging instruments with those of the hedged items. The Investment Corporation applies, however, the special treatment provided under Japanese GAAP for the interest rate swaps which qualify for hedge accounting and meet specific criteria, under which only the interest received or paid under such swap contracts can be recognized and added to or reduced from any interest earned or incurred on the hedged asset or liability, as appropriate, and the fair value of the interest rate swap is not required to be evaluated separately. An assessment of hedge effectiveness is not performed when the interest rate swaps meet the specific criteria required for such special treatment.

(h) Cash and cash equivalents

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

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

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

(j) Consumption taxes

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

(Additional information)

The Investment Corporation has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting (The Accounting Standards Board of Japan Statement No. 28 on February 16, 2018)” from the beginning of the six months ended January 31, 2019.

(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, 2018	January 31, 2019
Authorized	32,000,000 units	32,000,000 units
Issued and outstanding	1,698,816 units	1,698,816 units

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

Note 3 — Allowance for temporary difference adjustment

Movements of allowance for temporary difference adjustment for the six months ended July 31, 2018 and January 31, 2019 are as follows:

For the six months ended July 31, 2018:

(Thousands of yen)

Content of temporary difference			Allowance for temporary difference adjustment				
Item	Reason for the difference	Initial amount	Balance at beginning of the period	Allowance	Reversal	Balance at end of the period	Note
Buildings in trust	Excess of depreciation allowance	6,220	3,837	2,382	-	6,220	(i)
Deferred gains or (losses) on hedges	Valuation losses on interest rate swaps	405,448	275,965	-	(30,639)	245,326	(ii)
Total		411,669	279,803	2,382	(30,639)	251,547	

For the six months ended January 31, 2019:

(Thousands of yen)

Content of temporary difference			Allowance for temporary difference adjustment				
Item	Reason for the difference	Initial amount	Balance at beginning of the period	Allowance	Reversal	Balance at end of the period	Note
Buildings in trust	Excess of depreciation allowance	7,919	6,220	1,698	-	7,919	(i)
Deferred gains or (losses) on hedges	Valuation losses on interest rate swaps	405,448	245,326	-	(27,648)	217,677	(ii)
Total		413,368	251,547	1,698	(27,648)	225,597	

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 six months ended July 31, 2018 and January 31, 2019 consist of the following:

(Thousands of yen)

	For the six months ended	
	July 31, 2018	January 31, 2019
Rent revenue— real estate:		
Rental and parking revenue	9,239,890	9,393,307
Common area charges	306,605	318,797
Other	139,648	94,240
Total rent revenue-real estate	9,686,144	9,806,345
Expenses related to property rental business:		
Property management fees	61,083	75,864
Facility management fees	166,677	141,013
Utilities	304,337	315,160
Property-related taxes	746,124	788,018
Insurance	22,956	22,403
Repair and maintenance	97,740	92,489
Depreciation	1,331,908	1,365,886
Trust fees	15,892	16,493
Leasehold rents	386,571	391,534
Other	2,336	1,983
Total expenses related to property rental business	3,135,629	3,210,848
Operating income from property leasing activities	6,550,515	6,595,496

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, 2018	January 31, 2019
Cash and bank deposits	10,585,048	11,406,761
Cash and bank deposits in trust	3,278,971	3,138,984
Cash and cash equivalents	13,864,019	14,545,745

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, 2018 and January 31, 2019 scheduled to be received are summarized as follows:

(Thousands of yen)

	As of	
	July 31, 2018	January 31, 2019
Due within one year	16,688,704	16,742,680
Due after one year	81,461,156	74,601,013
Total	98,149,861	91,343,694

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, 2018 and January 31, 2019.

	As of July 31, 2018			As of January 31, 2019		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and bank deposits	10,585,048	10,585,048	-	11,406,761	11,406,761	-
(2) Cash and bank deposits in trust	3,278,971	3,278,971	-	3,138,984	3,138,984	-
Total assets	13,864,019	13,864,019	-	14,545,745	14,545,745	-
(1) Current portion of long-term loans payable	4,000,000	4,031,416	31,416	7,900,000	7,934,906	34,906
(2) Investment corporation bonds—unsecured	10,000,000	10,249,350	249,350	10,000,000	10,262,070	262,070
(3) Long-term loans payable	130,800,000	133,700,808	2,900,808	126,900,000	130,775,161	3,875,161
(4) Tenant leasehold and security deposits in trust	591,500	583,066	(8,433)	584,000	579,388	(4,611)
Total liabilities	145,391,500	148,564,641	3,173,141	145,384,000	149,551,526	4,167,526
Derivatives (derivatives liabilities), net	(217,933)	(217,933)	-	(213,241)	(213,241)	-

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.

Derivatives

Please refer to “Note 8 - Derivative instruments.”

