

Translation

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

September 11, 2019

Name of issuer: Industrial & Infrastructure Fund Investment Corporation
 ("the Investment Corporation")

Stock exchange listing: Tokyo Stock Exchange

Securities code: 3249

Website: <https://www.iif-reit.com/english/>

Representative of the Investment Corporation: Yasuyuki Kuratsu, Executive Director

Name of asset manager: Mitsubishi Corp.-UBS Realty Inc.

Representative of the asset manager: Katsuji Okamoto, President & CEO

Contact: Hidehiko Ueda, Executive Officer Head of Industrial Division
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Scheduled date for filing of securities report: October 24, 2019

Scheduled date for distributions payment: October 15, 2019

Supplementary materials for financial results: Otherwise prepared

Analyst meeting: Scheduled

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

1. Financial results for the six months ended July 31, 2019 (February 1, 2019 to July 31, 2019)**(1) Operating results**

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ended July 31, 2019	10,602	8.1	6,218	11.8	5,192	12.3	5,190	12.2
January 31, 2019	9,806	1.2	5,562	0.2	4,625	0.2	4,624	0.2

	Net income per unit		Return on unitholders' equity		Ratio of ordinary income to total assets		Ratio of ordinary income	
	Yen	%		%		%		%
For the six months ended July 31, 2019	2,997	3.8		1.7		49.0		
January 31, 2019	2,722	3.6		1.6		47.2		

(2) Distributions

	Distribution per unit (including distributions in excess of profit)	Distribution per unit (excluding distributions in excess of profit)	Distribution per unit in excess of profit	Total distributions (including distributions in excess of profit)	Total distributions (excluding distributions in excess of profit)	Total distributions in excess of profit	Payout ratio	Ratio of distributions to net assets
	Yen	Yen	Yen	Millions of yen	Millions of yen	Millions of yen	%	%
For the six months ended July 31, 2019	2,933	2,893	40	5,261	5,190	71	100.0	3.7
January 31, 2019	2,723	2,722	1	4,625	4,624	1	100.0	3.6

Note 1: Distribution per unit in excess of profit for the six months ended July 31, 2019 amounting to ¥40 consist of allowance for temporary difference adjustment amounting to ¥1 and other distribution in excess of profit amounting to ¥39. The ratio of decrease in net assets is 0.001.

Note 2: Payout ratio for the six months ended July 31, 2019 is calculated by following formula, as new investment units were issued during the period.

Payout ratio = Total distributions (excluding distributions in excess of profit) ÷ Net income × 100

(3) Financial position

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
	Millions of yen	Millions of yen	%	Yen
As of July 31, 2019	314,087	141,873	45.2	79,081
January 31, 2019	289,242	129,780	44.9	76,394

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
For the six months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
July 31, 2019	6,363	(25,812)	18,606	13,702
January 31, 2019	7,038	(1,743)	(4,613)	14,545

2. Outlook for the six months ending January 31, 2020 (August 1, 2019 to January 31, 2020)

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2020	11,003	3.8	6,472	4.1	5,532	6.5	5,530	6.6

	Net income per unit	Distribution per unit (including distributions in excess of profit)	Distributions per unit (excluding distributions in excess of profit)	Distributions in excess of profit per unit
For the six months ending	Yen	Yen	Yen	Yen
January 31, 2020	3,083	3,085	3,083	2

※ Others

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

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

(2) Number of investment units issued

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

As of July 31, 2019 1,794,016 units

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

Number of own investment units at the end of period:

As of July 31, 2019 0 units

As of January 31, 2019 0 units

Note: For the number of unit as a basis of calculation of net income per unit, please refer to per unit information on page 25.

Forward-looking Statements and Other Notes

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

For further information and assumptions regarding the forward-looking statements, please refer to “B. Outlook for the next period” on page 5

1. Results of operation

(1) Operations

A. Operations during the period

i. Major developments and management performance of IIF

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

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

ii. 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 m², and the average occupancy rate was 100.0%.

iii. Funding

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

a) 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.

b) 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.

iv. 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.

B. Outlook for the next period

i. 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.

ii. Issues to be solved and management policy going forward

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

a) External growth

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

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

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

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

b) Internal growth

As of 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.

c) Financial strategy

In consideration of IIF's portfolio that generates "long-term stable cash flows based on long-term lease contracts," IIF's basic strategy in raising funds is to fix liabilities in the long term. In accordance with this policy, IIF will continue to pursue ALM (Asset Liability Management) that matches up the long-term stable cash flows of properties with the long-term fixed-rate borrowings.

IIF will also proceed with reducing fund-raising costs, lengthening borrowing periods, standardizing repayment amounts and diversifying repayment dates through effective refinancing of existing loans. Furthermore, IIF will continue to diversify lenders and procurement methods in the aim of enhancing its fund-raising base.

iii. Earnings forecast for the next fiscal period

The forecasts of operating results for the fiscal period ending January 31, 2020 (August 1, 2019 to January 31, 2020) are operating revenue of 11,003 million yen, ordinary income of 5,532 million yen, net income of 5,530 million yen and distributions per unit of 3,085 yen (including a distribution per unit in excess of profit of 2 yen).

For the assumptions regarding these forecasts, refer to the following "Earnings Forecast Assumptions for the 25th Fiscal Period (August 1, 2019 to January 31, 2020)".

The main changes from the 24th Fiscal Period (February 1, 2019 to July 31, 2020) include the following.

Operating revenue (increase of 400 million yen from the previous fiscal period)

- Increase in rental revenue from the five properties acquired in the fiscal period ended July 31, 2019 (February 1, 2019 to July 31, 2019)

Operating expense (increase of 148 million yen from the previous fiscal period)

- Increase in rental expenses for the five properties acquired in the fiscal period ended July 31, 2019 (February 1, 2019 to July 31, 2019)
- Taxes and public charges expensed on the 13 properties acquired in the fiscal period ended July 31, 2018 (February 1, 2018 to July 31, 2018)

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

【Attachment】

Earnings Forecast Assumptions for the 25th Fiscal Period (August 1, 2019 to January 31, 2020)

