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**Industrial & Infrastructure Fund Investment Corporation**  
**24<sup>th</sup> Period Asset Management Report**  
**(Semi-Annual Report)**

February 1, 2019 – July 31, 2019

Industrial & Infrastructure Fund Investment Corporation

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

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

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

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

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

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

## Distribution Per Unit

- The 24<sup>th</sup> Fiscal Period (Result: February 1, 2019 – July 31, 2020) 2,933 yen
- The 25<sup>th</sup> Fiscal Period (Forecast: August 1, 2020 – January 31, 2020) 3,085 yen

## Highlight of the 24<sup>th</sup> Period

	The 21st period	The 22nd period	The 23 <sup>rd</sup> Period	The 24th period (Result)	The 25 <sup>th</sup> Period (Forecast)
Operating Revenue (million yen)	8,976	9,686	9,806	10,602	11,003
Net Income (million yen)	4,081	4,612	4,624	5,190	5,530
Total Asset (million yen)	261,500	289,221	289,242	314,087	-
Distribution per Unit (yen) <sup>*1 *2</sup>	10,282 (2,570)	2,716	2,723	2,933	3,085
Net Asset Value per Unit (yen) <sup>*2</sup>	293,287 (73,321)	76,385	76,394	79,081	-

\*1 The figures for the 21<sup>st</sup>, 22<sup>nd</sup>, 23<sup>rd</sup>, and 24<sup>th</sup> periods include distribution in excess of profit.

\*2 IIF executed a four-for-one unit split on February 1, 2018 as the effective date. With respect to the distributions per unit and net asset values per unit for the periods prior to the fiscal period ended January 31, 2018 (the 21st period), the figures in parentheses show pro forma per unit information which has been adjusted assuming the unit split.

## Greetings

I would like to take this opportunity to express my sincere gratitude to all investors for your ongoing support. This report provides an update on IIF's performance for the fiscal period ended July 31, 2019 (the 24<sup>th</sup> period).

In this period, IIF acquired five properties (total acquisition price: 24.6 billion yen) using the approximately 11.5 billion yen raised through our eighth public offering conducted on May 14, 2019, as well as 12.2 billion yen as debts. These additions brought the total number of properties under management to 72 and our total asset size to 299.2 billion yen (on an acquisition price basis) as of the end of this period.

With regards to existing properties, IIF disposed of its trust beneficiary right in the IIF Atsugi Logistics Center (50% co-ownership interest)\*. As internal growth measures, we signed a lease contract with a new tenant for IIF Yokohama Tsuzuki Logistics Center following the expiration of the lease contract with the existing tenant. In addition, the IIF Nishinomiya Logistics Center (Extension) and IIF Kazo Logistics Center acquired S- and A-rank certification, respectively, under CASBEE for Real Estate certification. In terms of financial matters, we implemented various measures aimed to maintain our robust financial position, including the acquisition of new loans worth 12.2 billion yen and the refinancing of loans worth 7.8 billion yen, as well as extending the contract period of the commitment line.

As a result of these activities, the distribution per unit (including distribution in excess of profit) for this period was 2,933 yen. IIF will work to maximize unitholder value by implementing external growth through public offering and continued internal growth measures, and we look forward to your continued support.

\* The disposition of IIF Atsugi Logistics Center (50% co-ownership interest) was completed on August 1<sup>st</sup>, 2019.

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

## IIF Focus

### **Securing long-term stable profit by expanding assets through the promotion of CRE strategy and implementing internal growth measures**

#### **Topics of the 24<sup>th</sup> period**

- Raised approximately 11.5 billion yen through the issuance of new investment units at the eighth public offering conducted in May 2019
- Acquired five new properties, thereby increasing the asset scale to 299.2 billion yen
- Completed the development of two properties out of the three properties for which preferential negotiation rights have been acquired, and made steady progress in the development of the one remaining property
- Acquired new CASBEE Real Estate Certification for two existing properties

#### **Summary of the 24<sup>th</sup> Period (Fiscal Period Ended July 31, 2019)**

In this period, due to the profit generated by the five properties acquired through the public offering and refinancing (including prepayment) in March 2019, operating revenue was 10,602 million yen (an increase of 796 million yen from the previous period), and net income was 5,190 million yen (an increase of 566 million yen from the previous period).

As a result, the distribution per unit increased by 210 yen from the previous period to 2,933 yen (including distribution in excess of profit of 40 yen per unit). Net asset value (NAV) per unit\*<sup>1</sup> also increased by 2,914 yen from the previous fiscal period to 107,103 yen\*<sup>2</sup>.

IIF's portfolio as of July 31, 2019 comprised 72 properties worth 292.2 billion yen (based on acquisition price) with a total leasable area of 1,590,118.79 m<sup>2</sup> and an occupancy rate of 100.0%\*<sup>3</sup>.

The average remaining lease term is 8.0 years, and based on these long-term lease agreements, we have secured stable management.

#### **Prospect for the 25<sup>th</sup> Period (Fiscal Period Ending January 31, 2020) and Future Management Policies**

We forecast an operating revenue of 11,003 million yen, net income of 5,530 million yen, and a distribution per unit of 3,085 yen (including distribution in excess of profit of two yen) for the fiscal period ending January 31, 2020 (the 25<sup>th</sup> period).

As Japan's only REIT specializing in industrial properties\*<sup>4</sup>, IIF has cultivated manufacturing and research facilities and infrastructure facilities in recent years based upon our unique Corporate Real Estate (CRE) proposals\*<sup>5</sup>. Most of the properties acquired in the 8<sup>th</sup> public offering were based on the CRE strategy, thus, we have built solid track records in the cultivation of new classes of assets. We look forward to continued support and encouragement from our unitholders.

\*1 NAV per unit is based on the appraisal value (or researched value) as of the end of the most recent fiscal period.

\*2 The figures shown are as of July 31, 2019 and excluding the gain on sales from the disposition of IIF Atsugi Logistics Center (50%

co-ownership interest) on August 1, 2019.

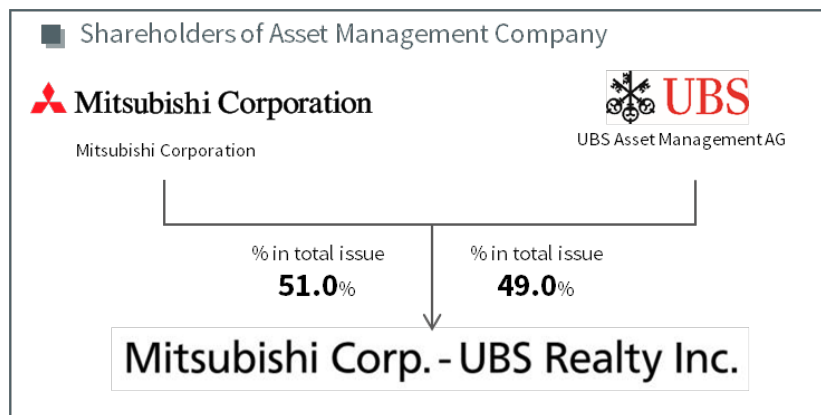
\*3 Figures are rounded to the nearest first decimal place.

\*4 “Industrial properties” is a collective term for properties that serve as bases for a range of industrial activities such as research and development, raw material procurement, stockpiling, storage, manufacturing, production, intercompany distribution, assembly and processing, sale distribution, and recycling, and infrastructure properties that serve as bases for supporting these industrial activities.

\*5“CRE” is the abbreviation for Corporate Real Estate, which refers to properties owned by companies. To contribute to solving managerial and operational issues and needs of private-sector companies and public institutions, IIF purses CRE strategy that involves making proposals for optimum and efficient management of such property holdings, and works on projects for developing plants, research facilities, and other properties.

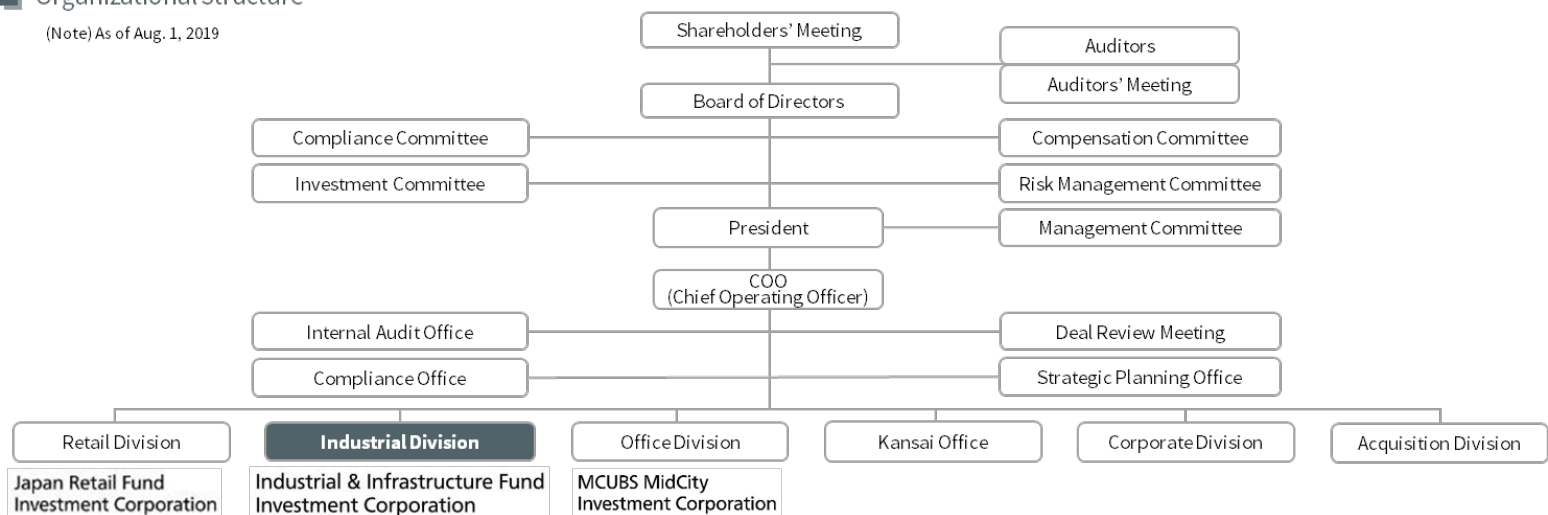
## Merger of Asset Management Company

Mitsubishi Corp.-UBS Realty Inc. implemented an absorption-type merger of MCUBS MidCity Inc., the asset manager of MCUBS MidCity Investment Corporation, on July 1, 2019. Following the merger, Mitsubishi Corp.-UBS Realty Inc. has become an asset manager operating three investment corporations. We look forward to continued support and encouragement from our unitholders.