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

	As of	
	July 31, 2018	January 31, 2019
Tenant leasehold and security deposits	2,448,564	2,489,625
Tenant leasehold and security deposits in trust	7,767,015	7,601,305
Total liabilities	10,215,580	10,090,930

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

As of July 31, 2018	(Thousands of yen)					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	10,585,048	-	-	-	-	-
Cash and bank deposits in trust	3,278,971	-	-	-	-	-
Total	13,864,019	-	-	-	-	-
As of January 31, 2019	(Thousands of yen)					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	11,406,761	-	-	-	-	-
Cash and bank deposits in trust	3,138,984	-	-	-	-	-
Total	14,545,745	-	-	-	-	-

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

As of July 31, 2018	(Thousands of yen)					
	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	4,000,000	7,900,000	-	11,800,000	14,500,000	96,600,000
Total	4,000,000	7,900,000	-	11,800,000	19,500,000	101,600,000
As of January 31, 2019	(Thousands of yen)					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Investment corporation bonds—unsecured	-	-	-	5,000,000	-	5,000,000
Long-term loans payable	7,900,000	4,000,000	4,600,000	12,200,000	19,500,000	86,600,000
Total	7,900,000	4,000,000	4,600,000	17,200,000	19,500,000	91,600,000

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, 2018

(Thousands of yen)

Method of hedge accounting	Derivative instruments	Hedged item	Notional contract amount of derivative instruments		Fair value	Valuation method
				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	(217,933)	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	39,200,000	35,200,000	Note (i)	-

As of January 31, 2019

(Thousands of yen)

Method of hedge accounting	Derivative instruments	Hedged item	Notional contract amount of derivative instruments		Fair value	Valuation method
				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	(213,241)	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	39,200,000	31,300,000	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, 2018	January 31, 2019
Deferred tax assets:		
Enterprise tax payable	43	25
Asset retirement obligations	54,786	54,945
Deferred losses on hedges	68,845	67,362
Subtotal	123,675	122,333
Valuation allowance	(123,675)	(122,333)
Total	-	-
Net deferred tax assets	-	-

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

	For the six months ended	
	July 31, 2018	January 31, 2019
Statutory tax rates	31.74%	31.51%
Deductible cash distributions	(31.74)	(31.51)
Other	0.04	0.03
Effective tax rates	0.04%	0.03%

Note 10 — Related-party transactions

There were no related-party transactions to be disclosed for the fiscal period ended July 31, 2018 and January 31, 2019.

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)	
	For the six months ended	
	July 31, 2018	January 31, 2019
Balance at the beginning of the period	172,938	173,430
Adjustment for passage of time	491	501
Balance at the end of the period	173,430	173,932

(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, 2018 and January 31, 2019.

	(Thousands of yen)	
	For the six months ended	
	July 31, 2018	January 31, 2019
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	243,699,467	271,937,910
Net increase (decrease) during the period ⁽ⁱⁱ⁾	28,238,442	359,687
Balance at the end of the period	271,937,910	272,297,598
Fair value⁽ⁱⁱⁱ⁾	319,620,000	323,919,000

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 six months ended July 31, 2018:

Acquisitions:

IIF Fukuoka Hakozaki Logistics Center I (Share of quasi-co-ownership 40%).....	2,087,637
IIF Fukuoka Hakozaki Logistics Center II (Share of quasi-co-ownership 40%).....	3,645,700
IIF Hiroshima Manufacturing Center (land with leasehold interest).....	1,693,024
IIF Totsuka Manufacturing Center (land with leasehold interest).....	2,413,970
IIF Itabashi Logistics Center (Share of quasi-co-ownership 40%).....	699,971
IIF Osaka Suminoe Logistics Center I (Share of quasi-co-ownership 25%).....	3,065,833
IIF Osaka Suminoe Logistics Center II (Share of quasi-co-ownership 25%).....	646,125
IIF Sapporo Logistics Center.....	2,523,342
IIF Hitachinaka Port Logistics Center (land with leasehold interest).....	1,188,309
IIF Koriyama Logistics Center.....	2,625,086
IIF Fukuoka Hakozaki Logistics Center II (Extension Building).....	1,206,643
IIF Kobe Nishi Logistics Center (land with leasehold interest).....	2,047,602
IIF Atsugi Manufacturing Center (land with leasehold interest).....	5,005,753

For the six months ended January 31, 2019:

Acquisitions:

IIF Tsukuba Manufacturing Center (land with leasehold interest).....	954,426
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(iii) Fair value has been determined based on the appraisal or researched value provided by independent real estate appraisers.

For rent revenues and expenses for the six months ended July 31, 2018 and January 31, 2019, 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, 2018 and January 31, 2019 is as follows:

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

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

(b) Enterprise-wide disclosures

(i) Information about products and services

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

(ii) Information about geographic areas

Revenues from overseas customers:

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

Tangible fixed assets:

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

(c) Information about major customers

Name of customer	Revenues for the six months ended		Relating segment
	July 31, 2018	January 31, 2019	
Japan Airlines Co., Ltd.	1,427,447	1,429,094	Property rental business

Note 14 — Per unit information

Following table shows the net asset value per unit as of July 31, 2018 and January 31, 2019 and net income per unit for the six months then ended.