Item	Assumption
Accounting period	25 th Fiscal Period From August 1, 2019 to January 31, 2020 (184 days)
Assets owned	It is assumed that IIF owns the real estate and trust beneficial interest in real property for the 71 properties that it holds as of January 31, 2020. The following property was disposed of in the 25 th fiscal period. <Disposed of on August 1, 2019> IIF Atsugi Logistics Center (50% co-ownership interest) Excluding the above property disposed of, it is assumed that there will be no further transfer of property until January 31, 2020, although changes may in fact occur due to other property acquisitions, disposals, or similar activities.
Interest-bearing debt	The total amount of interest-bearing debt as of July 31, 2019 was JPY 156,583 million, consisting of long-term debt (including those loans that will become due within one year) of JPY 146,583 million and investment corporation bonds of JPY 10,000 million. Interest-bearing debts that will come due during the 25 th fiscal period are long-term loans of JPY 1,626 million. Such debts will be refinanced for the same amount of long-term debt.
Operating revenues	We have estimated the rent revenue based on lease agreements we expect to be effective during the 25 th fiscal period, as well as, among others, market environment, characteristic of individual property, competitiveness of properties and status of individual tenant (including a plan for evacuation). We assume the properties are owned as described in “Assets owned” above and that there will be no arrears or non-payments of rent by the leaseholders for the 25 th fiscal period.
Operating expenses	Fixed property tax, city planning tax and depreciable property tax in the 25 th period is forecast to be approximately 870 million yen. Repair costs are forecast to be approximately 69 million yen. Depreciation (including ancillary expenses) is calculated based on the straight-line method and is estimated to be approximately JPY 1,471 million for the 25 th fiscal period. Calculation of external outsourcing expenses (property management fees, building management fees, etc.) is based on actual results thus far.
Non-operating expenses	Based on the assumptions of “Interest-bearing debt” above, we estimate the interest expenses, other debt-related expenses, interest expenses on investment corporation bonds and amortization of investment corporation bond issuance costs will be approximately JPY 869 million for the 25 th fiscal period. We estimate the amortization of the cost concerning the issuance of new investment units will be approximately JPY 68 million for the 25 th fiscal period.
Extraordinary gain or loss	No extraordinary gain or loss is expected for the 25 th fiscal period.
Total number of units issued	It is assumed that the total number of issued investment units as of September 11, 2019 is 1,794,016.
Distributions per unit (excluding distributions in excess of retained earnings per unit))	It is assumed that net income excluding amounts less than 1 yen per unit will be distributed in its entirety. The calculations of distributions per unit for the 25 th fiscal period were based on the assumption that fluctuations in the fair value of interest rate swaps will not have any impact on distributions per unit.
Distribution in excess of retained earnings per unit (allowance for temporary difference adjustments)	For IIF Kazo Logistics Center, which we acquired on September 1, 2016, IIF Hamura Logistics Center, which we acquired on December 22, 2016, and IIF Ichikawa Food Processing Center, which we acquired on June 3, 2019, we are recording asset retirement obligations related to asbestos removal, and we expect to record an allowance for temporary difference adjustment for tax accounting discrepancies related to interest costs on such asset retirement obligations and depreciation expenses relating to buildings, etc. During the 25 th fiscal period, we assume that we will make a distribution in excess of retained earnings of 2 yen per unit (allowance for temporary difference adjustments).

Distributions in excess of retained earnings per unit (distributions under tax law resulting in a decrease of investment capital)	There is no plan at present to make distributions under tax law resulting in a decrease of investment capital.
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The overviews of properties disposed of during the fiscal period ending January 31, 2020 is as follows.

Name of disposed property	Location (Note 1)	Type	Disposition price (Millions of yen) (Note 2)
IIF Atsugi Logistics Center (50% co-ownership interest)	6-19, Hase, Atsugi-shi, Kanagawa	Logistics Facilities	1,280

Note 1 "Location" means the residence indication.

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

Note 3 For details of properties disposed of, please refer to Notice Concerning Completion of Disposition of Trust Beneficiary Right in IIF Atsugi Logistics Center (50% co-ownership interest) as of August 1, 2019.

(2) Investment risk

There have been no significant changes to the "Investment risk" since the most recent securities report (submitted on April 25, 2019), and hence, description of these matters is omitted.

2. Financial information

(1) Balance sheets

(Thousands of yen)		
	As of	
	January 31, 2019	July 31, 2019
ASSETS		
Current assets:		
Cash and bank deposits	11,406,761	10,464,901
Cash and bank deposits in trust	3,138,984	3,237,722
Rental receivables	266,549	305,008
Prepaid expenses	516,831	1,176,326
Consumption taxes refundable	-	302,725
Other	7,355	2,847
Total current assets	15,336,481	15,489,533
Noncurrent assets:		
Property, plant and equipment:		
Buildings, at cost	33,719,630	33,965,870
Less: Accumulated depreciation	(6,750,598)	(7,142,920)
Buildings, net	26,969,031	26,822,949
Structures, at cost	93,211	99,240
Less: Accumulated depreciation	(28,608)	(31,780)
Structures, net	64,603	67,460
Machinery and equipment, at cost	11,892	11,892
Less: Accumulated depreciation	(11,892)	(11,892)
Machinery and equipment, net	0	0
Tools, furniture and fixtures, at cost	13,575	13,855
Less: Accumulated depreciation	(6,714)	(7,553)
Tools, furniture and fixtures, net	6,860	6,302
Land	21,084,631	21,334,206
Construction in progress	1,069	-
Buildings in trust, at cost	71,341,067	77,098,695
Less: Accumulated depreciation	(11,769,825)	(12,403,130)
Buildings in trust, net	59,571,241	64,695,565
Structures in trust, at cost	580,484	633,359
Less: Accumulated depreciation	(399,932)	(397,234)
Structures in trust, net	180,552	236,125
Machinery and equipment in trust, at cost	109,899	109,899
Less: Accumulated depreciation	(20,120)	(26,184)
Machinery and equipment in trust, net	89,779	83,715
Tools, furniture and fixtures in trust, at cost	36,420	41,139
Less: Accumulated depreciation	(12,164)	(14,721)
Tools, furniture and fixtures in trust, net	24,256	26,418
Land in trust	144,470,488	163,725,785
Construction in progress in trust	367	3,870
Total net property, plant and equipment	252,462,881	277,002,400
Intangible assets:		
Leasehold right (Note 1)	19,833,966	19,833,966
Other	7,013	11,801
Total intangible assets	19,840,979	19,845,768
Investments and other assets:		
Investment securities	-	101,517
Lease and guarantee deposits	10,200	10,200
Long-term prepaid expenses	1,374,344	1,417,772
Other	3,000	3,000
Total investments and other assets	1,387,544	1,532,489
Total noncurrent assets	273,691,406	298,380,658
Deferred assets:		
Investment unit issuance costs	171,853	178,190
Investment corporation bonds issuance costs	42,785	38,977
Total deferred assets	214,638	217,168
TOTAL ASSETS	289,242,526	314,087,359

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

(Thousands of yen)