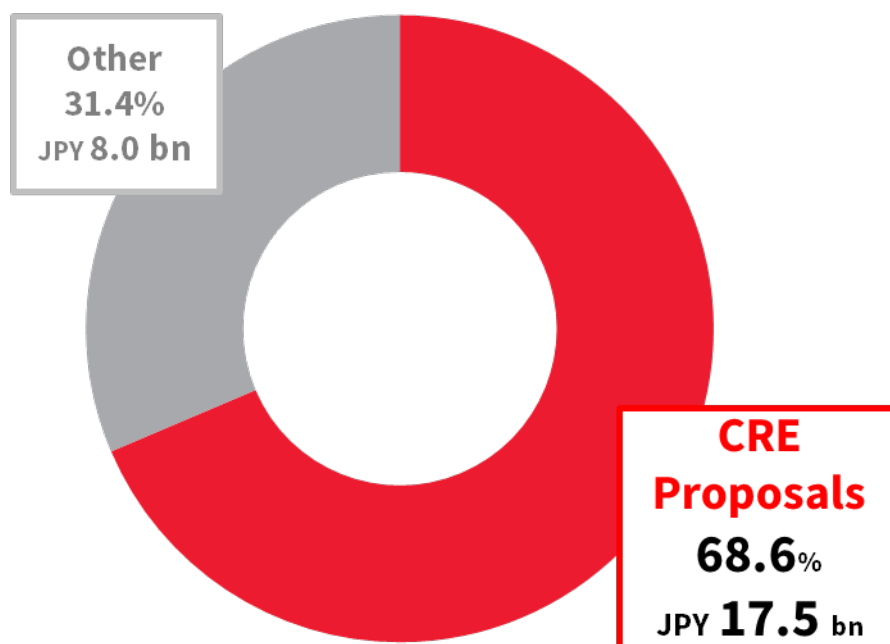
## Organizational Structure

(Note) As of Aug. 1, 2019



## IIF's External Growth:

Our unique CRE proposals have accelerated the development of manufacturing facilities, research facilities, and other properties and led to the acquisition of highly profitable properties.



Newly Acquired Properties	Profitability		Difference between Appraisal Value and Acquisition Price
6 properties* <sup>1</sup> JPY 25.5 bn	Average Appraisal NOI Yield before Depreciation * <sup>2</sup> 5.5%	Average Appraisal NOI Yield after Depreciation * <sup>2</sup> 4.9%	Aggregate (Ratio)* <sup>3</sup> +JPY 3.73bn (+14.6%)

\*1 NOI Yield = NOI ÷ Total acquisition price

\*2 NOI yield (after depreciation) = (NOI - depreciation\*) ÷ Total acquisition price

\*3 Aggregate Ratio = Difference between appraisal value and acquisition price ÷ Total acquisition price

## Properties Acquired in the Precious Public Offering

### IIF Shin-Kawasaki R&D Center

R&D

CRE



Location	Kawasaki-shi, Kanagawa
Acquisition Date	June 3, 2019
Acquisition Price	6,300 million
Gross Floor Area	11,894.29 m <sup>2</sup>
Land area	10,910.00 m <sup>2</sup>

Current status	As of acquisition	After April 2020
High Versatility	Asset Management's Know-how	Aim for upside in rent
Concluded a 10 years fixed-term building lease contract between the replacing tenant, NEC Networks & System Integration Corporation		
	Before tenant replacement	Aim for upside in rent by tenant replacement
		After tenant replacement (Scheduled)
NOI yield	5.7%	7.4%
NOI yield after depreciation	4.6%	6.3%

#### Key Points

- A younger-aged R&D facilities located in Shin-Kawasaki Area, in which a number of R&D facilities and other facilities gather, is acquired based on CRE proposal to Mitsubishi Logisnext Co., Ltd., one of the Mitsubishi Heavy Industry group companies
- Achieve rent increase with the scheduled tenant replacement without any downtime after IIF acquires the property: while the fixed-term building lease contract with the current tenant will be cancelled in April 2020 before maturity, the new fixed-term building lease agreement is already concluded with the replacing tenant, NEC Networks & System Integration Corporation, as its high-versatility as a R&D facility is appreciated

### IIF Ichikawa Food Processing Center

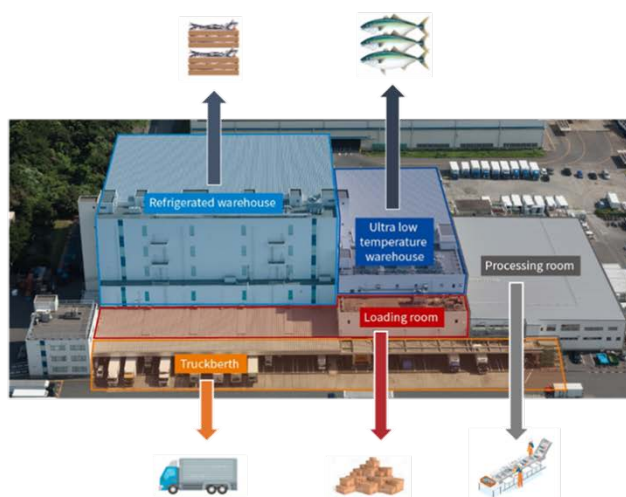
Manufacturing / Logistics Complex

CRE



Location	Ichikawa-shi, Chiba
Acquisition Date	June 3, 2019
Acquisition Price	6,200 million
Gross Floor Area	27,375.23 m <sup>2</sup>
Land area	17,291.29 m <sup>2</sup>

#### Image of each facility



#### Key Points

- Acquisition of a property with strong likelihood of long-term use by the tenant and improved stability in earnings, by use of the functions for adding value provided by the sponsor group, to meet the tenant's needs for long-term use as a primary base
- Facility equipped with an ultra-low temperature storage that is capable of accepting needs for almost all temperature zones, and rare plant and refrigeration warehouse for tenant that is available for the whole process of processing, refrigeration storage and shipment of fishery product
- Location proximity to central Tokyo with good traffic access to broader areas through expressways, railroads and ports



Manufacturing  
/Logistics Complex

CRE

### IIF Tsukuba Manufacturing Center (land with leasehold interest)



Location	Ryugasaki-shi, Ibaraki
Acquisition Date	January 11, 2019
Acquisition Price	900 million
Gross Floor Area	-
Land area	17,712.03 m <sup>2</sup>

Manufacturing  
/Logistics Complex

CRE

### IIF Gifu Kakamigahara Manufacturing Center (land with leasehold interest)



Location	Kakamigahara-shi, Gifu
Acquisition Date	July 16, 2019
Acquisition Price	225 million
Gross Floor Area	-
Land area	12,551.51 m <sup>2</sup>

Logistics

CRE

### IIF Hyogo Tatsuno Logistics Center



Location	Tatsuno-shi, Hyogo
Acquisition Date	June 3, 2019
Acquisition Price	3,915 million
Gross Floor Area	23,155.47 m <sup>2</sup>
Land area	34,564.97 m <sup>2</sup>

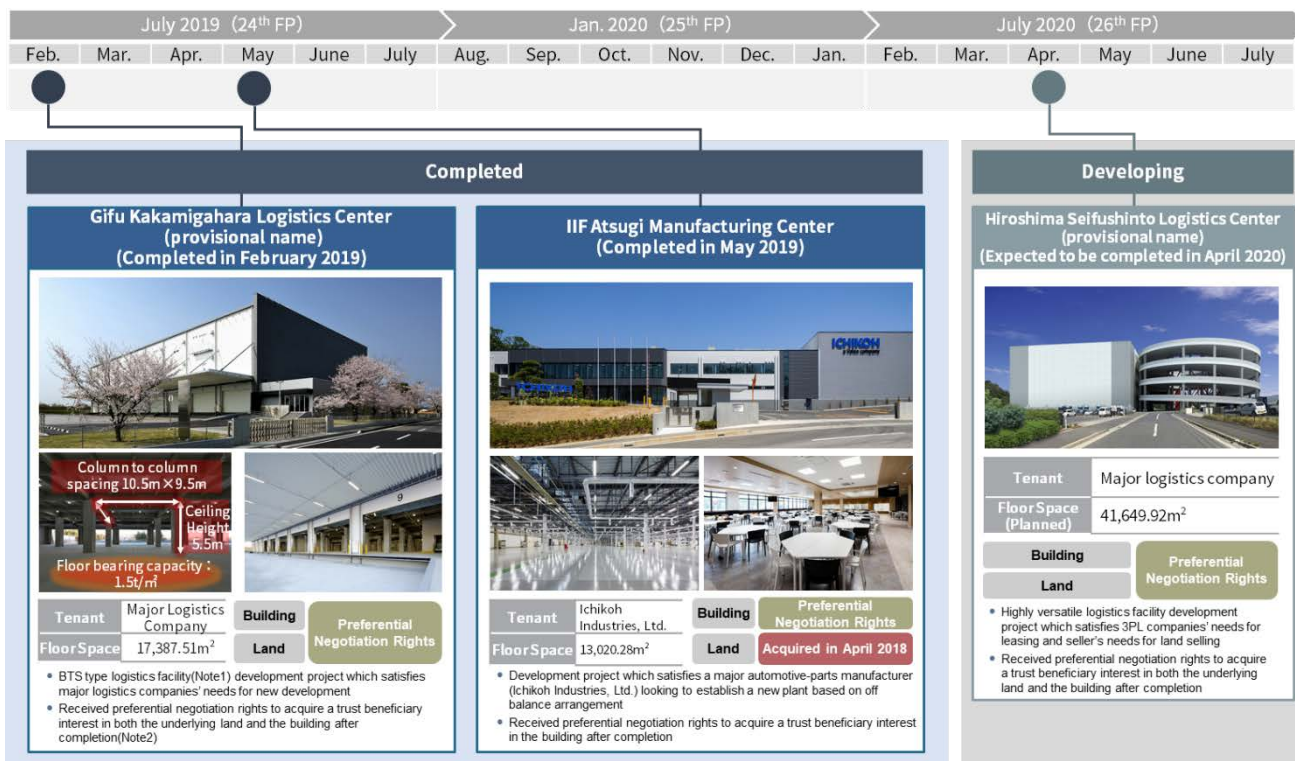
Logistics

### IIF Akishima Logistics Center

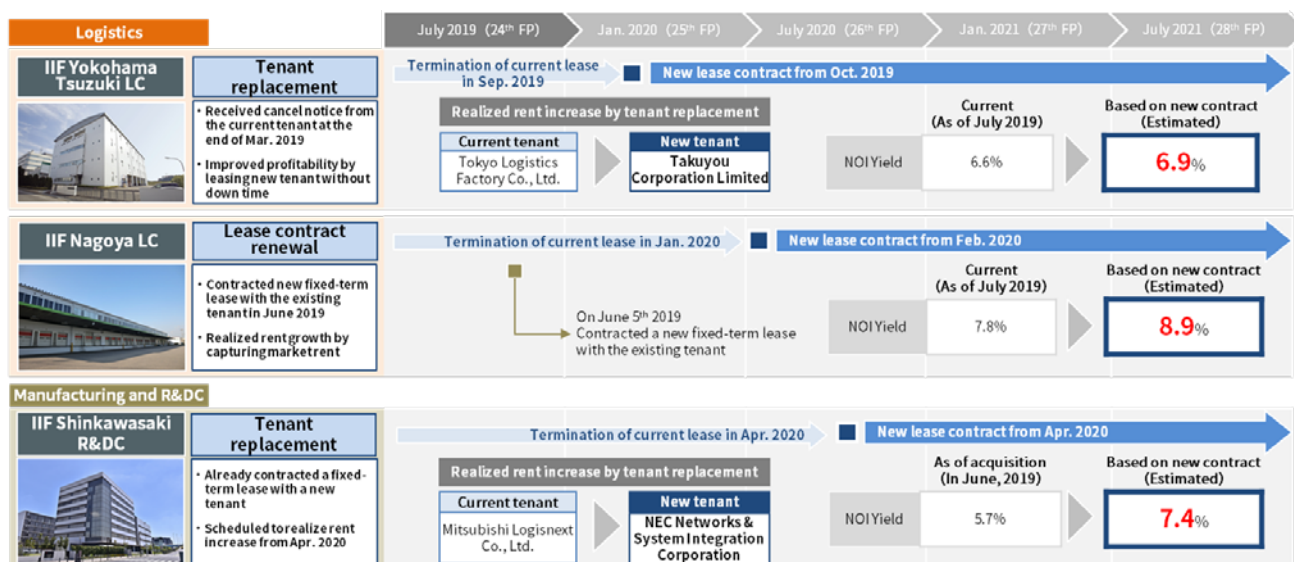


Location	Akishima-shi, Tokyo
Acquisition Date	June 3, 2019
Acquisition Price	8,019 million
Gross Floor Area	30,315.91 m <sup>2</sup>
Land area	17,198.00 m <sup>2</sup>

## Development projects with preferential negotiation rights have been completed on schedule



## Consistently improving profitability of existing properties by capturing lease contract renewal opportunities upon lease termination



## Financial Initiatives of IIF

In this period, the percentages of long-term and fixed-interest rate borrowings were 100% and 100%, respectively, with an average applicable interest rate of 0.86% and an average of 6.1 years remaining until maturity. The loan to value (LTV) rate was 49.9%.