	(Yen)	
	For the six months ended	
	July 31, 2018	January 31, 2019
Pro forma net asset value per unit	76,385	76,394
Pro forma net income per unit	2,749	2,722

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. The Investment Corporation has no potentially dilutive units.

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

	(Thousands of yen)	
	For the six months ended	
	July 31, 2018	January 31, 2019
Net income	4,612,919	4,624,277
Effect of dilutive unit	-	-
Net income available to common unitholders	4,612,919	4,624,277
Adjusted weighted-average number of units outstanding for the period	1,677,986 units	1,698,816 units

Note 15 — Subsequent events**Disposition of property**

On March 13, 2019, the Investment Corporation has entered into a sale contract of property as follows:

<i>Property name:</i>	IIF Atsugi Logistics Center (trust beneficial interest)
<i>Completion date of contract:</i>	March 13, 2019
<i>Disposition date:</i>	1st March 29, 2019 (50% of trust beneficial interest)
	2nd August 1, 2019 (50% of trust beneficial interest)
<i>Disposition amount:</i>	1st ¥ 1,280 million
	2nd ¥ 1,280 million

Gains on disposal:

Gains on disposal of property will amount to ¥ 469 million and ¥ 484 million be recognized in profit as operating revenues for the six months ending July 31, 2019 and January 31, 2020, respectively.

Although a purchaser of the property is a special purpose entity arranged by a domestic company, information on the counter party is not disclosed because the consent from the purchaser has not been obtained.

Note 16 — Allowance for temporary difference adjustment

Changes of temporary difference subject to allowance for temporary difference adjustment for the six months ended July 31, 2018 and January 31, 2019 are as follows:

(Thousands of yen)				
For the six months ended	Item	Reason for changes of temporary difference	Amount for allowance (or reversal)	Note
July 31, 2018	Buildings in trust	Excess of depreciation allowance	1,698	(i)
	Deferred gains or (losses) on hedges	Decrease of Valuation losses on interest rate swaps	(27,648)	(ii)
January 31, 2019	Buildings in trust	Excess of depreciation allowance	1,698	(i)
	Deferred gains or (losses) on hedges	Decrease of Valuation losses on interest rate swaps	(4,692)	(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 3, 2014	Public offering	8,884	165,316	6,888	79,326	Note 2
March 4, 2014	Allocation of investment units to a third party	216	165,532	167	79,493	Note 3
January 1, 2015	Unit Split	165,532	331,064	-	79,493	Note 4
March 16, 2015	Public offering	20,988	352,052	11,059	90,553	Note 5
March 27, 2015	Allocation of investment units to a third party	512	352,564	269	90,823	Note 6
February 14, 2017	Public offering	43,538	396,102	21,308	112,131	Note 7
March 3, 2017	Allocation of investment units to a third party	1,062	397,164	519	112,651	Note 8
February 1, 2018	Unit Split	1,191,492	1,588,656	-	112,651	Note 9
March 7, 2018	Public offering	109,275	1,697,931	12,623	125,274	Note 10
April 4, 2018	Allocation of investment units to a third party	885	1,698,816	102	125,376	Note 11

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 ¥803,400 per unit (subscription price of ¥775,384 per unit) through a public offering.

Note 3 New investment units were issued at a price of ¥775,384 per unit through the allocation of investment units to a third-party.

Note 4 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 5 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 6 New investment units were issued at a price of ¥526,960 per unit through the allocation of investment units to a third-party.

Note 7 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 8 New investment units were issued at a price of ¥489,417 per unit through the allocation of investment units to a third-party.

Note 9 The Investment Corporation implemented a split of its investment units on a four-for-one basis with January 31, 2018 as the record date for the unit split.

Note 10 New investment units were issued at a price of ¥119,437 per unit (subscription price of ¥115,517 per unit) through a public offering.