	As of	
	January 31, 2019	July 31, 2019
LIABILITIES		
Current liabilities:		
Operating accounts payable	545,658	741,552
Current portion of long-term loans payable	7,900,000	5,626,000
Accounts payable – other	547,074	617,930
Accrued expenses	136,149	133,953
Income taxes payable	1,308	1,583
Consumption taxes payable	494,160	-
Advances received	1,609,205	2,179,079
Other	266,131	71,436
Total current liabilities	11,499,687	9,371,536
Noncurrent liabilities:		
Investment corporation bonds – unsecured	10,000,000	10,000,000
Long-term loans payable	126,900,000	140,957,000
Tenant leasehold and security deposits	2,489,625	2,489,625
Tenant leasehold and security deposits in trust	8,185,305	8,887,835
Asset retirement obligations	173,932	317,347
Derivatives liabilities	213,241	189,116
Other	128	1,743
Total noncurrent liabilities	147,962,232	162,842,668
TOTAL LIABILITIES	159,461,919	172,214,204
NET ASSETS		
Unitholders' equity:		
Unitholders' capital	125,376,568	136,894,435
Capital deduction:		
Allowance for temporary difference adjustment (Note 3)	(225,597)	(222,603)
Total capital deduction	(225,597)	(222,603)
Unitholders' capital, net	125,150,971	136,671,831
Surplus:		
Retained earnings	4,842,876	5,404,485
Total surplus	4,842,876	5,404,485
Total unitholders' equity	129,993,847	142,076,317
Valuation and translation adjustments:		
Deferred gains or (losses) on hedges	(213,241)	(203,162)
Total valuation and translation adjustments	(213,241)	(203,162)
TOTAL NET ASSETS (Note 2)	129,780,606	141,873,154
TOTAL LIABILITIES AND NET ASSETS	289,242,526	314,087,359

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

(2) Statements of income and retained earnings

	(Thousands of yen)	
	For the six months ended	
	January 31, 2019	July 31, 2019
Operating revenue		
Rent revenue—real estate (Note 4)	9,806,345	10,131,622
Gain on sales of property (Note 5)	-	470,143
Dividend income from investments in Tokumei Kumiai	-	1,018
Total operating revenue	9,806,345	10,602,784
Operating expenses		
Expenses related to property rental business (Note 4)	3,210,848	3,327,871
Asset management fees	874,827	898,922
Directors' compensations	6,647	7,440
Asset custody fees	6,485	6,664
Administrative service fees	32,446	33,002
Other	112,168	110,092
Total operating expenses	4,243,424	4,383,992
Operating income	5,562,920	6,218,792
Non-operating income		
Interest income	70	68
Interest on refund	1,438	-
Reversal of distribution payable	429	478
Total non-operating income	1,938	546
Non-operating expenses		
Interest expenses	644,614	619,141
Interest expenses on investment corporation bonds	50,173	49,626
Amortization of investment corporation bonds issuance costs	3,807	3,807
Borrowing related expenses	183,662	240,569
Amortization of investment unit issuance costs	56,928	62,679
Other	75	51,233
Total non-operating expenses	939,262	1,027,059
Ordinary income	4,625,596	5,192,279
Income before income taxes	4,625,596	5,192,279
Income taxes		
Current	1,318	1,801
Total income taxes	1,318	1,801
Net income	4,624,277	5,190,477
Retained earnings brought forward	218,599	214,007
Unappropriated retained earnings	4,842,876	5,404,485

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

(3) Statements of changes in net assets

(Thousands of yen)

	Unitholders' equity						Valuation and translation adjustments			
	Unitholders' capital			Surplus			Deferred gains or (losses) on hedges	Total valuation and translation adjustments	Total net assets	
	Capital deduction		Unitholders' capital, net	Retained earnings	Total surplus	Total unitholders' equity				
	Unitholders' capital (Note 2)	Allowance for temporary difference adjustment								Total capital deduction
Balance as of July 31, 2018	125,376,568	(251,547)	(251,547)	125,125,021	4,858,533	4,858,533	129,983,554	(217,933)	(217,933)	129,765,621
<u>Changes during the period</u>										
Dividends from surplus	-	-	-	-	(4,612,285)	(4,612,285)	(4,612,285)	-	-	(4,612,285)
Reversal of allowance for temporary difference adjustment	-	27,648	27,648	27,648	(27,648)	(27,648)	-	-	-	-
Dividend in excess of profit from allowance for temporary difference adjustment	-	(1,698)	(1,698)	(1,698)	-	-	(1,698)	-	-	(1,698)
Net income	-	-	-	-	4,624,277	4,624,277	4,624,277	-	-	4,624,277
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	4,692	4,692	4,692
<u>Total changes during the period</u>	-	25,949	25,949	25,949	(15,656)	(15,656)	10,293	4,692	4,692	14,985
Balance as of January 31, 2019	125,376,568	(225,597)	(225,597)	125,150,971	4,842,876	4,842,876	129,993,847	(213,241)	(213,241)	129,780,606
<u>Changes during the period</u>										
Issuance of new investment units	11,517,867	-	-	11,517,867	-	-	11,517,867	-	-	11,517,867
Dividends from surplus	-	-	-	-	(4,624,177)	(4,624,177)	(4,624,177)	-	-	(4,624,177)
Reversal of allowance for temporary difference adjustment	-	4,692	4,692	4,692	(4,692)	(4,692)	-	-	-	-
Dividend in excess of profit from allowance for temporary difference adjustment	-	(1,698)	(1,698)	(1,698)	-	-	(1,698)	-	-	(1,698)
Net income	-	-	-	-	5,190,477	5,190,477	5,190,477	-	-	5,190,477
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	10,079	10,079	10,079
<u>Total changes during the period</u>	11,517,867	2,993	2,993	11,520,860	561,608	561,608	12,082,469	10,079	10,079	12,092,548
Balance as of July 31, 2019	136,894,435	(222,603)	(222,603)	136,671,831	5,404,485	5,404,485	142,076,317	(203,162)	(203,162)	141,873,154

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

(4) Statements of cash distributions

	(Yen)	
	For the six months ended	
	January 31, 2019	July 31, 2019
I Unappropriated retained earnings	4,842,876,566	5,404,485,102
II Distributions in excess of profit	1,698,816	71,760,640
Allowance for temporary difference adjustment	1,698,816	1,794,016
Other unitcapital deduction	-	69,966,624
III Capitalization	4,692,183	10,079,112
Reversal of allowance for temporary difference adjustment	4,692,183	10,079,112
IV Cash distribution declared	4,625,875,968	5,261,848,928
<i>(Cash distribution declared per unit)</i>	<i>(2,723)</i>	<i>(2,933)</i>
Profit distributions	4,624,177,152	5,190,088,288
<i>(Profit distributions per unit)</i>	<i>(2,722)</i>	<i>(2,893)</i>
Allowance for temporary difference adjustment	1,698,816	1,794,016
<i>(Distribution per unit in excess of profit from allowance for temporary difference adjustment)</i>	<i>(1)</i>	<i>(1)</i>
Other distribution in excess of profit	-	69,966,624
<i>(Distribution per unit in excess of profit from other distribution in excess of profit)</i>	<i>(-)</i>	<i>(39)</i>
V Retained earnings carried forward	214,007,231	204,317,702

Note:

For the six months ended January 31, 2019:

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

In accordance with the distribution policy in Article 25, Paragraph 1, Item 2 of the Investment Corporation's articles of incorporation which stipulates making distributions in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, profit distributions (do not include distributions in excess of profit) declared for the six months ended January 31, 2019 were ¥4,624,177,152 which were all of profit as defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan after deduction of reversal of allowance for temporary difference adjustment (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan), except for fractional distribution per unit less than one yen.