In addition, we carried out repayment and refinancing of loans worth 7.857 billion yen in the 24<sup>th</sup> period using the proceeds from sale of IIF Atsugi Logistics Center in the aim of reducing future interest costs.

## IIF's Sustainability Management

### ♦ Inclusion in the MSCI Japan ESG Select Leaders Index

IIF has been included in the MSCI Japan ESG<sup>\*1</sup> Select Leaders Index which was launched by MSCI on July 3, 2017.

IIF sees inclusion in the index having a favorable effect to broaden our potential investor base and increase the liquidity of the fund.



MSCI Japan ESG  
Select Leaders Index

### MSCI Japan ESG Select Leaders Index:

MSCI, an American stock index provider listed on the New York Stock Exchange, launched index called the MSCI Japan ESG Select Leaders Index<sup>\*2</sup>. The index is the capitalization weighted index which provides exposure to companies with high Environment, Social, and Governance (ESG) performance relative to their sector peers. The Government Pension Investment Fund (GPIF) also announced on July 3, 2017 that it has selected the index one of three ESG indices. As announced in June 2019 by MSCI, the index covers the top 700 equities in the MSCI Japan Investable Market Index (IMI), and selects 234 equities<sup>\*3</sup> with outstanding ESG ratings

\*1 ESG stands for Environmental, Social, and Governance. IIF's efforts towards ESG issues will help solve and improve environmental and social issues, and foster a sound and growing capital market.

\*2 The inclusion of IIF in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of IIF by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos, trademarks or service marks of MSCI or its affiliates.

\*3 The figure is based on the data disclosed by MSCI in June 2019.

## ◆ Third-Party Evaluation and Certifications

### GRESB Real Estate Assessment

Awarded the “Green Star”, GRESB’s (Global Real Estate Sustainability Benchmark) highest award, for seven consecutive years. The measures implemented from the past including proactive information disclosures on website related to sustainability, new measures such as improvement of corporate governance and diversity inclusion were recognized. IIF also awarded four stars under the GRESB rating system (five-star scale). As well as, “A” rating, the highest rating, for the GRESB Public Disclosure in two consecutive years.



### CASBEE

IIF has been promoting environmental and energy conservation measures as well as the efficient use of energy in its properties for the effort to strengthen environmental consciousness and reduce environmental load. As of the end of July 2019, ten properties were awarded CASBEE Real Estate Certification.



### BELS

As of the end of July 2019, eight properties in IIF’s portfolio were awarded BELS Certification.



### DBJ Green Building Certification

As of the end of July 2019, five properties have received the DBJ Green Building Certification.



#### ◆ Continuous Efforts Regarding ESG

MC-UBS has been promoting ESG initiatives. Having established basic policy on sustainability in 2013, IIF has implemented the following initiatives. IIF shares this policy in making investments.

##### In 2013

- Established an environmental charter
- Established the Responsible Property Investment (RPI) Policy
- Signed the Principles for Responsible Investment (PRI) proposed by the UN
- Became the first J-REIT asset manager to sign the Principles for Financial Action Towards a Sustainable Society (Principles for Financial Action for the 21st Century)

##### In 2015

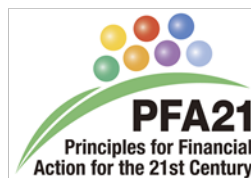
- Became the first J-REIT asset manager to sign the UN PRI Montreal Carbon Pledge, a new commitment to reduce CO<sub>2</sub>

##### In 2016

- Became the first J-REIT asset manager to sign the United Nation's Environment Programme Finance Initiative (UNEP FI) and participated in a working group
- Became the first J-REIT asset manager to sign the United Nations Global Compact

##### In 2019

- Became the first J-REIT asset manager to express support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)



Signatory of:



Signatory of:



## **Expressed Support for the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)**

Mitsubishi Corp. - UBS Realty Inc. (hereinafter referred to as “the asset management company”), an asset management company which Industrial & Infrastructure Fund Investment Corporation (hereinafter referred to as “IIF”) entrusts with asset management, expresses support to the Recommendations published in June 2017 by the Task Force on Climate-related Financial Disclosures (hereinafter referred to as “TCFD”) established by the Financial Stability Board and signed the statement of support.

We will continuously aim to realize a sustainable society keeping the Recommendations of TCFD in mind while trying to reduce our environmental load and contribute to local communities in accordance with the nature of the asset management company’s business.



Task Force on Climate-related Financial Disclosures (TCFD):

- TCFD stands for the Task Force on Climate-related Financial Disclosure. It was established in 2015 by the Financial Stability Board which is composed of the central banks and financial regulatory authorities of major countries.
- In June 2017, in order to reduce risks associated with destabilizing financial markets, TCFD recommended that companies disclose medium- to long-term business risks and opportunities presented by climate change and the effects of climate change on these financial conditions, as well as specific measures and strategies.

### **Support for “Zero Emission Tokyo” Initiative**

Based on the Act on Rationalizing Energy Use (Energy Saving Act), IIF targets to reduce the units of consumption related to energy use by one percent or more on the annual average. In relation to the above-mentioned target, IIF donated 1,341 tons of CO2 credits reduced in excess to Tokyo Metropolitan Government.

For more details, please refer to the Tokyo Metropolitan Government Bureau of Environment Web site.

<http://www.kankyo.metro.tokyo.jp/en/climate/index.html>



## Properties donated CO2 Credits



IIF Shinagawa DC



IIF Shinagawa ITSC



IIF Shinonome LC

### “Zero Emission Tokyo”:

- Tokyo Metropolitan Government announced the “Zero Emission Tokyo” initiative aiming to make Tokyo as the zero CO2 emission city by 2050. It stipulates reduction of CO2 emission by promoting the use of renewable energy and reduction of energy consumption to realize the sustainable city that is resilient to climate change.
- In relation to the initiative, Tokyo became first city in the world to implement a cap-and-trade program targeting large-scale facilities including manufacturing centers and offices, and setting mandatory carbon dioxide emission reduction goals in 2010.

# I. ASSET MANAGEMENT REPORT

## Outline of asset management operation

### 1. Operating results and financial position

Fiscal period			20th	21st	22nd	23rd	24th
As of /for the six months ended			July 31, 2017 (Note 1)	January 31, 2018	July 31, 2018	January 31, 2019	July 31, 2019
Operating revenues	Note 2	(Millions of yen)	10,054	8,976	9,686	9,806	10,602
(Rental revenues)	Note 2	(Millions of yen)	(10,054)	(8,976)	(9,686)	(9,806)	(10,131)
Operating expenses	Note 2	(Millions of yen)	4,266	3,905	4,132	4,243	4,383
(Rental expenses)	Note 2	(Millions of yen)	(3,221)	(2,976)	(3,135)	(3,210)	(3,327)
Operating income		(Millions of yen)	5,787	5,071	5,553	5,562	6,218
Ordinary income		(Millions of yen)	4,634	4,082	4,614	4,625	5,192
Net income	(a)	(Millions of yen)	4,633	4,081	4,612	4,624	5,190
Net assets	(b)	(Millions of yen)	117,008	116,483	129,765	129,780	141,873
(Period-on-period change)		(%)	(24.5)	(-0.4)	(11.4)	(0.0)	(9.3)
Total assets	(c)	(Millions of yen)	261,999	261,500	289,221	289,242	314,087
(Period-on-period change)		(%)	(16.6)	(-0.2)	(10.6)	(0.0)	(8.6)
Unitholders' capital	Note 4	(Millions of yen)	112,651	112,651	125,376	125,376	136,894
(Period-on-period change)		(%)	(24.0)	(—)	(11.3)	(—)	(9.2)
Number of units issued and outstanding	(d)	(Units)	397,164	397,164	1,698,816	1,698,816	1,794,016
Net asset value per unit	Note 5	(b)/(d) (Yen)	294,608	73,321	76,385	76,394	79,081
Total distributions	(e)	(Millions of yen)	4,636	4,083	4,613	4,625	5,261
Distribution per unit	(e)/(d)	(Yen)	11,674	10,282	2,716	2,723	2,933
(Profit distribution per unit)		(Yen)	(11,667)	(10,276)	(2,715)	(2,722)	(2,893)
(Distribution per unit in excess of profit)		(Yen)	(7)	(6)	(1)	(1)	(40)
Ratio of ordinary income to total assets	Note 6	(%)	1.9 (3.3)	1.6 (3.1)	1.7 (3.4)	1.6 (3.2)	1.7 (3.5)
Return on unitholders' equity	Note 6	(%)	4.4 (7.6)	3.5 (6.9)	3.7 (7.6)	3.6 (7.1)	3.8 (7.7)
Ratio of net assets to total assets	(b)/(c)	(%)	44.7	44.5	44.9	44.9	45.2
(Period-on-period change)		(%)	(2.9)	(-0.2)	(0.4)	(0.0)	(0.3)
Payout ratio	Note 6	(%)	100.0	100.0	100.0	100.0	100.0
Additional information:							
Rental net operating income (NOI)	Note 6	(Millions of yen)	8,276	7,262	7,882	7,961	8,207
Net profit margin	Note 6	(%)	46.1	45.5	47.6	47.2	49.0
Debt service coverage ratio	Note 6	(Multiple)	8.1	8.3	9.7	9.7	11.0
Funds from operation (FFO) per unit	Note 6	(Yen)	15,300	13,456	3,499	3,526	3,413
FFO multiples	Note 6	(Multiple)	18.9	18.7	17.1	16.6	20.7
Distributable income per unit after adjustment for taxes on property, plant and equipment	Note 7	(Yen)	11,451	10,057	2,680	2,684	2,881
FFO per unit after adjustment for taxes on property, plant and equipment	Note 7	(Yen)	15,083	13,237	3,464	3,488	3,401

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

Note 2 Consumption taxes are not included.

Note 3 Figures less than unit indicated in the above table are rounded down for amounts and rounded for ratio unless otherwise indicated.

Note 4 Unitholders' capital does not reflect capital deduction item caused by allowance for temporary difference adjustment.

Note 5 The Investment Corporation executed a four-for-one unit split (the "Unit Split") on February 1, 2018 as the effective date. Net asset value per unit in the above table shows pro forma per unit information which has been adjusted to reflect the Unit Split as if it had been effective on August 1, 2017.



Note 6 Figures are calculated using the formulas below. Percentages in parentheses are annualized using 212,184,181,184 and 181 days for the 20th, 21st, 22nd, 23rd and 24th fiscal period, respectively. FFO multiples are unaudited.

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

Note 7 The figures indicate pro forma distributable income per unit and pro forma FFO per unit assuming that taxes on property, plant and equipment were not capitalized but charged to income in the periods in which were incurred. These figures are unaudited.