Note 11 New investment units were issued at a price of ¥115,517 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, 2018		As of January 31, 2019	
				Total of net book value	Composition ratio	Total of net book value	Composition ratio
				(Millions of yen)	(Note 2) (%)	(Millions of yen)	(Note 2) (%)
Real property	Logistics facilities or Manufacturing and R&D facilities, etc. (Industrial properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	12,957	4.5	12,934	4.5
			Osaka and Nagoya metropolitan areas	4,605	1.6	4,602	1.6
			Other area	3,130	1.1	4,085	1.4
		Other	Tokyo metropolitan area	-	-	-	-
			Osaka and Nagoya metropolitan areas	-	-	-	-
			Other area	-	-	-	-
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	44,428	15.3	44,338	15.3
			Osaka and Nagoya metropolitan areas	1,998	0.7	1,998	0.7
			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	91,935	31.8	91,798	31.7
			Osaka and Nagoya metropolitan areas	42,515	14.7	42,388	14.7
			Other area	26,501	9.1	26,437	9.1
		Other	Tokyo metropolitan area	-	-	-	-
			Osaka and Nagoya metropolitan areas	-	-	-	-
			Other area	7,766	2.7	7,738	2.7
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	12,992	4.5	13,033	4.5
			Osaka and Nagoya metropolitan areas	23,105	8.0	22,940	7.9
			Other area	-	-	-	-
		Other	Tokyo metropolitan area	-	-	-	-
			Osaka and Nagoya metropolitan areas	-	-	-	-
			Other area	-	-	-	-
Sub-total				271,937	94.0	272,297	94.1
Bank deposits and other assets				17,283	6.0	16,944	5.9
Total assets				289,221	100.0	289,242	100.0
Total liabilities				159,455	55.1	159,461	55.1
Total net assets				129,765	44.9	129,780	44.9

Note 1 "Location category" is classified as bellow.

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

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

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

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

(2) Outline of portfolio properties

The principal properties (top ten properties in net book value) as of January 31, 2019 were as follows:

Name of property	Net book value (Millions of yen)	Leasable area (Note 1) (m ²)	Leased area (Note 2) (m ²)	Occupancy ratio (Note 3) (%)	Ratio of rent revenue to total rent revenues (Note 3) (%)	Major use
IIF Haneda Airport Maintenance Center	38,312	81,995.81	81,995.81	100.0	14.6	Infrastructure facility
IIF Kobe District Heating and Cooling Center	16,157	11,476.05	11,476.05	100.0	3.4	Infrastructure facility
IIF Shinonome Logistics Center (Note 4)	12,894	27,493.29	27,493.29	100.0	4.1	Logistics facility
IIF Osaka Suminoe Logistics Center I	12,094	52,201.30	52,201.30	100.0	Note 5	Logistics facility
IIF Fukuoka Hakozaki Logistics Center II	10,279	51,385.32	51,385.32	100.0	Note 5	Logistics facility
IIF Mitaka Card Center	9,350	21,615.01	21,615.01	100.0	3.7	Manufacturing and R&D facility, etc.
IIF Osaka Konohana Logistics Center	8,689	46,262.20	46,262.20	100.0	Note 5	Logistics facility
IIF Shinagawa IT Solution Center	7,918	7,057.03	3,490.67	49.5	Note 5	Infrastructure facility
IIF Kamata R&D Center	7,451	21,896.56	21,896.56	100.0	Note 5	Manufacturing and R&D facility, etc.
IIF Kyotanabe Logistics Center	5,725	33,243.99	33,243.99	100.0	Note 5	Logistics facility
Total	128,873	354,626.56	351,060.20	99.0	41.5	

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

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

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

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

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

The details of logistics facilities, manufacturing and R&D facilities, etc. or infrastructure facilities held by the Investment Corporation as of January 31, 2019 were as follows:

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	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	17,119	12,894
IIF Noda Logistics Center	340-13, Nishi-sangao, Noda-shi, Chiba	Trust beneficial interest	38,828.10	9,100	5,377
IIF Shinsuna Logistics Center	5-15, Shinsuna 3-chome, Koto-ku, Tokyo	Trust beneficial interest	5,741.75	7,460	5,176
IIF Atsugi Logistics Center	6-19, Hase, Atsugi-shi, Kanagawa	Trust beneficial interest	10,959.68	2,160	1,530
IIF Koshigaya Logistics Center	1-1, Ryutsudanchi 4-chome, Koshigaya-shi, Saitama	Trust beneficial interest	10,113.50	2,780	1,782
IIF Nishinomiya Logistics Center	2, Nishinomiya 1-chome, Nishinomiya-shi, Hyogo	Trust beneficial interest	17,200.00	3,000	1,958
IIF Narashino Logistics Center (land with leasehold interest)	34-9, Akanehama 3-chome, Narashino-shi, Chiba	Real property	19,834.71	2,810	1,223
IIF Narashino Logistics Center II (Note 5)	34-1, Akanehama 3-chome, Narashino-shi, Chiba	Trust beneficial interest	83,905.16	6,600	4,657
IIF Atsugi Logistics Center II	602-9, Aza Kitaya, Funako, Atsugi-shi, Kanagawa	Real property	20,661.13	4,040	3,205
IIF Yokohama Tsuzuki Logistics Center	747, Aza Minamikochi, Kawamukou-cho, Tsuzuki-ku Yokohama-shi, Kanagawa	Trust beneficial interest	9,464.03	3,280	2,304
IIF Saitama Logistics Center	398-3, Yoshino-cho 1-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	8,995.00	2,130	1,445
IIF Nagoya Logistics Center	27, Yanagida-cho 2-chome, Nakagawa-ku, Nagoya-shi, Aichi	Real property	8,721.01	1,610	1,137
IIF Atsugi Logistics Center III	3007-7, Kamiechi Aza Uenohara, Atsugi-shi, Kanagawa	Trust beneficial interest	16,584.64	3,130	2,379
IIF Kawaguchi Logistics Center	5-3 Midori-cho, Kawaguchi-shi, Saitama	Real property	11,705.02	4,380	2,066
IIF Kobe Logistics Center	2-10, Maya-futo, Nada-ku, Kobe-shi, Hyogo	Trust beneficial interest	39,567.74	7,560	5,125
IIF Higashi-Osaka Logistics Center	7-46, Wakae-higashi-machi 6-chome, Higashi Osaka-shi, Osaka	Real property	20,495.06	3,240	2,518
IIF Kashiwa Logistics Center	1027-1, Washinoya, Kashiwa-shi, Chiba	Real property	17,379.78	2,950	1,844
IIF Misato Logistics Center	5, Izumi 3-chome, Misato-shi, Saitama	Trust beneficial interest	19,019.71	5,310	3,446
IIF Iruma Logistics Center	660-2, Aza Higashimusashino, Oaza Minami-mine, Iruma-shi, Saitama	Trust beneficial interest	17,881.65	4,160	3,063
IIF Tosu Logistics Center	127-1, Aza Uchishirage, Kuranoue-machi, Tosu-shi, Saga	Trust beneficial interest	13,862.05	1,960	1,505
IIF Inzai Logistics Center	6-1, Matsuzakidai 2-chome, Inzai-shi, Chiba	Trust beneficial interest	5,490.00	1,370	1,023
IIF Morioka Logistics Center	Plot 4-311, Oaza Hiromiyasawa, Yahabacho, Shiwa-gun, Iwate, etc.	Trust beneficial interest	8,001.57	1,220	578
IIF Hiroshima Logistics Center	22-4, Itsukaichi-ko 3-chome, Saeki-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	22,768.24	4,500	3,364
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	945
IIF Kyotanabe Logistics Center	55-13, Osumi-hama, Kyotanabe-shi, Kyoto	Trust beneficial interest	33,243.99	7,390	5,725
IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest)	1134-1, Aoyagi, Koga-shi, Fukuoka	Real property	30,815.97	988	914
IIF Fukuoka Higashi Logistics Center	9-1 Kamata 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	11,262.86	2,050	1,923
IIF Osaka Konohana Logistics Center	4-51, Shimaya 4-chome, Konohana-ku, Osaka-shi, Osaka	Trust beneficial interest	46,262.20	9,580	8,689