In addition, the Investment Corporation makes distributions in excess of profit considering an effect of differences between net income and taxable income (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan) and items deducted from net assets (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan) in accordance with the policy for the distributions in excess of profit prescribed in the article of incorporation 25, Paragraph 2. Distributions in excess of profit for the six months ended January 31, 2019 were amounting to ¥1,698,816 which were corresponding to differences between net income and taxable income for the period, except for fractional distribution per unit in excess of profit less than one yen. All of the distributions in excess of profit for the six months ended January 31, 2019 were amounting to ¥1,698,816 consist only of allowance for temporary difference adjustment (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan). Unitcapital refund from deduction of unitcapital under tax rules is not included.

For the six months ended July 31, 2019:

Cash distributions declared for the six months ended July 31, 2019 were ¥5,261,848,928.

In accordance with the distribution policy in Article 25, Paragraph 1, Item 2 of the Investment Corporation's articles of incorporation which stipulates making distributions in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, profit distributions (do not include distributions in excess of profit) declared for the six months ended July 31, 2019 were ¥5,190,088,288 which were all of profit as defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan after deduction of reversal of allowance for temporary difference adjustment (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan), except for fractional distribution per unit less than one yen.

In addition, the Investment Corporation makes distributions in excess of profit considering an effect of differences between net income and taxable income (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan) and items deducted from net assets (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan) in accordance with the policy for the distributions in excess of profit prescribed in the article of incorporation 25, Paragraph 2. Distributions in excess of profit corresponding to differences between net income and taxable income for the six months ended July 31, 2019 were amounting to ¥1,794,016, except for fractional distribution per unit in excess of profit less than one yen. Furthermore, the Investment Corporation makes unitcapital refunds from deduction of unitcapital amounting to ¥69,966,624 to level cash distributions. As a result, cash distributions declared for the six months ended July 31, 2019 totaled ¥5,261,848,928.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	January 31, 2019	July 31, 2019
Net cash provided by (used in) operating activities:		
Income before income taxes	4,625,596	5,192,279
Depreciation and amortization	1,365,886	1,404,025
Amortization of investment corporation bonds issuance costs	3,807	3,807
Amortization of investment unit issuance costs	56,928	62,679
Interest income	(70)	(68)
Interest expenses	694,788	668,768
Changes in assets and liabilities:		
Decrease (increase) in operating accounts receivable	29,026	(38,459)
Decrease (increase) in consumption taxes refundable	278,892	(302,725)
Decrease (increase) in prepaid expenses	578,640	(659,495)
Decrease (increase) in long-term prepaid expenses	81,819	(43,427)
Increase (decrease) in operating accounts payable	(12,610)	27,124
Increase (decrease) in accounts payable - other	16,999	33,903
Increase (decrease) in accrued expenses	287	(219)
Increase (decrease) in consumption taxes payable	494,160	(494,160)
Increase (decrease) in advances received	(422,994)	569,874
Increase (decrease) in other noncurrent liabilities	(26)	1,615
Decrease from sales of property and equipment in trust	-	759,989
Other, net	(63,514)	(150,253)
Subtotal	7,727,615	7,035,258
Interest income received	70	68
Interest expenses paid	(687,507)	(670,744)
Income taxes paid	(1,702)	(1,526)
Net cash provided by operating activities	7,038,476	6,363,056
Net cash provided by (used in) investing activities:		
Purchases of property, plant and equipment	(1,235,670)	(477,718)
Purchases of property, plant and equipment in trust	(623,391)	(25,877,008)
Proceeds from tenant leasehold and security deposits	41,060	-
Proceeds from tenant leasehold and security deposits in trust	95,540	765,434
Payments of tenant leasehold and security deposits in trust	(15,393)	(115,838)
Purchase of investment in securities	-	(101,517)
Other	(5,464)	(5,902)
Net cash used in investing activities	(1,743,319)	(25,812,550)
Net cash provided by (used in) financing activities:		
Proceeds from long-term loans payable	-	20,057,000
Repayments of long-term loans payable	-	(8,274,000)
Proceeds from issuance of investment units	-	11,449,218
Dividends paid	(4,613,431)	(4,625,845)
Net cash provided by (used in) financing activities	(4,613,431)	18,606,372
Net change in cash and cash equivalents	681,725	(843,121)
Cash and cash equivalents at beginning of period	13,864,019	14,545,745
Cash and cash equivalents at end of period (Note 6)	14,545,745	13,702,624

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

(6) Note relating to going concern assumption

Nothing to be noted.

(7) Summary of significant accounting policies

(a) Securities

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

(b) Property and equipment

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

Buildings	13 - 70 years
Structures	2 - 45 years
Machinery and equipment	3 - 10 years
Tools, furniture and fixtures	6 - 15 years

(c) Other intangible assets

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

(d) Long-term prepaid expenses

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

(e) Investment unit issuance costs

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

(f) Investment corporation bonds issuance costs

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

(g) Taxes on property, plant and equipment

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

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

Taxes on property, plant and equipment capitalized as part of the acquisition cost of properties amounted to ¥2,435 thousand and ¥73,202 thousand for the six months ended January 31, 2019 and July 31, 2019, respectively.