## 2. Outline of asset management operation

### (1) Major developments and management performance of IIF

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

IIF has continued to mark steady growth since it began investment operations in 2007 when it acquired nine properties for the total acquisition price of 66,000 million yen. IIF owned 72 properties whose total acquisition price amounted to 299,274 million yen as of July 31, 2019.

### (2) Investment environment and management performance

The gross domestic product (GDP) growth for this fiscal period (February 2019 to July 2019) remained firm as the growth rates for January to March 2019 and April to June 2019 (first preliminary figure announced on August 9, 2019) increased by 0.7% (2.8% annually) and 0.4% (1.8% annually), respectively, from the previous quarter. The main factors for positive results include a sharp decline in imports in the previous quarter, an increase in household consumption due to leisure-related effects during the extended holiday period after the era name was changed in this fiscal period, and increases in capital investment and public investment in preparation for the Olympics. Although GDP has grown steadily in this fiscal period, attention needs to be paid to US-China trade friction and the effects consumption tax increase in Japan.

In the capital market, stock prices peaked in the middle of April and softened toward May due to concerns over an economic slowdown and a business downturn. In June, prices started to rise again as the worldwide shift to monetary easing drew attention. On July 31, the Federal Reserve Board (FRB) lowered interest rates for the first time in 10 and a half years, but the capital market remained bearish even in August because uncertainty about the future due to the US-China trade friction, such as economic slowdown, could not be eliminated.

Under these circumstances, the J-REIT market remained strong in recognition of its defensive stance and stable yields. Although foreign investors’ active demand for funds had increased since the start of this year, when foreign investors started to sell stocks for profit taking in April, banks and investment trust companies became on-balance buying entities to replace that demand. In addition, the TSE REIT Index recovered by 2,000 points in July for the first time since December 2007. It continues to be on the increase.

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 five properties through public offerings: IIF Shin-Kawasaki R&D Center, IIF Ichikawa Food Processing Center, IIF Gifu Kakamigahara

Manufacturing Center (land with leasehold interest), IIF Hyogo Tatsuno Logistics Center, and IIF Akishima Logistics Center at acquisition prices of 6,300 million yen, 6,200 million yen, 225 million yen, 3,915 million yen, and 8,019 million yen, respectively. In February 2019, IIF also acquired an equity interest in the OTA Techno CORE silent partnership for 100 million yen with a preferential negotiation right.

As a result, the properties IIF owned as of July 31, 2019 consisted of 45 logistics facilities, 18 manufacturing, R&D and other facilities and nine infrastructure facilities, whose total acquisition price amounted to 299,274 million yen. The total leasable area as of July 31, 2019 was 1,590,118.79 m<sup>2</sup>, and the average occupancy rate was 100.0%.

### (3) Funding

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

#### I ) Equity Financing

In continuation from last year, IIF announced a public offering in May 2019, issuing 95,200 new investment units (including a third-party allotment in conjunction with a secondary offering through over-allotment) and procuring 11,517 million yen with the aim of raising capital to acquire new properties. As a result, the number of issued investment units reached 1,794,016 as of the end of this fiscal period.

#### II ) Debt Financing

As for funding for interest-bearing debt for this fiscal period, IIF obtained new long-term loans of 12.2 billion yen (average term to maturity: 8.6 years) at fixed interest rates in May 2019 with the aim of acquiring new properties. Furthermore, to refinance the existing long-term debts that will come due in March 2019 and refinance through repaying long-term loans prematurely using the proceeds from sale of IIF Atsugi Logistics Center, IIF obtained new long-term loans of 7,857 million yen (average term to maturity: 8.6 years) at fixed interest rates and repaid long-term loans. IIF allocated a portion of the proceeds to temporary costs for premature termination of interest rate swap contracts to repay them early. Through new loans and refinancing, IIF is shifting to longer-term, fixed rate loans and, in effect, reducing its interest costs, in order to establish a financial position that will provide stable distributions over the long-term.

As a result, the total amount of IIF's interest-bearing debt as of July 31, 2019 is 156,583 million yen, which is comprised of 146,583 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.

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

As a result of the above management activities, IIF recorded operating revenue of 10,602 million yen, operating income of 6,218 million yen, ordinary income of 5,192 million yen and net income of 5,190 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 5,190,088,288 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 1,794,016 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 and distributions related to the allowance for temporary difference adjustments stood at 2,894 yen.

When dilution or incurrence of considerable expense in connection with the acquisition of assets or issuance of new investment units is expected and the amount of distribution per unit is likely to temporarily decrease in a certain amount, IIF has also decided, based on our distribution policy set in the rules, that we can distribute the amount of cash determined as a one-time distribution in excess of retained earnings solely for the purpose of maintaining the level of distribution per unit. As a result, distributions in excess of retained earnings per unit are 39 yen as a refund for investments applicable to distributions under tax law resulting in a decrease of investment capital.

As a result, the amount of distribution per unit during this fiscal period is 2,933 yen.

### 3. Changes in unitholders' capital

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

Date	Capital transaction	Number of investment units issued and outstanding		Unitholders' capital (Millions of yen) (Note 1)		Note
		Increase	Balance	Increase	Balance	
January 1, 2015	Unit Split	165,532	331,064	-	79,493	Note 2
March 16, 2015	Public offering	20,988	352,052	11,059	90,553	Note 3
March 27, 2015	Allocation of investment units to a third party	512	352,564	269	90,823	Note 4
February 14, 2017	Public offering	43,538	396,102	21,308	112,131	Note 5
March 3, 2017	Allocation of investment units to a third party	1,062	397,164	519	112,651	Note 6
February 1, 2018	Unit Split	1,191,492	1,588,656	-	112,651	Note 7
March 7, 2018	Public offering	109,275	1,697,931	12,623	125,274	Note 8
April 4, 2018	Allocation of investment units to a third party	885	1,698,816	102	125,376	Note 9
May 29, 2019	Public offering	90,700	1,789,516	10,973	136,349	Note 10
June 25, 2019	Allocation of investment units to a third party	4,500	1,794,016	544	136,894	Note 11

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

Note 2 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 3 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 4 New investment units were issued at a price of ¥526,960 per unit through the allocation of investment units to a third-party.

Note 5 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 6 New investment units were issued at a price of ¥489,417 per unit through the allocation of investment units to a third-party.

Note 7 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 8 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 9 New investment units were issued at a price of ¥115,517 per unit through the allocation of investment units to a third-party.

Note 10 New investment units were issued at a price of ¥125,092 per unit (subscription price of ¥120,986 per unit) through a public offering.

Note 11 New investment units were issued at a price of ¥120,986 per unit through the allocation of investment units to a third-party.

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

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

(Yen)					
Fiscal period	20th	21st	22nd	23rd	24th
As of /for the six months ended	July 31, 2017	January 31, 2018	July 31, 2018	January 31, 2019	July 31, 2019
Highest price	567,000	(Note 1) 521,000 (Note 2) 125,400	126,400	121,900	146,900
Lowest price	488,500	(Note 1) 454,000 (Note 2) 122,300	111,800	106,600	115,900
Closing price at end of period	499,000	(Note 2) 124,800	120,600	116,300	142,400

Note 1 The market price (before January 26, 2018) does not reflect the Unit Split.

Note 2 The market price (on or after January 29, 2018) reflects the Unit Split.

## 4. Distributions

The Investment Corporation intends to make profit distributions amounting to ¥5,190,088,288 which are 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, except for fractional distribution per unit less than one yen, to be treated the distributions as a tax allowable deduction as defined in Article 67-15 of the Special Taxation Measures Act of Japan. The Investment Corporation also intends to make ¥1,794,016 of distributions in excess of profit, considering an effect of differences between net income and taxable income and items deducted from net assets, 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. As a result, profit distribution per unit and unitcapital refund per unit from allowance for temporary difference adjustment for the six months ended July 31, 2019 totaled to ¥2,894.

Furthermore, the distribution policy stipulated in the Investment Corporation's articles of incorporation allows to make unitcapital refunds from deduction of unitcapital to level cash distributions only if a temporary decrease in cash distributions is expected causing by dilution of investment unit or incurring temporary large expenses relating to acquisition of investment assets or financing activities such as issuance of new investment units. As a result, the Investment Corporation made unitcapital refund from deduction of unitcapital under tax rules amounting to ¥39 per unit.

As a result, total cash distribution per unit for the six months ended July 31, 2019 amounted to ¥2,933.

Fiscal period	20th	21st	22nd	23rd	24th
As of /for the fiscal period ended	July 31, 2017	January 31, 2018	January 31, 2018	January 31, 2019	July 31, 2019
Net income (Thousands of yen)	4,633,743	4,081,126	4,612,919	4,624,277	5,190,477
Retained earnings carried forward (Thousands of yen)	276,383	245,613	218,599	214,007	204,317
Total cash distributions (Thousands of yen)	4,636,492	4,083,640	4,613,984	4,625,875	5,261,848
(Cash distribution per unit) (Yen)	(11,674)	(10,282)	(2,716)	(2,723)	(2,933)
Profit distributions (Thousands of yen)	4,633,712	4,081,257	4,612,285	4,624,177	5,190,088
(Profit distribution per unit) (Yen)	(11,667)	(10,276)	(2,715)	(2,722)	(2,893)
Unitcapital refunds (Thousands of yen)	2,780	2,382	1,698	1,698	71,760
(Unitcapital refund per unit) (Yen)	(7)	(6)	(1)	(1)	(40)
Unitcapital refunds from allowance for temporary difference adjustment (Thousands of yen)	2,780	2,382	1,698	1,698	1,794
(Unitcapital refund per unit from allowance for temporary difference adjustment) (Yen)	(7)	(6)	(1)	(1)	(1)
Unitcapital refunds from deduction of unitcapital under tax rules (Thousands of yen)	-	-	-	-	69,966
(Unitcapital refund per unit from deduction of unitcapital under tax rules) (Yen)	(-)	(-)	(-)	(-)	(39)

## 5. Management policies and issues

### (1) Outlook for the overall management

The Japanese economy appears likely to remain soft against a backdrop of worldwide economic slowdown due to the prolonged US-China trade friction and poor corporate performance. In the capital market, the appreciation of the yen is expected to continue due to ongoing worldwide monetary easing. There are concerns regarding the impact of this on corporate performance.

Under this environment, the J-REIT market is expected to remain steady due to stable cash flows from property rents and relatively high distribution interest rates under conditions where interest rates are low.

In the real estate market, despite the unprecedented volume of new logistics facility supply planned in the Tokyo metropolitan area in 2019, vacancy rates remain at a low level against a backdrop of strong demand for space in distributions facilities. Properties managed by IIF are also likely to see stable occupancy, given their high versatility and excellent locations.

On the other hand, amid a further slowdown in economic, business companies also need to respond to the need for automation utilizing AI and other technologies to deal with the shortage of labor and keep pace with changes in technology brought on by advances in IT. Consequently, capital investment is expected to be made continuously. Amid such an environment, it is expected that there will be an increase in off-balance-sheet needs from the sale of corporate-owned real estate due to emphasis on ROE (Return on Equity) management and securing funds for capital investment, 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.

### (2) 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.

#### I ) 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.

#### II ) Internal growth

As of July 31, 2019, IIF's portfolio consisted of 72 properties for a total acquisition price of 299,274 million yen.

The average occupancy rate as of the end of the period stands at 100.0%. The properties are managed under long-term lease contracts with an average remaining lease period of 8.0 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 introduced long term contracts and a 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 and realized an improvement in profit through the introduction of blanket contracts which cover parking space for tenants of IIF Sagamihara R&D Center in the fiscal period ended January 31, 2019 (the 23rd fiscal period). Furthermore, IIF improved profits in the fiscal period ending January 31, 2020 (the 25th fiscal period) by entering into new lease contracts to meet the need for additional office space. 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.