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Fair value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Kazo Logistics Center	6-1, Shintone 2-chome, Kazo-shi, Saitama	Trust beneficial interest	17,744.41	2,760	2,605
IIF Hamura Logistics Center	8-16, Shinmeidai 4-chome, Hamura-shi, Tokyo	Trust beneficial interest	3,892.66	928	917
IIF Fukuoka Hakozaki Logistics Center I	14-31, Hakozakifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	24,967.58	5,220	5,191
IIF Fukuoka Hakozaki Logistics Center II	1-18, Hakozakifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	51,385.32	10,900	10,279
IIF Itabashi Logistics Center	7-7, Higashi-sakashita 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	5,057.68	1,920	1,754
IIF Sendai Taiwa Logistics Center	3-15, Maino 2-chome, Taiwa-cho, Kurokawa-gun, Miyagi	Trust beneficial interest	15,555.15	1,700	1,589
IIF Ota Logistics Center	236-1, Anyoji-cho, Ota-shi, Gunma	Real property	6,900.01	1,160	1,024
IIF Osaka Suminoe Logistics Center I	2-32, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka	Trust beneficial interest	52,201.30	14,100	12,094
IIF Osaka Suminoe Logistics Center II	2-34, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka	Trust beneficial interest	12,299.76	2,800	2,568
IIF Morioka Logistics Center II	4-5, Ryutsu Center Minami 2-chome, Yahaba-cho, Shiwa-gun, Iwate	Trust beneficial interest	12,383.30	1,580	1,378
IIF Sapporo Logistics Center	2-1, Yonesato-sanjo 3-chome, Shiroishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	13,064.75	2,610	2,516
IIF Hitachinaka Port Logistics Center (land with leasehold interest)	768-42, Terunuma aza nagisa, Tokai-mura oaza, Naka-gun, Ibaraki, etc.	Real property	20,000.00	1,210	1,193
IIF Koriyama Logistics Center	213, Aza Mukaiharu, Otsuki-machi, Koriyama-shi, Fukushima	Trust beneficial interest	17,533.15	3,170	2,583
IIF Kobe Nishi Logistics Center (land with leasehold interest)	10-4, Mitsugaoka 4-chome, Nishi-ku, Kobe-shi, Hyogo	Trust beneficial interest	33,000.00	2,180	2,047
IIF Totsuka Technology Center (land with leasehold interest)	344-1, Nase-cho, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	31,442.47	5,390	4,553
IIF Yokohama Tsuzuki Technology Center	25-2, Kitayamada 4-chome, Tsuzuki-ku, Yokohama-shi, Kanagawa	Real property	4,655.48	1,340	1,209
IIF Mitaka Card Center	5-14, Shimo-Renjaku 7-chome, Mitaka-shi, Tokyo	Trust beneficial interest	21,615.01	10,100	9,350
IIF Kamata R&D Center	16-46, Minami-Kamata 2-chome, Ota-ku, Tokyo	Trust beneficial interest	21,896.56	8,400	7,451
IIF Kawasaki Science Center	25-19, Tono-machi 3-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa	Real property	4,857.73	2,950	2,039
IIF Sagami-hara R&D Center	1-35, Minamihashimoto 3-chome, Chuo-ku, Sagami-hara-shi, Kanagawa	Trust beneficial interest	19,328.40	4,650	3,278
IIF Yokohama Shinyamashita R&D Center	16-5, Shinyamashita 1-chome, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	4,887.83	4,230	3,872
IIF Kakegawa Manufacturing Center (Land with leasehold interest)	30, Tanyo, Kakegawa-shi, Shizuoka	Trust beneficial interest	66,171.92	1,760	1,572
IIF Urayasu Machinery Maintenance Center (Land with leasehold interest)	195, Tekkadori 3-chome, Urayasu-shi, Chiba	Real property	7,925.94	1,660	1,345
IIF Yokosuka Technology Center	1-15, Shinmei-cho, Yokosuka-shi, Kanagawa	Trust beneficial interest	13,779.77	4,470	4,205
IIF Shonan Technology Center	1-1, Ichinomiya 6-chome, Samukawa-cho, Koza-gun, Kanagawa	Trust beneficial interest	7,244.71	1,340	1,307
IIF Hiroshima Manufacturing Center (land with leasehold interest)	1461-1, Eba-minami 2-chome, Naka-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	23,106.75	1,860	1,693
IIF Totsuka Manufacturing Center (land with leasehold interest)	2277-4, Kamiyabe-cho Aza Kunichiyato, Totsuka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	19,458.49	2,590	2,413
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, etc.	Trust beneficial interest	64,327.54	5,270	5,005
IIF Tsukuba Manufacturing Center (land with leasehold interest)	9-1, Kouyodai 1-chome, Ryugasaki-shi, Ibaraki	Real property	17,721.03	1,320	954

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Fair value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Kobe District Heating and Cooling Center	8-2, Higashikawasaki-cho 1-chome, Chuoku, Kobe-shi, Hyogo	Trust beneficial interest	11,476.05	14,700	16,157
IIF Haneda Airport Maintenance Center	5-1 and 2, Haneda Airport 3-chome, Ota-ku, Tokyo	Real property	81,995.81	41,300	38,312
IIF Zama IT Solution Center	1-78, Higashihara 5-chome, Zama-shi, Kanagawa	Trust beneficial interest	10,931.89	5,530	5,115
IIF Shinagawa Data Center	9-15, Futaba 2-chome, Shinagawa-ku, Tokyo	Real property	19,547.11	6,870	5,297
IIF Osaka Toyonaka Data Center	1-8, Shin-senri-nishi-machi 1-chome, Toyonaka-shi, Osaka	Trust beneficial interest	20,027.14	6,020	5,570
IIF Osaka Nanko IT Solution Center	1-23, Nanko-kita 1-chome, Suminoe-ku, Osaka-shi, Osaka	Trust beneficial interest	18,435.93	2,420	1,212
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	7,057.03	7,130	7,918
IIF Higashimatsuyama Gas Tank Maintenance Center (land with leasehold interest)	75-1, Shingo, Higashimatsuyama-shi, Saitama	Real property	12,880.38	754	729
Total			1,487,477.41	323,919	272,297

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 IIF Shinonome Logistics Center in which the Investment Corporation owns 53% share of the trust beneficial interest is calculated multiplying the total leasable area by the share of quasi-co-ownership.

Note 5 As the Investment Corporation invests in IIF Narashino Logistics Center II both land with leasehold interest (the lessee of leased land is the trustee with respect to the building of the property) and building with leasehold interest of the property in form of the trust beneficial interests separately, "Leasable area" of the property shows total of the leasable area of the leased land (58,070.00m²) and that of the building on the leased land (25,835.16m²).