(h) Hedge accounting

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

(i) Cash and cash equivalents

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

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

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

(k) Consumption taxes

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

(8) Notes to financial information

Note 1 — Leasehold right

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

Note 2 — Unitholders' equity

(1) Number of units

	As of	
	January 31, 2019	July 31, 2019
Authorized	32,000,000 units	32,000,000 units
Issued and outstanding	1,698,816 units	1,794,016 units

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

Note 3 — Allowance for temporary difference adjustment

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

For the six months ended January 31, 2019:

(Thousands of yen)

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

For the six months ended July 31, 2019:

(Thousands of yen)

Content of temporary difference			Allowance for temporary difference adjustment				
Item	Reason for the difference	Initial amount	Balance at beginning of the period	Allowance	Reversal	Balance at end of the period	Note
Buildings in trust	Excess of depreciation allowance	9,618	7,919	1,698	-	9,618	(i)
Deferred gains or (losses) on hedges	Valuation losses on interest rate swaps	405,448	217,677	-	(4,692)	212,985	(ii)
Total		415,067	225,597	1,698	(4,692)	222,603	

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

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

Note 4 — Rent revenue — real estate and expenses related to property rental business

Rent revenue— real estate and expenses related to property rental business for the six months ended January 31, 2019 and July 31, 2019 consist of the following:

(Thousands of yen)

	For the six months ended	
	January 31, 2019	July 31, 2019
Rent revenue— real estate:		
Rental and parking revenue	9,393,307	9,661,314
Common area charges	318,797	303,887
Other	94,240	166,420
Total rent revenue-real estate	9,806,345	10,131,622
Expenses related to property rental business:		
Property management fees	75,864	78,791
Facility management fees	141,013	164,699
Utilities	315,160	306,223
Property-related taxes	788,018	835,047
Insurance	22,403	21,521
Repair and maintenance	92,489	97,061
Depreciation	1,365,886	1,404,025
Trust fees	16,493	17,624
Leasehold rents	391,534	400,340
Other	1,983	2,534
Total expenses related to property rental business	3,210,848	3,327,871
Operating income from property leasing activities	6,595,496	6,803,751

Note 5 — Analysis of gain on sales of property

Analysis of gain on sales of property is as follows:

	(Thousands of yen)	
	For the six months ended	
	January 31, 2019	July 31, 2019
Sale of property	-	1,280,000
Cost of property	-	759,989
Other sales expenses	-	49,867
Gain on sales of property, net	-	470,143

Note 6 — Cash and cash equivalents

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

	(Thousands of yen)	
	As of	
	January 31, 2019	July 31, 2019
Cash and bank deposits	11,406,761	10,464,901
Cash and bank deposits in trust	3,138,984	3,237,722
Cash and cash equivalents	14,545,745	13,702,624

Note 7 — Lease rental revenues

The Investment Corporation leases its properties mainly to corporate tenants. Future minimum rental revenues pursuant to existing rental contracts as of January 31, 2019 and July 31, 2019 scheduled to be received are summarized as follows:

	(Thousands of yen)	
	As of	
	January 31, 2019	July 31, 2019
Due within one year	16,742,680	17,422,158
Due after one year	74,601,013	70,775,878
Total	91,343,694	88,198,036

Note 8 — Financial instruments**(a) Qualitative information for financial instruments***(i) Policy for financial instrument transactions*

The Investment Corporation raises funds through loans payable, the issuance of investment corporation bonds or investment units for the acquisition of real estate properties, expenditures on property maintenance and/or repayment of existing debt. Surplus funds are managed carefully through investment in financial instruments taking into account liquidity and safety in light of the current financial market condition. Derivative instruments are used only for hedging purposes and not for speculation.

(ii) Nature and extent of risks arising from financial instruments and risk management

The funds raised through loans payable or issuance of investment corporation bonds are mainly used to acquire real estate properties or properties in trust, and for the repayment of existing loans payable or investment corporation bonds. Tenant leasehold and security deposits are deposits from tenants. Although loans payable with floating interest rates are subject to fluctuations in market interest rates, the asset manager manages interest fluctuation risk by monitoring market interest rates and measuring the effect on the results of operation of the Investment Corporation. In addition, a certain portion of loans payable with floating interest rates is hedged by derivative instruments (interest rate swaps) as hedging instruments. The hedge effectiveness of the interest rate swaps is assessed by comparing the cumulative changes in the cash flows of the hedging instruments and the hedged items. When the interest rate swaps meet specific criteria required for the special treatment provided under Japanese GAAP, the assessment of hedge effectiveness is not performed. The Investment Corporation uses derivative instruments in accordance with its risk management policy and internal rules.

Liquidity risks relating to loans payable, investment corporation bonds or tenant leasehold and security deposits are managed by preparing monthly plans for funds, maintaining high liquidity and entering into commitment line agreements with banks.

(iii) Supplemental information on fair value of financial instruments

The fair value of financial instruments is based on quoted market prices, if available. When quoted market prices are not available, fair value is estimated by using valuation techniques which contain various assumptions. If other valuation models or assumptions were used, the estimated fair value may differ.

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair value and valuation differences of financial instruments for which fair value is available as of January 31, 2019 and July 31, 2019.

(Thousands of yen)

	As of January 31, 2019			As of July 31, 2019		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and bank deposits	11,406,761	11,406,761	-	10,464,901	10,464,901	-
(2) Cash and bank deposits in trust	3,138,984	3,138,984	-	3,237,722	3,237,722	-
Total assets	14,545,745	14,545,745	-	13,702,624	13,702,624	-
(1) Current portion of long-term loans payable	7,900,000	7,934,906	34,906	5,626,000	5,655,159	29,159
(2) Investment corporation bonds—unsecured	10,000,000	10,262,070	262,070	10,000,000	10,251,750	251,750
(3) Long-term loans payable	126,900,000	130,775,161	3,875,161	140,957,000	145,701,046	4,744,046
(4) Tenant leasehold and security deposits in trust	584,000	579,388	(4,611)	497,000	495,305	(1,694)
Total liabilities	145,384,000	149,551,526	4,167,526	157,080,000	162,103,261	5,023,261
Derivatives (derivatives liabilities), net	(213,241)	(213,241)	-	(203,162)	(203,162)	-

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

Assets

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

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

Liabilities

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

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

(2) Investment corporation bonds—unsecured

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

(4) Tenant leasehold and security deposits in trust

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

Derivatives

Please refer to “Note 9 - Derivative instruments.”

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

(Thousands of yen)

	As of	
	January 31, 2019	July 31, 2019
Investment securities	-	101,517
Total assets	-	101,517
Tenant leasehold and security deposits	2,489,625	2,489,625
Tenant leasehold and security deposits in trust	7,601,305	8,390,835
Total liabilities	10,090,930	10,880,460

The investment securities (equity interests in silent partner ship) are not traded in markets, and it is too difficult to estimate reasonable fair value. Also, tenant leasehold and security deposits are not publicly traded, and it is difficult to determine their fair value based on estimated future cash flows because the repayment dates of those deposits are not certain. Therefore, these financial instruments are not included in the above quantitative information.