### III) 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.

# Outline of the Investment Corporation

## 1. Investment unit

Fiscal period	20th	21st	22nd	23rd	24th
As of	July 31, 2017	January 31, 2018	July 31, 2018	January 31, 2019	July 31, 2019
Number of units authorized (Units)	8,000,000	8,000,000	32,000,000	32,000,000	32,000,000
Number of units issued and outstanding (Units)	397,164	397,164	1,698,816	1,698,816	1,794,016
Number of unitholders (People)	5,776	6,398	7,996	8,921	9,296

## 2. Unitholders

Major unitholders as of July 31, 2019 were as follows:

Name	Address	Number of units owned (Units)	Ratio of number of units owned to total number of units issued (Note) (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	299,060	16.66
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	251,266	14.00
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	71,534	3.98
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	55,045	3.06
Rakuten General Insurance Co., Ltd.	7, Kandamitoshiro-cho, Chiyoda-ku, Tokyo	33,600	1.87
Mitsubishi Corporation	3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	25,600	1.42
The Chugoku Bank, LTD.	15-20, Marunouchi 1-chome, Kita-ku, Okayama	24,601	1.37
Mizuho Trust & Banking Co., Ltd.	2-1, Yaesu 1-chome, Chuo-ku, Tokyo	22,787	1.27
The Gunma Bank, Ltd.	194, Motosojamachi, Maebashi-shi, Gunma	22,565	1.25
The Joyo Bank, Ltd.	5-5, Minami-machi 2-chome, Mito-shi, Ibaraki	22,232	1.23
Total		828,290	46.16

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

### 3. Officers

#### (1) Directors and independent auditor

(Thousands of yen)

Post	Name	Major additional post	Compensation or fees for the six months ended July 31, 2019
Executive Director (Note 1)	Yasuyuki Kuratsu	CEO of Research and Pricing Technologies Inc.	2,580
Supervisory Director (Note 1)	Katsuaki Takiguchi	Chief of Katsuaki Takiguchi CPA Office	1,620
	Kumi Honda	Attorney of The Tokyo-Marunouchi Law Offices	1,620
	Eiji Sakomoto	Representative Partner of Ginza K.T.C Tax Corporation	1,620
Independent auditor	Ernst & Young ShinNihon LLC	—	(Note 2) 15,500

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

Note 2 The compensation for Independent auditor includes the audit fees for the financial statements prepared in English and the preparation fee of a comfort letter with respect to the issuance of new investment corporation units in May, 2019.

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

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

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

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



# Condition of investment assets

## 1. Composition of assets

Classification of assets	Asset category	Location category	Region	As of January 31, 2019		As of July 31, 2019	
				Total of net book value	Composition ratio	Total of net book value	Composition ratio
		(Note1)		(Millions of yen)	(Note2) (%)	(Millions of yen)	(Note2) (%)
Real property	Logistics facilities or Manufacturing and R&D facilities, etc. (Industrial properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	12,934	4.5	12,956	4.1
			Osaka and Nagoya metropolitan areas	4,602	1.6	4,832	1.5
			Other area	4,085	1.4	4,081	1.3
		Other	Tokyo metropolitan area	-	-	-	-
			Osaka and Nagoya metropolitan areas	-	-	-	-
			Other area	-	-	-	-
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	44,338	15.3	44,195	14.1
			Osaka and Nagoya metropolitan areas	1,998	0.7	1,998	0.6
			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	91,798	31.7	112,371	35.8
			Osaka and Nagoya metropolitan areas	42,388	14.7	46,510	14.8
			Other area	26,437	9.1	26,390	8.4
		Other	Tokyo metropolitan area	-	-	-	-
			Osaka and Nagoya metropolitan areas	-	-	-	-
			Other area	7,738	2.7	7,703	2.5
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	13,033	4.5	13,013	4.1
			Osaka and Nagoya metropolitan areas	22,940	7.9	22,782	7.3
			Other area	-	-	-	-
		Other	Tokyo metropolitan area	-	-	-	-
			Osaka and Nagoya metropolitan areas	-	-	-	-
			Other area	-	-	-	-
Sub-total				272,297	94.1	296,837	94.5
Investments in Tokumei Kumiai agreement (Note 3)				-	-	101	0.0
Bank deposits and other assets				16,944	5.9	17,148	5.5
Total assets				289,242	100.0	314,087	100.0

Note 1 "Location category" is classified as bellow.

Location category	Description
Urban and suburban properties	Properties located in Japan's three major urban areas(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.

Note 3 Investments in Tokumei Kumiai agreement is equity interest of silent partnership with Godo Kaisha Industrial Asset Holdings 6 whose investment asset is trust beneficiary interest of OTA Techno CORE.

## 2. Major property

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

Name of property	Net book value (Millions of yen)	Leasable area (Note 1) (m <sup>2</sup> )	Leased area (Note 2) (m <sup>2</sup> )	Occupancy ratio (Note 3) (%)	Ratio of rent revenue to total rent revenues (Note 3) (%)	Major use
IIF Haneda Airport Maintenance Center	38,165	81,995.81	81,995.81	100.0	14.3	Infrastructure facility
IIF Kobe District Heating and Cooling Center	16,025	11,476.05	11,476.05	100.0	3.3	Infrastructure facility
IIF Shinonome Logistics Center (Note 4)	12,856	27,493.29	27,493.29	100.0	4.0	Logistics facility
IIF Osaka Suminoe Logistics Center I	12,066	52,201.30	52,201.30	100.0	Note 5	Logistics facility
IIF Fukuoka Hakozaki Logistics Center II	10,254	51,385.32	51,385.32	100.0	Note 5	Logistics facility
IIF Mitaka Card Center	9,379	21,615.01	21,615.01	100.0	3.6	Manufacturing and R&D facility, etc.
IIF Osaka Konohana Logistics Center	8,663	46,262.20	46,262.20	100.0	Note 5	Logistics facility
IIF Akishima Logistics Center	8,388	31,071.21	31,071.21	100.0	Note 5	Logistics facility
IIF Shinagawa IT Solution Center	7,933	7,057.03	6,976.63	98.9	Note 5	Infrastructure facility
IIF Kamata R&D Center	7,497	21,896.56	21,896.56	100.0	Note 5	Manufacturing and R&D facility, etc.
Total	131,231	352,453.78	352,373.38	100.0	39.6	

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

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

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

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

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

### 3. Details of property

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

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m <sup>2</sup> )	Fair value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Shinonome Logistics Center (Note 4)	13-32, Shinonome 2-chome, Koto-ku, Tokyo	Trust beneficial interest	27,493.29	17,172	12,856
IIF Noda Logistics Center	340-13, Nishi-sangao, Noda-shi, Chiba	Trust beneficial interest	38,828.10	9,100	5,329
IIF Shinsuna Logistics Center	5-15, Shinsuna 3-chome, Koto-ku, Tokyo	Trust beneficial interest	5,741.75	7,460	5,163
IIF Atsugi Logistics Center (Note 4)	6-19, Hase, Atsugi-shi, Kanagawa	Trust beneficial interest	5,479.84	1,080	749
IIF Koshigaya Logistics Center	1-1, Ryutsudanchi 4-chome, Koshigaya-shi, Saitama	Trust beneficial interest	10,113.50	2,780	1,756
IIF Nishinomiya Logistics Center	2, Nishinomiya 1-chome, Nishinomiya-shi, Hyogo	Trust beneficial interest	17,200.00	3,000	1,965
IIF Narashino Logistics Center (land with leasehold interest)	34-9, Akanehama 3-chome, Narashino-shi, Chiba	Real property	19,834.71	2,880	1,223
IIF Narashino Logistics Center II (Note 5)	34-1, Akanehama 3-chome, Narashino-shi, Chiba	Trust beneficial interest	83,905.16	6,360	4,653
IIF Atsugi Logistics Center II	602-9, Aza Kitaya, Funako, Atsugi-shi, Kanagawa	Real property	20,661.13	4,050	3,186
IIF Yokohama Tsuzuki Logistics Center	747, Aza Minamikochi, Kawamukou-cho, Tsuzuki-ku Yokohama-shi, Kanagawa	Trust beneficial interest	9,464.03	3,420	2,303
IIF Saitama Logistics Center	398-3, Yoshino-cho 1-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	8,995.00	2,130	1,434
IIF Nagoya Logistics Center	27, Yanagida-cho 2-chome, Nakagawa-ku, Nagoya-shi, Aichi	Real property	8,721.01	1,620	1,131
IIF Atsugi Logistics Center III	3007-7, Kamiechi Aza Uenohara, Atsugi-shi, Kanagawa	Trust beneficial interest	16,584.64	3,120	2,395
IIF Kawaguchi Logistics Center	5-3 Midori-cho, Kawaguchi-shi, Saitama	Real property	11,705.02	4,470	2,111
IIF Kobe Logistics Center	2-10, Maya-futo, Nada-ku, Kobe-shi, Hyogo	Trust beneficial interest	39,567.74	7,720	5,188
IIF Higashi-Osaka Logistics Center	7-46, Wakae-higashi-machi 6-chome, Higashi Osaka-shi, Osaka	Real property	20,495.06	3,240	2,514
IIF Kashiwa Logistics Center	1027-1, Washinoya, Kashiwa-shi, Chiba	Real property	17,379.78	2,950	1,839
IIF Misato Logistics Center	5, Izumi 3-chome, Misato-shi, Saitama	Trust beneficial interest	19,019.71	5,430	3,430
IIF Iruma Logistics Center	660-2, Aza Higashimusashino, Oaza Minami-mine, Iruma-shi, Saitama	Trust beneficial interest	17,881.65	4,160	3,044
IIF Tosu Logistics Center	127-1, Aza Uchishirage, Kuranoue-machi, Tosu-shi, Saga	Trust beneficial interest	13,862.05	1,990	1,497
IIF Inzai Logistics Center	6-1, Matsuzakidai 2-chome, Inzai-shi, Chiba	Trust beneficial interest	5,490.00	1,370	1,017
IIF Morioka Logistics Center	Plot 4-311, Oaza Hiromiyasawa, Yahabacho, Shiwa-gun, Iwate, etc.	Trust beneficial interest	8,001.57	1,240	572
IIF Hiroshima Logistics Center	22-4, Itsukaichi-ko 3-chome, Saeki-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	22,768.24	4,500	3,339
IIF Izumiotsu e-shop Logistics Center (land with leasehold interest)	8-1, Nagisa-cho, Izumiotsu-shi, Osaka	Trust beneficial interest	48,932.00	4,430	4,178
IIF Izumisano Food Processing and Logistics Center	2-11, Rinkuorai-kita, Izumisano-shi, Osaka	Real property	13,947.83	1,110	937
IIF Kyotanabe Logistics Center	55-13, Osumi-hama, Kyotanabe-shi, Kyoto	Trust beneficial interest	33,243.99	7,550	5,696