The details of logistics facilities, manufacturing and R&D facilities, etc. or infrastructure facilities held by the Investment Corporation as of January 31, 2019 were as follows:

Name of property	For the six months ended July 31, 2018					For the six months ended January 31, 2019				
	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	400	366	4.7	1	100.0	402	366	4.6
IIF Noda Logistics Center	2	100.0	(Note 4)	206	2.6	2	100.0	(Note 4)	207	2.6
IIF Shinsuna Logistics Center	1	100.0	179	160	2.0	1	100.0	179	160	2.0
IIF Atsugi Logistics Center	1	100.0	(Note 4)	53	0.7	1	100.0	(Note 4)	54	0.7
IIF Koshigaya Logistics Center	1	100.0	75	69	0.9	1	100.0	75	70	0.9
IIF Nishinomiya Logistics Center	2	100.0	(Note 4)	81	1.0	2	100.0	(Note 4)	82	1.0
IIF Narashino Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	38	0.5	1	100.0	(Note 4)	37	0.5
IIF Narashino Logistics Center II (Note 5)	2	100.0	(Note 4)	174	2.2	2	100.0	(Note 4)	175	2.2
IIF Atsugi Logistics Center II	1	100.0	(Note 4)	113	1.4	1	100.0	(Note 4)	114	1.4
IIF Yokohama Tsuzuki Logistics Center	1	100.0	(Note 4)	74	1.0	1	100.0	(Note 4)	78	1.0
IIF Saitama Logistics Center	1	100.0	66	62	0.8	1	100.0	66	60	0.8
IIF Nagoya Logistics Center	1	100.0	(Note 4)	42	0.5	1	100.0	(Note 4)	42	0.5
IIF Atsugi Logistics Center III	1	100.0	(Note 4)	75	1.0	1	100.0	(Note 4)	82	1.0
IIF Kawaguchi Logistics Center	1	100.0	(Note 4)	106	1.3	1	100.0	(Note 4)	106	1.3
IIF Kobe Logistics Center	1	100.0	(Note 4)	179	2.3	1	100.0	(Note 4)	180	2.3
IIF Higashi-Osaka Logistics Center	2	97.3	(Note 4)	87	1.1	2	97.3	(Note 4)	88	1.1
IIF Kashiwa Logistics Center	1	100.0	(Note 4)	70	0.9	1	100.0	(Note 4)	77	1.0
IIF Misato Logistics Center	1	100.0	(Note 4)	116	1.5	1	100.0	(Note 4)	116	1.5
IIF Iruma Logistics Center	1	100.0	(Note 4)	106	1.3	1	100.0	(Note 4)	105	1.3
IIF Tosu Logistics Center	2	100.0	(Note 4)	51	0.6	2	100.0	(Note 4)	52	0.7
IIF Inzai Logistics Center	1	100.0	(Note 4)	37	0.5	1	100.0	(Note 4)	37	0.5
IIF Morioka Logistics Center	1	100.0	(Note 4)	37	0.5	1	100.0	(Note 4)	37	0.5
IIF Hiroshima Logistics Center	1	100.0	(Note 4)	120	1.5	1	100.0	(Note 4)	120	1.5
IIF Izumiotsu e-shop Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	111	1.4	1	100.0	(Note 4)	111	1.4
IIF Izumisano Food Processing and Logistics Center	1	100.0	(Note 4)	29	0.4	1	100.0	(Note 4)	28	0.4
IIF Kyotanabe Logistics Center	1	100.0	(Note 4)	174	2.2	1	100.0	(Note 4)	175	2.2
IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	27	0.3	1	100.0	(Note 4)	27	0.3
IIF Fukuoka Higashi Logistics Center	1	100.0	(Note 4)	51	0.7	1	100.0	(Note 4)	51	0.6
IIF Osaka Konohana Logistics Center	1	100.0	(Note 4)	221	2.8	1	100.0	(Note 4)	216	2.7