Note (iii): Cash flows schedule of financial assets after the balance sheet date

(Thousands of yen)

As of January 31, 2019	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	11,406,761	-	-	-	-	-
Cash and bank deposits in trust	3,138,984	-	-	-	-	-
Total	14,545,745	-	-	-	-	-
As of July 31, 2019	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	10,464,901	-	-	-	-	-
Cash and bank deposits in trust	3,237,722	-	-	-	-	-
Total	13,702,624	-	-	-	-	-

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

(Thousands of yen)

As of January 31, 2019	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Investment corporation bonds—unsecured	-	-	-	5,000,000	-	5,000,000
Long-term loans payable	7,900,000	4,000,000	4,600,000	12,200,000	19,500,000	86,600,000
Total	7,900,000	4,000,000	4,600,000	17,200,000	19,500,000	91,600,000
As of July 31, 2019	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Investment corporation bonds—unsecured	-	-	-	5,000,000	2,000,000	3,000,000
Long-term loans payable	5,626,000	-	12,600,000	13,500,000	17,000,000	97,857,000
Total	5,626,000	-	12,600,000	18,500,000	19,000,000	100,857,000

Note 9 — Derivative instruments

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

As of January 31, 2019

(Thousands of yen)

Method of hedge accounting	Derivative instruments	Hedged item	Notional contract amount of derivative instruments		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term loans payable	6,300,000	6,300,000	(213,241)	Note (ii)
Special treatment for hedge accounting of interest rate swaps (Note (i))	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term loans payable	39,200,000	31,300,000	Note (i)	-

As of July 31, 2019

(Thousands of yen)

Method of hedge accounting	Derivative instruments	Hedged item	Notional contract amount of derivative instruments		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term loans payable	6,300,000	4,800,000	(203,162)	Note (ii)
Special treatment for hedge accounting of interest rate swaps (Note (i))	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term loans payable	31,926,000	28,800,000	Note (i)	-

Note:

- (i) As disclosed in "(7) Summary of significant accounting policies (h) Hedge accounting", the Investment Corporation applies the special treatment provided under Japanese GAAP for the interest rate swaps which qualify for hedge accounting and meet specific criteria, under which only the interest received or paid under swap contracts, and not the fair value of the derivative, can be determined separately from the hedged asset or liability. Consequently, the fair value of the interest rate swaps as the hedging instruments and the long-term loans payable as the hedged items is calculated together as one and disclosed as such under Note (i) in "Note 8 - Financial instruments (b) Quantitative information for financial instruments".
- (ii) The fair value is estimated by the counterparty to the interest rate swaps contracts using market interest rates and other assumptions.

Note 10 — Income taxes

Deferred tax assets consist of the following:

(Thousands of yen)

	As of	
	January 31, 2019	July 31, 2019
Deferred tax assets:		
Enterprise tax payable	25	68
Asset retirement obligations	54,945	99,837
Deferred losses on hedges	67,362	63,914
Subtotal	122,333	163,820
Valuation allowance	(122,333)	(163,820)
Total	-	-
Net deferred tax assets	-	-

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

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

Note 11 — Related-party transactions

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

Note 12 — Asset retirement obligations**(a) Asset retirement obligations recognized as liabilities in the balance sheets**

The Investment Corporation has obligations to remove asbestos contained in the buildings of IIF Kazo Logistics Center (acquired on September 1, 2016), IIF Hamura Logistics Center (acquired on December 22, 2016) and IIF Ichikawa Food Processing Center (acquired on June 3, 2019). The estimated periods of use of the properties are estimated at 53 years, 33 years and 50 years, respectively, based on the useful life of each building containing asbestos. The asset retirement obligations for the removal of asbestos are recognized as a liability using discount rates at 0.5%, 0.689% and 0.550%, respectively.

Movements of asset retirement obligations are as follows:

	(Thousands of yen)	
	For the six months ended	
	January 31, 2019	July 31, 2019
Balance at the beginning of the period	173,430	173,932
Increase due to acquisition of properties	-	142,793
Adjustment for passage of time	501	621
Balance at the end of the period	173,932	317,347

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

As the Investment Corporation owns IIF Haneda Airport Maintenance Center with the permission for use of the underlying land granted by the Secretary of Tokyo Regional Civil Aviation Bureau under the National Property Act of Japan, the Investment Corporation is obliged to demolish the building and restore the land if the permission is not extended or is revoked. The Investment Corporation, however, expects that, unless exceptional circumstances arise, the permission will continue to be granted until the Investment Corporation voluntarily demolishes the property in light of the past practice relating to the extension and revocation of permission under the National Property Act and the importance of the property as public infrastructure. As the Investment Corporation intends to keep the property for the foreseeable future, it is difficult to determine when the asset retirement obligation may need to be performed, and as such it is impossible to reasonably foresee the amount of the asset retirement obligation. Therefore, the Investment Corporation does not recognize such obligation as a liability.

Note 13 — Fair value of investment and rental property

The Investment Corporation has mainly industrial and infrastructure facilities as investment and rental properties which are located mainly in three major metropolitan areas in Japan. The following table shows the net book value and the fair value of the investment and rental properties in aggregate for the fiscal period ended January 31, 2019 and July 31, 2019.

	(Thousands of yen)	
	For the six months ended	
	January 31, 2019	July 31, 2019
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	271,937,910	272,297,598
Net increase (decrease) during the period ⁽ⁱⁱ⁾	359,687	24,539,481
Balance at the end of the period	272,297,598	296,837,079
Fair value⁽ⁱⁱⁱ⁾	323,919,000	352,419,000

Note:

(i) The net book value includes leasehold right.

(ii) Changes in the net book value are mainly due to the following transactions (except for depreciation):

For the six months ended January 31, 2019:

Acquisition:

IIF Tsukuba Manufacturing Center (land with leasehold interest)..... 954,426

For the six months ended July 31, 2019:

Acquisitions:

IIF Hyogo Tatsuno Logistics Center..... 4,150,615

IIF Akishima Logistics Center..... 8,369,459

IIF Shin-Kawasaki R&D Center..... 6,630,851

IIF Ichikawa Food Processing Center..... 6,422,213

IIF Gifu Kakamigahara Manufacturing Center (land with leasehold interest)..... 249,574

Disposition:

IIF Atsugi Logistics Center..... (759,989)

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

For rent revenues and expenses for the six months ended January 31, 2019 and July 31, 2019, please refer to “Note 4 — Rent revenue — real estate and expenses related to property rental business”.

Note 14 — Segment information

Segment information for the fiscal period ended January 31, 2019 and July 31, 2019 is as follows:

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

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

(b) Enterprise-wide disclosures

(i) Information about products and services

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

(ii) Information about geographic areas

Revenues from overseas customers:

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

Tangible fixed assets:

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

(c) Information about major customers

Name of customer	Revenues for the six months ended		Relating segment
	January 31, 2019	July 31, 2019	
Japan Airlines Co., Ltd.	1,429,094	1,437,823	Property rental business

(Thousands of yen)

Note 15 — Per unit information

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

	(Yen)	
	For the six months ended	
	January 31, 2019	July 31, 2019
Net asset value per unit	76,394	79,081
Net income per unit	2,722	2,977

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

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

	(Thousands of yen)	
	For the six months ended	
	January 31, 2019	July 31, 2019
Net income	4,624,277	5,190,477
Effect of dilutive unit	-	-
Net income available to common unitholders	4,624,277	5,190,477
Adjusted weighted-average number of units outstanding for the period	1,698,816 units	1,731,806 units

Note 16 — Subsequent events

Nothing to be noted.