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m <sup>2</sup> )	Fair value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest)	1134-1, Aoyagi, Koga-shi, Fukuoka	Real property	30,815.97	1,000	914
IIF Fukuoka Higashi Logistics Center	9-1 Kamata 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	11,262.86	2,090	1,918
IIF Osaka Konohana Logistics Center	4-51, Shimaya 4-chome, Konohana-ku, Osaka-shi, Osaka	Trust beneficial interest	46,262.20	9,810	8,663
IIF Kazo Logistics Center	6-1, Shintone 2-chome, Kazo-shi, Saitama	Trust beneficial interest	17,744.41	2,820	2,597
IIF Hamura Logistics Center	8-16, Shinmeidai 4-chome, Hamura-shi, Tokyo	Trust beneficial interest	3,892.66	928	931
IIF Fukuoka Hakozaki Logistics Center I	14-31, Hakozakifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	24,967.58	5,370	5,215
IIF Fukuoka Hakozaki Logistics Center II	1-18, Hakozakifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	51,385.32	11,300	10,254
IIF Itabashi Logistics Center	7-7, Higashi-sakashita 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	5,057.68	1,970	1,747
IIF Sendai Taiwa Logistics Center	3-15, Maino 2-chome, Taiwa-cho, Kurokawa-gun, Miyagi	Trust beneficial interest	15,555.15	1,700	1,580
IIF Ota Logistics Center	236-1, Anyoji-cho, Ota-shi, Gunma	Real property	6,900.01	1,160	1,019
IIF Osaka Suminoe Logistics Center I	2-32, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka	Trust beneficial interest	52,201.30	14,100	12,066
IIF Osaka Suminoe Logistics Center II	2-34, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka	Trust beneficial interest	12,299.76	2,800	2,559
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	2,511
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 Mukaihara, Otsuki-machi, Koriyama-shi, Fukushima	Trust beneficial interest	17,533.15	3,170	2,561
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	2,230	2,047
IIF Hyogo Tatsuno Logistics Center	300-2, Tai-san, Nagao, Issaicho, Tatsuno-shi, Hyogo, etc.	Trust beneficial interest	25,186.78	4,380	4,144
IIF Akishima Logistics Center	3928-4, Kohake, Haijimacho, Akishima-shi, Tokyo	Trust beneficial interest	31,071.21	8,520	8,388
IIF Totsuka Technology Center (land with leasehold interest)	344-1, Nase-cho, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	31,442.47	5,390	4,553
IIF Yokohama Tsuzuki Technology Center	25-2, Kitayamada 4-chome, Tsuzuki-ku, Yokohama-shi, Kanagawa	Real property	4,655.48	1,340	1,234
IIF Mitaka Card Center	5-14, Shimo-Renjaku 7-chome, Mitaka-shi, Tokyo	Trust beneficial interest	21,615.01	10,100	9,379
IIF Kamata R&D Center	16-46, Minami-Kamata 2-chome, Ota-ku, Tokyo	Trust beneficial interest	21,896.56	8,400	7,497
IIF Kawasaki Science Center	25-19, Tono-machi 3-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa	Real property	4,857.73	2,950	2,015
IIF Sagami-hara R&D Center	1-35, Minamihashimoto 3-chome, Chuo-ku, Sagami-hara-shi, Kanagawa	Trust beneficial interest	19,328.40	4,660	3,315
IIF Yokohama Shinyamashita R&D Center	16-5, Shinyamashita 1-chome, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	4,887.83	4,230	3,852
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	4,480	4,208

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m <sup>2</sup> )	Fair value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF 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, etc.	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	5,290	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
IIF Shin-Kawasaki R&D Center	1-2, Shinogura, Saiwai-ku, Kawasaki-shi, Kanagawa	Trust beneficial interest	11,894.29	8,510	6,618
IIF Ichikawa Food Processing Center	1-2, Higashihama 1-chome, Ichikawa-shi, Chiba, etc.	Trust beneficial interest	27,424.22	6,330	6,418
IIF Gifu Kakamigahara Manufacturing Center (land with leasehold interest)	3, Takehaya, Kawashima Takehayamachi, Kakamigahara-shi, Gifu, etc.	Real property	12,551.51	264	249
IIF Kobe District Heating and Cooling Center	8-2, Higashikawasaki-cho 1-chome, Chuoku, Kobe-shi, Hyogo	Trust beneficial interest	11,476.05	14,600	16,025
IIF Haneda Airport Maintenance Center	5-1 and 2, Haneda Airport 3-chome, Ota-ku, Tokyo	Real property	81,995.81	41,300	38,165
IIF Zama IT Solution Center	1-78, Higashihara 5-chome, Zama-shi, Kanagawa	Trust beneficial interest	10,931.89	5,530	5,079
IIF Shinagawa Data Center	9-15, Futaba 2-chome, Shinagawa-ku, Tokyo	Real property	19,547.11	6,870	5,300
IIF Osaka Toyonaka Data Center	1-8, Shin-senri-nishi-machi 1-chome, Toyonaka-shi, Osaka	Trust beneficial interest	20,027.14	6,010	5,553
IIF Osaka Nanko IT Solution Center	1-23, Nanko-kita 1-chome, Suminoe-ku, Osaka-shi, Osaka	Trust beneficial interest	18,429.14	2,430	1,203
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	7,933
IIF Higashimatsuyama Gas Tank Maintenance Center (land with leasehold interest)	75-1, Shingo, Higashimatsuyama-shi, Saitama	Real property	12,880.38	755	729
Total			1,590,118.79	352,419	296,837

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 (53% of quasi-co-ownership) and IIF Atsugi Logistics Center (50% of quasi-co-ownership) 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 (58,070.00m<sup>2</sup>) and that of the building on the leased land (25,835.16m<sup>2</sup>).

Operating results of each property for the fiscal period ended January 31, 2019 and July 31, 2019 were as follows:

Name of property	For the six months ended							
	January 31, 2019				July 31, 2019			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)
IIF Shinonome Logistics Center	1	100.0	402	4.1	1	100.0	400	4.0
IIF Noda Logistics Center	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
IIF Shinsuna Logistics Center	1	100.0	179	1.8	1	100.0	179	1.8
IIF Atsugi Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Koshigaya Logistics Center	1	100.0	75	0.8	1	100.0	75	0.7
IIF Nishinomiya Logistics Center	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
IIF Narashino Logistics Center (land with leasehold interest)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Narashino Logistics Center II (Note 4)	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
IIF Atsugi Logistics Center II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Yokohama Tsuzuki Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Saitama Logistics Center	1	100.0	66	0.7	1	100.0	66	0.7
IIF Nagoya Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Atsugi Logistics Center III	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Kawaguchi Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Kobe Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Higashi-Osaka Logistics Center	2	97.3	(Note 3)	(Note 3)	2	97.3	(Note 3)	(Note 3)
IIF Kashiwa Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Misato Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Iruma Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Tosu Logistics Center	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
IIF Inzai Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Morioka Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Hiroshima Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Izumiotsu e-shop Logistics Center (land with leasehold interest)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Izumisano Food Processing and Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Kyotanabe Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)

Name of property	For the six months ended							
	January 31, 2019				July 31, 2019			
	Number of tenants (Note1)	Occupancy ratio (Note2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note2) (%)	Number of tenants (Note1)	Occupancy ratio (Note2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note2) (%)
IIF Fukuoka Higashi Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Osaka Konohana Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Kazo Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Hamura Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Fukuoka Hakozaki Logistics Center I	3	100.0	(Note 3)	(Note 3)	3	100.0	(Note 3)	(Note 3)
IIF Fukuoka Hakozaki Logistics Center II	5	100.0	(Note 3)	(Note 3)	5	100.0	(Note 3)	(Note 3)
IIF Itabashi Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Sendai Taiwa Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Ota Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Osaka Suminoe Logistics Center I	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Osaka Suminoe Logistics Center II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Morioka Logistics Center II	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Sapporo Logistics Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Hitachinaka Port Logistics Center (land with leasehold interest)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Koriyama Logistics Center	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
IIF Kobe Nishi Logistics Center (land with leasehold interest)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Hyogo Tatsuno Logistics Center (Note 5)	-	-	-	-	1	100.0	(Note 3)	(Note 3)
IIF Akishima Logistics Center (Note 5)	-	-	-	-	1	100.0	(Note 3)	(Note 3)
IIF Totsuka Technology Center (land with leasehold interest)	1	100.0	154	1.6	1	100.0	154	1.5
IIF Yokohama Tsuzuki Technology Center	1	100.0	59	0.6	1	100.0	59	0.6
IIF Mitaka Card Center	1	100.0	364	3.7	1	100.0	364	3.6
IIF Kamata R&D Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Kawasaki Science Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Sagami-hara R&D Center	1	90.1	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
IIF Yokohama Shinyamashita R&D Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Kakegawa Manufacturing Center (Land with leasehold interest)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Urayasu Machinery Maintenance Center (Land with leasehold interest)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Yokosuka Technology Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)

Name of property	For the six months ended							
	January 31, 2019				July 31, 2019			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)
IIF Shonan Technology Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Hiroshima Manufacturing Center (land with leasehold interest)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Totsuka Manufacturing Center (land with leasehold interest)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Atsugi Manufacturing Center (land with leasehold interest)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Tsukuba Manufacturing Center (land with leasehold interest)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Shin-Kawasaki R&D Center (Note 5)	-	-	-	-	1	100.0	(Note 3)	(Note 3)
IIF Ichikawa Food Processing Center (Note 5)	-	-	-	-	2	100.0	(Note 3)	(Note 3)
IIF Gifu Kakamigahara Manufacturing Center (land with leasehold interest) (Note 6)	-	-	-	-	1	100.0	(Note 3)	(Note 3)
IIF Kobe District Heating and Cooling Center	4	100.0	332	3.4	4	100.0	332	3.3
IIF Haneda Airport Maintenance Center	1	100.0	1,429	14.6	1	100.0	1,445	14.3
IIF Zama IT Solution Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Shinagawa Data Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Osaka Toyonaka Data Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Osaka Nanko IT Solution Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Nagoya Port Tank Terminal (land with leasehold interest)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
IIF Shinagawa IT Solution Center	4	49.5	(Note 3)	(Note 3)	7	98.9	(Note 3)	(Note 3)
IIF Higashimatsuyama Gas Tank Maintenance Center (land with leasehold interest)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
<b>Total (Note 7)</b>	<b>85</b>	<b>99.6</b>	<b>9,806</b>	<b>100.0</b>	<b>95</b>	<b>100.0</b>	<b>10,131</b>	<b>100.0</b>

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 revenues are not disclosed because the consent from the tenants has not been obtained.

Note 4 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 5 The property was acquired on June 3, 2019.

Note 6 The property was acquired on July 16, 2019.

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.



#### 4. Details of renewable energy generation facilities

None

#### 5. Details of operation rights of public facilities

None

#### 6. Details of investment securities

The investment in Tokumei Kumiai ("TK") agreements as July 31, 2019 were as follows:

Name	Classification of assets	Quantity	Net book value (Millions of yen)		Fair value (Note1) (Millions of yen)		Valuation	Remarks
			Per unit	Amount	Per unit	Amount		
Tokumei Kumiai interest in Godo Kaisha Industrial Asset Holdings 6	Investments in Tokumei Kumiai agreement	—	—	101	—	115	13	—
Total		—	—	101	—	115	13	—

Note 1 The value of the investments in Tokumei Kumiai agreements, or TK, represents the proportionate ownership of the net asset value of the TK. The net asset value of the TK is determined as the difference between the assets owned by the TK, which is comprised properties which are, per the Investment Corporation's policy, valued by discount cash flow model and financial assets which are valued as appropriate per generally accepted accounting standards, and liabilities held by the TK. The method used to determine the value of the TK is not consistent with a method used to determine the fair value of the investments in TK as financial assets (please refer to "Note 17 - Financial instruments, (b) Quantitative information for financial instruments, Note (2) Financial instruments for which fair value is difficult to determine" in the accompanying financial statements).