Name of property	For the six months ended July 31, 2018					For the six months ended January 31, 2019				
	Number of tenants	Occupancy ratio	Rental revenues	Rental net operating income (NOI)	Composition ratio of NOI	Number of tenants	Occupancy ratio	Rental revenues	Rental net operating income (NOI)	Composition ratio of NOI
	(Note 1)	(Note 2) (%)	(Millions of yen)	(Note 3) (Millions of yen)	(%)	(Note 1)	(Note 2) (%)	(Millions of yen)	(Note 3) (Millions of yen)	(%)
IIF Kazo Logistics Center	1	100.0	(Note 4)	67	0.9	1	100.0	(Note 4)	67	0.8
IIF Hamura Logistics Center	1	100.0	(Note 4)	21	0.3	1	100.0	(Note 4)	22	0.3
IIF Fukuoka Hakozaki Logistics Center I	3	100.0	(Note 4)	128	1.6	3	100.0	(Note 4)	125	1.6
IIF Fukuoka Hakozaki Logistics Center II (Note 6)	5	100.0	(Note 4)	253	3.2	5	100.0	(Note 4)	251	3.2
IIF Itabashi Logistics Center	1	100.0	(Note 4)	37	0.5	1	100.0	(Note 4)	40	0.5
IIF Sendai Taiwa Logistics Center	1	100.0	(Note 4)	50	0.6	1	100.0	(Note 4)	46	0.6
IIF Ota Logistics Center	1	100.0	(Note 4)	34	0.4	1	100.0	(Note 4)	33	0.4
IIF Osaka Suminoe Logistics Center I	1	100.0	(Note 4)	258	3.3	1	100.0	(Note 4)	259	3.3
IIF Osaka Suminoe Logistics Center II	1	100.0	(Note 4)	60	0.8	1	100.0	(Note 4)	62	0.8
IIF Morioka Logistics Center II	1	100.0	(Note 4)	43	0.6	1	100.0	(Note 4)	41	0.5
IIF Sapporo Logistics Center	1	100.0	(Note 4)	60	0.8	1	100.0	(Note 4)	75	0.9
IIF Hitachinaka Port Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	23	0.3	1	100.0	(Note 4)	29	0.4
IIF Koriyama Logistics Center	2	100.0	(Note 4)	80	1.0	2	100.0	(Note 4)	105	1.3
IIF Kobe Nishi Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	31	0.4	1	100.0	(Note 4)	45	0.6
IIF Totsuka Technology Center (land with leasehold interest)	1	100.0	154	137	1.7	1	100.0	154	137	1.7
IIF Yokohama Tsuzuki Technology Center	1	100.0	59	40	0.5	1	100.0	59	39	0.5
IIF Mitaka Card Center	1	100.0	364	305	3.9	1	100.0	364	298	3.7
IIF Kamata R&D Center	1	100.0	(Note 4)	235	3.0	1	100.0	(Note 4)	235	3.0
IIF Kawasaki Science Center	1	100.0	(Note 4)	82	1.0	1	100.0	(Note 4)	82	1.0
IIF Sagami-hara R&D Center	2	100.0	(Note 4)	144	1.8	1	90.1	(Note 4)	141	1.8
IIF Yokohama Shinyamashita R&D Center	1	100.0	(Note 4)	103	1.3	1	100.0	(Note 4)	104	1.3
IIF Kakegawa Manufacturing Center (Land with leasehold interest)	1	100.0	(Note 4)	42	0.5	1	100.0	(Note 4)	42	0.5
IIF Urayasu Machinery Maintenance Center (Land with leasehold interest)	1	100.0	(Note 4)	37	0.5	1	100.0	(Note 4)	37	0.5
IIF Yokosuka Technology Center	1	100.0	(Note 4)	147	1.9	1	100.0	(Note 4)	142	1.8
IIF Shonan Technology Center	1	100.0	(Note 4)	44	0.6	1	100.0	(Note 4)	39	0.5
IIF Hiroshima Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	46	0.6	1	100.0	(Note 4)	58	0.7
IIF Totsuka Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	52	0.7	1	100.0	(Note 4)	65	0.8
IIF Atsugi Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	71	0.9	1	100.0	(Note 4)	132	1.7
IIF Tsukuba Manufacturing Center (land with leasehold interest)	—	—	—	—	—	1	100.0	(Note 4)	4	0.1
IIF Kobe District Heating and Cooling Center	4	100.0	332	309	3.9	4	100.0	332	317	4.0

Name of property	For the six months ended July 31, 2018					For the six months ended January 31, 2019				
	Number of tenants	Occupancy ratio	Rental revenues	Rental net operating income (NOI)	Composition ratio of NOI	Number of tenants	Occupancy ratio	Rental revenues	Rental net operating income (NOI)	Composition ratio of NOI
	(Note 1) (%)	(Note 2) (%)	(Millions of yen)	(Note 3) (Millions of yen)	(%)	(Note 1) (%)	(Note 2) (%)	(Millions of yen)	(Note 3) (Millions of yen)	(%)
IIF Haneda Airport Maintenance Center	1	100.0	1,428	952	12.1	1	100.0	1,429	953	12.0
IIF Zama IT Solution Center	1	100.0	(Note 4)	201	2.6	1	100.0	(Note 4)	201	2.5
IIF Shinagawa Data Center	1	100.0	(Note 4)	181	2.3	1	100.0	(Note 4)	174	2.2
IIF Osaka Toyonaka Data Center	1	100.0	(Note 4)	191	2.4	1	100.0	(Note 4)	215	2.7
IIF Osaka Nanko IT Solution Center	1	100.0	(Note 4)	71	0.9	1	100.0	(Note 4)	73	0.9
IIF Nagoya Port Tank Terminal (land with leasehold interest)	1	100.0	(Note 4)	62	0.8	1	100.0	(Note 4)	62	0.8
IIF Shinagawa IT Solution Center	5	76.1	(Note 4)	202	2.6	4	49.5	(Note 4)	109	1.4
IIF Higashimatsuyama Gas Tank Maintenance Center (land with leasehold interest)	1	100.0	(Note 4)	18	0.2	1	100.0	(Note 4)	18	0.2
Total	86	99.8	9,686	7,882	100.0	85	99.6	9,806	7,961	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 Rental revenues 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 March 14, 2018.

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.