Note 17 — Allowance for temporary difference adjustment

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

(Thousands of yen)				
For the six months ended	Item	Reason for changes of temporary difference	Amount for allowance (or reversal)	Note
January 31, 2019	Buildings in trust	Excess of depreciation allowance	1,698	(i)
	Deferred gains or (losses) on hedges	Decrease of Valuation losses on interest rate swaps	(4,692)	(ii)
July 31, 2019	Buildings in trust	Excess of depreciation allowance	1,794	(i)
	Deferred gains or (losses) on hedges	Decrease of Valuation losses on interest rate swaps	(10,079)	(ii)

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

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

[Omission of disclosure]

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

(9) Changes in unit issued and outstanding

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

Date	Capital transaction	Number of units issued and outstanding		Unitholders' capital (Note 1) (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
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.

3. Additional information

(1) Composition of assets

Classification of assets	Asset category	Location category (Note1)	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
				(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
Total liabilities				159,461	55.1	172,214	54.8
Total net assets				129,780	44.9	141,873	45.2

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) Outline of portfolio properties

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 ²)	Leased area (Note 2) (m ²)	Occupancy ratio (Note 3) (%)	Ratio of rent revenue to total rent revenues (Note 3) (%)	Major use
IIF Haneda Airport Maintenance Center	38,165	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.

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 ²)	Fair value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Shinonome Logistics Center (Note 4)	13-32, Shinonome 2-chome, Koto-ku, Tokyo	Trust beneficial interest	27,493.29	17,172	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
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

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Fair value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Kazo Logistics Center	6-1, Shintone 2-chome, Kazo-shi, Saitama	Trust beneficial interest	17,744.41	2,820	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
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

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Fair value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF 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 (58,070.00m²) and that of the building on the leased land (25,835.16m²).

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

Name of property	For the six months ended January 31, 2019					For the six months ended July 31, 2019				
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Rental net operating income (NOI) (Note 3) (Millions of yen)	Composition ratio of NOI (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Rental net operating income (NOI) (Note 3) (Millions of yen)	Composition ratio of NOI (%)
IIF Shinonome Logistics Center	1	100.0	402	366	4.6	1	100.0	400	365	4.4
IIF Noda Logistics Center	2	100.0	(Note 4)	207	2.6	2	100.0	(Note 4)	209	2.5
IIF Shinsuna Logistics Center	1	100.0	179	160	2.0	1	100.0	179	160	2.0
IIF Atsugi Logistics Center (Note 5)	1	100.0	(Note 4)	54	0.7	1	100.0	(Note 4)	32	0.4
IIF Koshigaya Logistics Center	1	100.0	75	70	0.9	1	100.0	75	70	0.9
IIF Nishinomiya Logistics Center	2	100.0	(Note 4)	82	1.0	2	100.0	(Note 4)	91	1.1
IIF Narashino Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	37	0.5	1	100.0	(Note 4)	37	0.5
IIF Narashino Logistics Center II (Note 6)	2	100.0	(Note 4)	175	2.2	2	100.0	(Note 4)	172	2.1
IIF Atsugi Logistics Center II	1	100.0	(Note 4)	114	1.4	1	100.0	(Note 4)	112	1.4
IIF Yokohama Tsuzuki Logistics Center	1	100.0	(Note 4)	78	1.0	1	100.0	(Note 4)	69	0.8
IIF Saitama Logistics Center	1	100.0	66	60	0.8	1	100.0	66	62	0.8
IIF Nagoya Logistics Center	1	100.0	(Note 4)	42	0.5	1	100.0	(Note 4)	35	0.4
IIF Atsugi Logistics Center III	1	100.0	(Note 4)	82	1.0	1	100.0	(Note 4)	76	0.9
IIF Kawaguchi Logistics Center	1	100.0	(Note 4)	106	1.3	1	100.0	(Note 4)	106	1.3
IIF Kobe Logistics Center	1	100.0	(Note 4)	180	2.3	1	100.0	(Note 4)	180	2.2
IIF Higashi-Osaka Logistics Center	2	97.3	(Note 4)	88	1.1	2	97.3	(Note 4)	98	1.2
IIF Kashiwa Logistics Center	1	100.0	(Note 4)	77	1.0	1	100.0	(Note 4)	74	0.9
IIF Misato Logistics Center	1	100.0	(Note 4)	116	1.5	1	100.0	(Note 4)	116	1.4
IIF Iruma Logistics Center	1	100.0	(Note 4)	105	1.3	1	100.0	(Note 4)	105	1.3
IIF Tosu Logistics Center	2	100.0	(Note 4)	52	0.7	2	100.0	(Note 4)	53	0.6
IIF Inzai Logistics Center	1	100.0	(Note 4)	37	0.5	1	100.0	(Note 4)	37	0.5
IIF Morioka Logistics Center	1	100.0	(Note 4)	37	0.5	1	100.0	(Note 4)	38	0.5
IIF Hiroshima Logistics Center	1	100.0	(Note 4)	120	1.5	1	100.0	(Note 4)	120	1.5
IIF Izumiotsu e-shop Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	111	1.4	1	100.0	(Note 4)	111	1.4
IIF Izumisano Food Processing and Logistics Center	1	100.0	(Note 4)	28	0.4	1	100.0	(Note 4)	29	0.4
IIF Kyotanabe Logistics Center	1	100.0	(Note 4)	175	2.2	1	100.0	(Note 4)	172	2.1
IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	27	0.3	1	100.0	(Note 4)	27	0.3
IIF Fukuoka Higashi Logistics Center	1	100.0	(Note 4)	51	0.6	1	100.0	(Note 4)	51	0.6
IIF Osaka Konohana Logistics Center	1	100.0	(Note 4)	216	2.7	1	100.0	(Note 4)	218	2.7