Note 2 The investment asset held by the TK is as follows:

Name	Investment asset	Location of property
Tokumei Kumiai interest in Godo Kaisha Industrial Asset Holdings 6	Trust beneficial interest in Higashi kojiya 6-chome Rental Factory (OTA Techno CORE)	4-17, Higashi kojiya 6-chome, Ota-ku, Tokyo

#### 7. Details of specified transaction

The details of specified transaction as of July 31, 2019 were as follows:

Classification	Transaction	Notional contract amount (Millions of yen)		Fair value (Note 1)
			Over 1 year	
Over-the-counter	Interest rate swaps (Floating-rate to fixed-rate interest)	38,226	33,600	(1,266)
Total		38,226	33,600	(1,266)

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

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

#### 8. Other assets

Real property and trust beneficial interests in real property are included the above tables in "3. Details of property."

There was no other significant specified asset as of July 31, 2019.

## Capital expenditures for property

### 1. Schedule of capital expenditures

The significant plan for capital expenditures on property maintenance as of July 31, 2019 was as below. The amounts of estimated cost shown in the below table are including expenses which will be charged to income.

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				Total	Advanced payment	
					Payment for the six months ended July 31, 2019	Total of advanced payment
IIF Osaka Suminoe Logistics Center I	Osaka-shi, Osaka	LED lighting equipment	November, 2019	62	-	-
IIF Haneda Airport Maintenance Center	Ota-ku, Tokyo	Renewal of 4 elevators at M1 buildings (1 period / 3 periods)	December, 2019	59	-	-
IIF Fukuoka Hakozaki Logistics Center II	Fukuoka-shi, Fukuoka	LED lighting equipment	November, 2019	55	-	-

### 2. Capital expenditures for the six months ended July 31, 2019

Maintenance expenditures on property for the six months ended July 31, 2019 were totaling to ¥974 million consisting of ¥877 million of capital expenditures stated as below and ¥97 million of repair and maintenance expenses charged to income.

(Millions of yen)

Name of property	Location	Purpose	Term for construction or maintenance	Capital expenditures
IIF Haneda Airport Maintenance Center	Ota-ku, Tokyo	Renewal of disaster prevention equipment at M1 buildings	April, 2019 to May, 2019	95
IIF Kobe Logistics Center	Kobe-shi, Hyogo	Repair of outer wall of main building and new building (1 to 3 areas)	January, 2019 to April, 2019	63
IIF Mitaka Card Center	Mitaka-shi, Tokyo	Renewal of chiller unit (2 of 4)	June, 2019 to July, 2019	58
Other	-	-	-	660
Total				877

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

None

## Condition of expenses and liabilities

### 1. Details of asset management expenses

Item	(Thousands of yen)	
	23rd fiscal period For the six months ended January 31, 2019	24th fiscal period For the six months ended July 31, 2019
(a) Asset management fees	874,827	898,922
(b) Asset custody fees	6,485	6,664
(c) Administrative service fees	32,446	33,002
(d) Directors' compensations	6,647	7,440
(e) Other operating expenses	112,168	110,092
Total	1,032,575	1,056,121

### 2. Loans payable

Loans payable as of July 31, 2019 were as follows:

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Maturity date	Repayment method	Use of proceeds	Remarks
			January 31 2019 (Millions of yen)	July 31 2019 (Millions of yen)					
Long-term loans payable	MUFG Bank, Ltd.	March 30, 2012	1,085	-	1.3 (Note 3)	March 29, 2019	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		415	-					
	MUFG Bank, Ltd.	March 30, 2012	1,000	-	1.9 (Note 3)	March 30, 2022 (Note 4)	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Mizuho Bank, Ltd. (Note 2)	March 30, 2012	1,500	1,500	1.6 (Note 3)	March 31, 2020	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 30, 2012	1,000	1,000	2.2	March 29, 2024	Lump sum	Note 6	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 30, 2012	2,000	2,000	1.9	March 29, 2022	Lump sum	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2012	500	500	1.9 (Note 3)	March 31, 2022	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2012	1,500	-	1.3 (Note 3)	March 29, 2019	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Nippon Life Insurance Company (Note 2)	June 29, 2012	1,000	1,000	1.4	June 30, 2020	Lump sum	Note 7	Unsecured and unguaranteed
	MUFG Bank, Ltd.	June 29, 2012	583	-	1.2 (Note 3)	June 28, 2019	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	June 29, 2012	417	-	1.2 (Note 3)	June 28, 2019	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	MUFG Bank, Ltd.	September 28, 2012	2,274	-	1.2 (Note 3)	September 30, 2019 (Note 4)	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation (Note 2)	September 28, 2012	1,626	1,626	1.2 (Note 3)	September 30, 2019	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Development Bank of Japan Inc.	February 6, 2013	1,000	1,000	1.8	February 5, 2025	Lump sum	Note 6	Unsecured and unguaranteed
	MUFG Bank, Ltd.	February 6, 2013	2,534	2,534	1.4 (Note 3)	February 6, 2023	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		966	966					
	MUFG Bank, Ltd.	February 6, 2013	1,000	-	1.3	February 6, 2023 (Note 4)	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	February 6, 2013	500	500	1.4 (Note 3)	February 6, 2023	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	February 6, 2013	1,000	1,000	1.5 (Note 3)	February 6, 2023	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Nippon Life Insurance Company	February 6, 2013	500	500	1.6	February 6, 2023	Lump sum	Note 6	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Maturity date	Repayment method	Use of proceeds	Remarks
			January 31 2019 (Millions of yen)	July 31 2019 (Millions of yen)					
Long-term loans payable	Shinsei Bank, Limited	February 6, 2013	500	500	1.4 (Note 3)	February 6, 2023	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	MUFG Bank, Ltd.	February 6, 2013	362	362	1.2 (Note 3)	February 4, 2022	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		138	138					
	Sumitomo Mitsui Banking Corporation	February 6, 2013	500	500	1.2 (Note 3)	February 4, 2022	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Nippon Life Insurance Company	June 28, 2013	2,000	2,000	1.8	June 28, 2024	Lump sum	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	June 28, 2013	2,500	2,500	1.7 (Note 3)	June 30, 2023	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	June 28, 2013	1,500	1,500	1.6 (Note 3)	June 30, 2022	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	The Nomura Trust and Banking Co., Ltd. (Note 2)	June 28, 2013	500	500	1.2 (Note 3)	June 30, 2020	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Resona Bank, Limited (Note 2)		500	500					
	The Yamaguchi Bank, Ltd. (Note 2)		500	500					
	MUFG Bank, Ltd.	October 18, 2013	7,500	7,500	1.4 (Note 3)	October 18, 2023	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	December 30, 2013	2,000	2,000	1.4 (Note 3)	December 29, 2023	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	MUFG Bank, Ltd.	February 6, 2014	700	700	1.3	August 6, 2024	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	February 6, 2014	900	900	1.2 (Note 3)	February 6, 2024	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	February 6, 2014	500	500	1.1	August 4, 2023	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	The Nishi-Nippon City Bank, Ltd.	February 6, 2014	500	500	1.0 (Note 3)	August 5, 2022	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	MUFG Bank, Ltd.	February 6, 2014	868	868	0.9 (Note 3)	February 4, 2022	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		331	331					
	Development Bank of Japan Inc.	March 13, 2014	1,000	1,000	1.7	March 13, 2026	Lump sum	Note 6	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 13, 2014	724	724	1.7 (Note 3)	March 13, 2026	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		276	276					
	MUFG Bank, Ltd.	March 13, 2014	1,158	1,158	1.3 (Note 3)	March 13, 2024	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		441	441					
	MUFG Bank, Ltd.	March 16, 2015	1,350	1,350	1.0	March 14, 2025	Lump sum	Note 6	Unsecured and unguaranteed
	Shinsei Bank, Limited	March 16, 2015	850	850	1.0 (Note 3)	March 14, 2025	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	March 16, 2015	850	850	1.0 (Note 3)	March 14, 2025	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 16, 2015	2,570	2,570	0.9 (Note 3)	September 13, 2024	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		979	979					
	The Chugoku Bank, LTD.	March 16, 2015	700	700	0.7 (Note 3)	September 15, 2022	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2015	1,000	1,000	1.3	March 31, 2027	Lump sum	Note 6	Unsecured and unguaranteed
	Meiji Yasuda Life Insurance Company	March 31, 2015	850	850	1.2	March 31, 2026	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 31, 2015	1,500	1,500	1.0	March 31, 2025	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 31, 2015	832	832	0.9 (Note 3)	September 30, 2024	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		317	317					
	Mizuho Bank, Ltd.	April 15, 2016	800	800	0.5 (Note 3)	March 31, 2026	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	April 15, 2016	800	800	0.5	March 31, 2026	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	MUFG Bank, Ltd.	August 31, 2016	2,000	2,000	0.4	August 31, 2026	Lump sum	Note 7	Unsecured and unguaranteed
	MUFG Bank, Ltd.	February 17, 2017	1,600	1,600	0.5	August 15, 2025	Lump sum	Note 6	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 6, 2017	3,255	3,255	0.6	March 6, 2026	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,244	1,244					

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Maturity date	Repayment method	Use of proceeds	Remarks
			January 31 2019 (Millions of yen)	July 31 2019 (Millions of yen)					
Long-term loans payable	MUFG Bank, Ltd.	March 6, 2017	2,170	2,170	0.7	September 4, 2026	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		829	829					
	Sumitomo Mitsui Banking Corporation	March 6, 2017	1,500	1,500	0.5	March 6, 2025	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 17, 2017	2,099	2,099	0.6	September 17, 2025	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		800	800					
	MUFG Bank, Ltd.	March 17, 2017	1,000	1,000	0.5	March 17, 2026	Lump sum	Note 6	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 17, 2017	1,000	1,000	0.9	March 16, 2029	Lump sum	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 17, 2017	1,500	1,500	0.5	March 17, 2025	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	March 17, 2017	1,000	1,000	0.6	March 17, 2027	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	The Nishi-Nippon City Bank, Ltd.	March 17, 2017	1,000	1,000	0.7	March 17, 2027	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	March 17, 2017	1,000	1,000	0.7	March 17, 2027	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	March 17, 2017	1,000	1,000	0.7	March 17, 2027	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	The Norinchukin Bank	March 17, 2017	1,000	1,000	0.5	March 17, 2025	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 31, 2017	4,054	4,054	0.6	September 30, 2025	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,545	1,545					
	MUFG Bank, Ltd.	March 31, 2017	1,000	1,000	0.7	March 31, 2027	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 31, 2017	600	600	0.5	March 31, 2025	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Shinsei Bank, Limited	March 31, 2017	1,000	1,000	0.7	March 31, 2027	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2017	1,300	1,300	0.8	March 30, 2029	Lump sum	Note 7	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	March 31, 2017	1,200	1,200	0.6	March 31, 2027	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	MUFG Bank, Ltd.	September 29, 2017	2,791	2,791	0.3	September 30, 2022	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,009	1,009					
	MUFG Bank, Ltd.	September 29, 2017	2,938	2,938	0.7	September 30, 2027	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,062	1,062					
	MUFG Bank, Ltd.	September 29, 2017	2,791	2,791	0.9	September 28, 2029	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,009	1,009					
	MUFG Bank, Ltd.	February 1, 2018	2,099	2,099	0.5	August 1, 2024	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		800	800					
	JAPAN POST INSURANCE Co., Ltd.	February 1, 2018	2,300	2,300	0.9	February 1, 2030	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		100	100					
	Mizuho Bank, Ltd.	February 1, 2018	700	700	0.7	February 1, 2028	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Development Bank of Japan Inc.	February 27, 2018	2,500	2,500	0.7	August 31, 2028	Lump sum	Note 7	Unsecured and unguaranteed
	Development Bank of Japan Inc.	February 27, 2018	2,500	2,500	0.9	February 28, 2030	Lump sum	Note 7	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 7, 2018	400	400	0.7	September 7, 2028	Lump sum	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 7, 2018	400	400	0.6	September 7, 2027	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	March 7, 2018	400	400	0.6	March 7, 2028	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	March 7, 2018	1,100	1,100	0.6	March 7, 2028	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 9, 2018	1,808	1,808	0.3	September 9, 2021	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		692	692					
	MUFG Bank, Ltd.	March 9, 2018	3,618	3,618	0.7	March 9, 2028	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,382	1,382					
	MUFG Bank, Ltd.	March 9, 2018	724	724	0.8	March 9, 2029	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		276	276					

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Maturity date	Repayment method	Use of proceeds	Remarks
			January 31 2019 (Millions of yen)	July 31 2019 (Millions of yen)					
Long-term loans payable	MUFG Bank, Ltd.	March 30, 2018	796	796	0.3	September 30, 2021	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		303	303					
	MUFG Bank, Ltd.	March 30, 2018	434	434	0.6	September 30, 2027	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		165	165					
	Development Bank of Japan Inc.	March 30, 2018	1,200	1,200	0.7	September 29, 2028	Lump sum	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2018	1,000	1,000	0.3	September 30, 2021	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2018	600	600	0.6	September 30, 2027	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	March 30, 2018	500	500	0.6	March 31, 2028	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 29, 2019	-	1,500	0.2	March 29, 2024	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 29, 2019	-	500	0.5	March 31, 2027	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 29, 2019	-	1,000	0.4	September 30, 2027	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 29, 2019	-	1,000	0.5	September 29, 2028	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 29, 2019	-	3,274	0.5	March 29, 2029	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
	MUFG Bank, Ltd.	May 31, 2019	-	1,000	0.2	November 30, 2021	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	May 31, 2019	-	800	0.2	May 31, 2022	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	May 31, 2019	-	800	0.4	November 30, 2026	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	The Norinchukin Bank	May 31, 2019	-	1,000	0.3	August 2, 2027	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	May 31, 2019	-	800	0.4	November 30, 2027	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	May 31, 2019	-	1,000	0.4	May 31, 2028	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	MUFG Bank, Ltd.	May 31, 2019	-	900	0.4	November 30, 2028	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	May 31, 2019	-	800	0.4	November 30, 2028	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	May 31, 2019	-	1,000	0.5	May 31, 2029	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Shinsei Bank, Limited	May 31, 2019	-	1,000	0.5	May 31, 2029	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Development Bank of Japan Inc.	May 31, 2019	-	1,600	0.6	May 31, 2030	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	Nippon Life Insurance Company	May 31, 2019	-	1,500	0.6	May 31, 2030	Lump sum (Note 5)	Note 6	Unsecured and unguaranteed
	MUFG Bank, Ltd.	June 28, 2019	-	583	0.5	November 30, 2028	Lump sum (Note 5)	Note 7	Unsecured and unguaranteed
Sub-total			134,800	146,583					
Total			134,800	146,583					

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

Note 2 These long-term loans payable are current portion as of July 31, 2019.

Note 3 These long-term loans payable are hedged by interest rate swaps and the average interest rate of these long-term loans payable is calculated adjusting for the effect of the interest rate swaps.

Note 4 The Investment Corporation had repaid all principal of the loans payable on March 29, 2019 in advance of the due date.

Note 5 The Investment Corporation may repay all or part of principal of the loans payable on interest payment date.

Note 6 The funds were appropriated to acquisition of real estate property, etc.

Note 7 The funds were appropriated to repayment of outstanding loans payable.

### 3. Investment corporation bonds

Name of bonds	Issuance date	Balance as of		Interest rate (%)	Maturity date	Repayment method	Use of proceeds	Remarks
		January 31, 2019 (Millions of yen)	July 31, 2019 (Millions of yen)					
The 2 <sup>nd</sup> Unsecured Investment Corporation Bond	December 27, 2012	5,000	5,000	1.40	December 27, 2022	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 3 <sup>rd</sup> Unsecured Investment Corporation Bond	June 26, 2014	2,000	2,000	0.89	June 26, 2024	Lump sum (Note)	Repayment of outstanding loans payable	Unsecured and unguaranteed
The 4 <sup>th</sup> Unsecured Investment Corporation Bond	December 26, 2016	3,000	3,000	0.40	December 25, 2026	Lump sum (Note)	Repayment of investment corporation bonds	Unsecured and unguaranteed
Total		10,000	10,000					

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

### 4. Short-term investment corporation bonds

None

### 5. Investment unit warrants

None

## Condition of investment transactions

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

(Millions of yen)

	Name of real property, etc.	Acquisition		Disposition			
		Date of acquisition	Acquisition cost (Note)	Date of disposition	Disposition amount (Note)	Net book value	Gain (loss) on disposition
Investments in Tokumei Kumiai agreement	Tokumei Kumiai interest in Godo Kaisha Industrial Asset Holdings 6	February 28, 2019	100	-	-	-	-
Real property	IIF Gifu Kakamigahara Manufacturing Center (land with leasehold interest)	July 16, 2019	225	-	-	-	-
Trust beneficial interest	IIF Akishima Logistics Center	June 3, 2019	8,019	-	-	-	-
	IIF Hyogo Tatsuno Logistics Center	June 3, 2019	3,915	-	-	-	-
	IIF Shin-Kawasaki R&D Center	June 3, 2019	6,300	-	-	-	-
	IIF Ichikawa Food Processing Center	June 3, 2019	6,200	-	-	-	-
	IIF Atsugi Logistics Center (50% of quasi-co-ownership)	-	-	March 29, 2019	1,280	759	470
Total			24,759		1,280	759	470

Note The acquisition cost or disposition amount indicates contracted amount of the property in the purchase agreement excluding related expenses (brokerage fee, taxes, etc.).

### 2. Transactions of other assets

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

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

#### (1) Property (Appraisal value)

(Millions of yen)

Acquisition /Disposition	Name of property	Date of acquisition /disposition	Acquisition Cost /Disposition amount (Note 1)	Appraisal value	Name of appraiser	Date of appraisal
Acquisition	IIF Akishima Logistics Center	June 3, 2019	8,019	8,520	Tanizawa Sōgō Appraisal Co., Ltd.	April 1, 2019
Acquisition	IIF Hyogo Tatsuno Logistics Center	June 3, 2019	3,915	4,380	Tanizawa Sōgō Appraisal Co., Ltd.	April 1, 2019
Acquisition	IIF Shin-Kawasaki R&D Center	June 3, 2019	6,300	8,480	Japan Real Estate Institute	April 1, 2019
Acquisition	IIF Ichikawa Food Processing Center	June 3, 2019	6,200	6,330	Daiwa Real Estate Appraisal Co., Ltd.	April 1, 2019
Acquisition	IIF Gifu Kakamigahara Manufacturing Center (land with leasehold interest)	July 16, 2019	225	264	Japan Real Estate Institute	April 1, 2019
Disposition	IIF Atsugi Logistics Center	March 29, 2019	1,280	1,080 (Note 2)	Japan Real Estate Institute	January 31, 2019

Note 1 The acquisition cost or disposition amount indicates contracted amount of the property in the purchase agreement excluding related expenses (brokerage fee, taxes, etc.).

Note 2 The appraisal value of IIF Atsugi Logistics Center is corresponding to 50% of the share of quasi-co-ownership disposed.



## (2) Investment securities

(Millions of yen)

Acquisition /Disposition	Name	Date of acquisition /disposition	Acquisition Cost /Disposition amount (Note 1)	Reserched value of specified asset (Note 2)
Acquisition	Tokumei Kumiai interest in Godo Kaisha Industrial Asset Holdings 6	February 28, 2019	100	103

Note 1 The acquisition cost do not include related expenses for acquisition.

Note 2 For the transaction of investment in Tokumei Kumiai for the six months ended July 31, 2019, investigation was performed by Akasaka Audit LLC pursuant to Article 201 of the Act on Investments Trusts and Investment Corporation of Japan with respect to details of the transaction such as transaction type, acquisition date, investment asset, name, transaction amount or other matters.

## (3) Other transaction

None

## 4. Transactions with interested parties

### (1) Outline of transactions

Classification	Acquisition cost / Disposition amount (Notes 2 and 3)	
	Acquisition cost	Disposition amount
Total amount	24,659,990 thousand	1,280,000 thousand
<i>Breakdown for transactions with interested parties</i>		
Mitsubishi Corporation Urban Development, Inc.	6,200,000 thousand (25.1%)	- thousand (- %)
Total	6,200,000 thousand (25.1%)	- thousand (- %)

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

Classification	Total amount (A)	(Thousand of yen)		
		Transactions with interested parties or major shareholders		(B) / (A)
		Name of counter party	Amount of payment (B)	
Facility management fees	164,699	NIKKEN CORPORATION	4,404	2.7%

Note 1 "Interested parties" means the interested parties related with the asset management company of the Investment Corporation as prescribed under Article 26, Item 27 of the Regulations for Management Reports by Investment Trusts and Investment Corporations of the Investment Trusts Association, Japan.

Note 2 The acquisition cost or disposition amount indicate contracted amount of the property in the purchase agreement.

Note 3 Percentages in parentheses indicate ratio of each amount to the total amount of acquisition cost or disposition amount.

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

None

## Financial information

### 1. Financial position and operating results

Please refer to the accompanying financial statements.

### 2. Changes in depreciation method

None

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

None

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

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

None

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

None

## Other information

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

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

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

Date	Number of units increased (Units)	Number of units decreased (Units)	Number of units held (Units)
January 1, 2015	(Note) 600	-	1,200
February 1, 2018	(Note) 3,600	-	4,800
Accumulated number	4,800	-	4,800

Note The Investment Corporation implemented a split of its investment units.

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

Date	Number of investment units held at end of period (Units)	Aggregated value of investment units held at end of period (Note 1) (Thousands of yen)	Ratio of number of investment units held to number of investment units issued and outstanding
The 15th fiscal period (July 1, 2014 to December 31, 2014)	600	666,000	0.4%
The 16th fiscal period (January 1, 2015 to June 30, 2015)	1,200	663,600	0.3%
The 17th fiscal period (July 1, 2015 to December 31, 2015)	1,200	691,200	0.3%
The 18th fiscal period (January 1, 2016 to June 30, 2016)	1,200	687,600	0.3%
The 19th fiscal period (July 1, 2016 to December 31, 2016)	1,200	668,400	0.3%
The 20th fiscal period (January 1, 2017 to July 31, 2017)	1,200	598,800	0.3%
The 21st fiscal period (August 1, 2017 to January 31, 2018)	1,200	599,040	0.3%
The 22nd fiscal period (February 1, 2018 to July 31, 2018)	4,800	578,880	0.3%
The 23rd fiscal period (August 1, 2018 to January 31, 2019)	4,800	558,240	0.3%
The 24th fiscal period (February 1, 2019 to July 31, 2019)	4,800	683,520	0.3%

Note 1 "Aggregated value of investment units held at end of period" is calculated by market price of the investment securities on Tokyo Stock Exchange REIT Market at end of period.

## 2. Notice

Execution or modification of significant agreement approved by the Board of Directors of IIF for the six months ended July 31, 2019 was as follows:

Approval day	Item	Summary
May 22, 2019	Underwriting agreements of new investment units	In connection with the offering of new investment units, the Board of Directors of IIF approved entering into the underwriting agreements with Nomura Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and SMBC Nikko Securities Inc as joint coordinator.

## 3. Other

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