Name of property	For the six months ended January 31, 2019					For the six months ended July 31, 2019				
	Number of tenants	Occupancy ratio	Rental revenues	Rental net operating income (NOI)	Composition ratio of NOI	Number of tenants	Occupancy ratio	Rental revenues	Rental net operating income (NOI)	Composition ratio of NOI
	(Note 1)	(Note 2) (%)	(Millions of yen)	(Note 3) (Millions of yen)	(%)	(Note 1)	(Note 2) (%)	(Millions of yen)	(Note 3) (Millions of yen)	(%)
IIF Kazo Logistics Center	1	100.0	(Note 4)	67	0.8	1	100.0	(Note 4)	67	0.8
IIF Hamura Logistics Center	1	100.0	(Note 4)	22	0.3	1	100.0	(Note 4)	19	0.2
IIF Fukuoka Hakozaki Logistics Center I	3	100.0	(Note 4)	125	1.6	3	100.0	(Note 4)	124	1.5
IIF Fukuoka Hakozaki Logistics Center II	5	100.0	(Note 4)	251	3.2	5	100.0	(Note 4)	239	2.9
IIF Itabashi Logistics Center	1	100.0	(Note 4)	40	0.5	1	100.0	(Note 4)	39	0.5
IIF Sendai Taiwa Logistics Center	1	100.0	(Note 4)	46	0.6	1	100.0	(Note 4)	46	0.6
IIF Ota Logistics Center	1	100.0	(Note 4)	33	0.4	1	100.0	(Note 4)	33	0.4
IIF Osaka Suminoe Logistics Center I	1	100.0	(Note 4)	259	3.3	1	100.0	(Note 4)	275	3.4
IIF Osaka Suminoe Logistics Center II	1	100.0	(Note 4)	62	0.8	1	100.0	(Note 4)	70	0.9
IIF Morioka Logistics Center II	1	100.0	(Note 4)	41	0.5	1	100.0	(Note 4)	40	0.5
IIF Sapporo Logistics Center	1	100.0	(Note 4)	75	0.9	1	100.0	(Note 4)	60	0.7
IIF Hitachinaka Port Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	29	0.4	1	100.0	(Note 4)	28	0.3
IIF Koriyama Logistics Center	2	100.0	(Note 4)	105	1.3	2	100.0	(Note 4)	101	1.2
IIF Kobe Nishi Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	45	0.6	1	100.0	(Note 4)	43	0.5
IIF Hyogo Tatsuno Logistics Center (Note 7)	—	—	—	—	—	1	100.0	(Note 4)	38	0.5
IIF Akishima Logistics Center (Note 7)	—	—	—	—	—	1	100.0	(Note 4)	61	0.7
IIF Totsuka Technology Center (land with leasehold interest)	1	100.0	154	137	1.7	1	100.0	154	137	1.7
IIF Yokohama Tsuzuki Technology Center	1	100.0	59	39	0.5	1	100.0	59	38	0.5
IIF Mitaka Card Center	1	100.0	364	298	3.7	1	100.0	364	310	3.8
IIF Kamata R&D Center	1	100.0	(Note 4)	235	3.0	1	100.0	(Note 4)	238	2.9
IIF Kawasaki Science Center	1	100.0	(Note 4)	82	1.0	1	100.0	(Note 4)	82	1.0
IIF Sagamiara R&D Center	1	90.1	(Note 4)	141	1.8	2	100.0	(Note 4)	135	1.6
IIF Yokohama Shinyamashita R&D Center	1	100.0	(Note 4)	104	1.3	1	100.0	(Note 4)	104	1.3
IIF Kakegawa Manufacturing Center (Land with leasehold interest)	1	100.0	(Note 4)	42	0.5	1	100.0	(Note 4)	42	0.5
IIF Urayasu Machinery Maintenance Center (Land with leasehold interest)	1	100.0	(Note 4)	37	0.5	1	100.0	(Note 4)	37	0.4
IIF Yokosuka Technology Center	1	100.0	(Note 4)	142	1.8	1	100.0	(Note 4)	143	1.7
IIF Shonan Technology Center	1	100.0	(Note 4)	39	0.5	1	100.0	(Note 4)	39	0.5
IIF Hiroshima Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	58	0.7	1	100.0	(Note 4)	54	0.7
IIF Totsuka Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	65	0.8	1	100.0	(Note 4)	61	0.7
IIF Atsugi Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	132	1.7	1	100.0	(Note 4)	128	1.6

Name of property	For the six months ended January 31, 2019					For the six months ended July 31, 2019				
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Rental net operating income (NOI) (Note 3) (Millions of yen)	Composition ratio of NOI (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Rental net operating income (NOI) (Note 3) (Millions of yen)	Composition ratio of NOI (%)
IIF Tsukuba Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	4	0.1	1	100.0	(Note 4)	38	0.5
IIF Shin-Kawasaki R&D Center (Note 7)	—	—	—	—	—	1	100.0	(Note 4)	64	0.8
IIF Ichikawa Food Processing Center (Note 7)	—	—	—	—	—	2	100.0	(Note 4)	48	0.6
IIF Gifu Kakamigahara Manufacturing Center (land with leasehold interest) (Note 8)	—	—	—	—	—	1	100.0	(Note 4)	-	-
IIF Kobe District Heating and Cooling Center	4	100.0	332	317	4.0	4	100.0	332	318	3.9
IIF Haneda Airport Maintenance Center	1	100.0	1,429	953	12.0	1	100.0	1,445	960	11.7
IIF Zama IT Solution Center	1	100.0	(Note 4)	201	2.5	1	100.0	(Note 4)	201	2.4
IIF Shinagawa Data Center	1	100.0	(Note 4)	174	2.2	1	100.0	(Note 4)	178	2.2
IIF Osaka Toyonaka Data Center	1	100.0	(Note 4)	215	2.7	1	100.0	(Note 4)	204	2.5
IIF Osaka Nanko IT Solution Center	1	100.0	(Note 4)	73	0.9	1	100.0	(Note 4)	73	0.9
IIF Nagoya Port Tank Terminal (land with leasehold interest)	1	100.0	(Note 4)	62	0.8	1	100.0	(Note 4)	62	0.8
IIF Shinagawa IT Solution Center	4	49.5	(Note 4)	109	1.4	7	98.9	(Note 4)	153	1.9
IIF Higashimatsuyama Gas Tank Maintenance Center (land with leasehold interest)	1	100.0	(Note 4)	18	0.2	1	100.0	(Note 4)	18	0.2
Total (Note 9)	85	99.6	9,806	7,961	100.0	95	100.0	10,131	8,207	100.0

Note 1 "Number of tenants" shows the number of lessee for the properties. The total column of "Number of tenants" shows the simple sum for the number of lessee.

Note 2 "Occupancy ratio" (percentage of leased area against the leasable area at the end of accounting period) and "Composition ratio of NOI" are calculated by rounding to the nearest first decimal place.

Note 3 "Rental net operating income (NOI)" is calculated by following formula.

(Rental revenues – Rental expenses) + Depreciation

Note 4 Rental revenues are not disclosed because the consent from the tenants has not been obtained.

Note 5 IIF sold 50% quasi-co-ownership interest of the property on March 29, 2019.

Note 6 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 7 The property was acquired on June 3, 2019.

Note 8 The property was acquired on July 16, 2019.

Note 9 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.

(3) 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