

Translation

INDUSTRIAL & INFRASTRUCTURE FUND INVESTMENT CORPORATION
SUMMARY OF FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2020

March 18, 2020

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/>

Representative of the Investment Corporation: Yasuyuki Kuratsu, Executive Director

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

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

Contact: Hidehiko Ueda, Executive Officer Head of Industrial Division
Tel: (03)5293-7091

Scheduled date for filing of securities report: April 23, 2020

Scheduled date for distributions payment: April 17, 2020

Supplementary materials for financial results: Otherwise prepared

Analyst meeting: Scheduled

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

1. Financial results for the six months ended January 31, 2020 (August 1, 2019 to January 31, 2020)**(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								
January 31, 2020	11,049	4.2	6,519	4.8	5,572	7.3	5,571	7.3
July 31, 2019	10,602	8.1	6,218	11.8	5,192	12.3	5,190	12.2
	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								
January 31, 2020	3,070		3.7		1.7		50.4	
July 31, 2019	2,997		3.8		1.7		49.0	

(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								
January 31, 2020	3,085	2,964	121	5,799	5,572	227	100.0	3.7
July 31, 2019	2,933	2,893	40	5,261	5,190	71	100.0	3.7

Note 1: Distribution per unit in excess of profit for the six months ended January 31, 2020 amounting to ¥121 consist of allowance for temporary difference adjustment amounting to ¥2 and other distribution in excess of profit amounting to ¥119. The ratio of decrease in net assets is 0.002.

Note 2: 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 3: Payout ratio for the six months ended January 31, 2020 and 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				
January 31, 2020	327,950	155,559	47.4	82,743
July 31, 2019	314,087	141,873	45.2	79,081

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
For the six months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
January 31, 2020	9,114	(3,328)	8,001	27,490
July 31, 2019	6,363	(25,812)	18,606	13,702

2. Outlook for the six months ending July 31, 2020 (February 1, 2020 to July 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	%
July 31, 2020	10,984	(0.6)	6,191	(5.0)	5,259	(5.6)	5,257	(5.6)

	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
July 31, 2020	2,796	2,800	2,796	4

※ Others

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

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

(2) Number of investment units issued

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

As of January 31, 2020 1,880,016 units

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

Number of own investment units at the end of period:

As of January 31, 2020 0 units

As of July 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 4.

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 300,567 million yen as of January 31, 2020.

ii. Investment environment and management performance

The gross domestic product (GDP) growth for this fiscal period (August 2019 to January 2020) was the growth rates for July to September 2019 and October to December 2019 (first preliminary figure announced on February 17, 2020) increased by 0.1% (0.5% annually) and decreased 1.6% (6.3% annually), respectively. From October to December 2019, in addition to a decline following the last-minute surge in demand prior to the consumption tax rate increase, household consumption fell sharply due to large-scale typhoons and warm winters, and a decline in private-sector capital investment also made a negative contribution.

In the capital market, the United States Federal Reserve Board (FRB) implemented this year's third interest rate cut in October 2019, followed by progress in the US-China trade talks, which increased expectations of avoiding recession, and the stock market remained steady. However, from mid-January 2020 onward, concerns began over the impact of the novel coronaviruses (COVID-19) in China on domestic and overseas economies, and as a result, the economy became volatile.

In J-REIT market, the Tokyo Stock Exchange REIT Index remained strong until October, followed by a temporary downturn in November in response to rising interest rates associated with the rising risks in the capital markets. The index also weakened slightly in December. In January 2020, a number of public offerings were announced, mainly for logistics REIT, but J-REIT markets remained steady.

Under these circumstances, IIF is continuing its sourcing activities from the standpoint of proposing CREs (Corporate Real Estate) as its strengths. During the fiscal period, IIF announced the acquisition of 5 properties through a public offering and acquired 1 property, IIF Gifu Kakamigahara Logistics Center (acquisition price of 2,343 million yen). The remaining 4 properties are scheduled to be acquired in the next fiscal period (February 2020 to July 2020). On August 1, 2019, IIF disposed IIF Atsugi Logistics Center (50% co-ownership interest) (Sales price: 1,280 million yen) and recorded a gain on sales of 485 million yen.

As a result, assets held by IIF as of January 31, 2020 totaled 300,567 million yen, including 45 logistics facilities, 18 manufacturing and R&D facilities, and 9 infrastructure facilities. As of January 31, 2020, the total leasable area was 1,601,499.25 m² and the average occupancy rate was 99.8%.

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

Continued from the last fiscal period, IIF announced a public offering in November 2019, issuing 86,000 new investment units (including a third-party allotment in conjunction with a secondary offering through over-allotment) and procuring 13,340 million yen with the aim of raising capital to acquire new properties. As a result, the number of issued investment units reached 1,880,016 as of the end of this fiscal period.

b) Debt Financing

As for funding of interest-bearing debt for this fiscal period, IIF decided on November 29, 2019 to newly borrow 14 billion yen (average maturity period: 8.4 years) at a fixed interest rate for the purpose of acquiring new properties and executed loan agreements with the lenders. IIF plans to borrow 3 billion yen on April 27, 2020, 7 billion yen on May 28, 2020 and 4 billion yen on July 13, 2020. In September 2019, IIF borrowed 1,626 million yen of long-term borrowings (contract period :9 years) at a fixed interest rate, and repaid the same amount of long-term borrowings with maturities. Through new borrowings and refinancing, IIF has established a financial structure capable of securing stable distributions over the long term by making long-term fixed borrowing periods and reducing interest costs.

As a result, the total amount of IIF's interest-bearing debt as of January 31, 2020 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 11,049 million yen, operating income of 6,519 million yen, ordinary income of 5,572 million yen and net income of 5,571 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 5,572,367,424 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, IIF makes distributions in excess of profit in amounts determined by IIF 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 3,760,032 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 2,966 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 IIF 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 119 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 3,085 yen.

B. Outlook for the next period

i. Outlook for the overall management

In the logistics and real estate market, the multi-tenant logistics facilities in the metropolitan area in the fourth quarter of 2019 will have the lowest vacancy rate in the past (Reference: CBRE Market View). Preleasing will be

steady in the future, so the vacancy rate will remain at a low level. It is also expected that stable use of IIF's properties under management will continue.

On the other hand, business companies need to respond to the needs 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, and they are highly motivated to invest in facilities. In such circumstances, business companies continue to consider selling real estate to focus on ROE management, and secure capital to invest in their core business. IIF expects that there are still plenty of investment opportunities through its proposal-based acquisition activities in the area of corporate real estate (CRE), which is a strength of IIF.

From now on, due to the spread of novel coronaviruses (COVID-19) in China, IIF will closely monitor the impact on economic fundamentals in Japan and overseas, as well as closely monitor developments in the real estate market and the business conditions of tenants of IIF's properties under management.

ii. Issues to be solved and management policy going forward

Under the situation described above, IIF will seek to 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 areas. By aiming to further increase the property acquisitions of new asset category properties and the development of CRE needs, we will evolve our unique CRE proposal-based business model.

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

b) Internal growth

As of January 31, 2020, IIF's portfolio consisted of 72 properties for a total acquisition price of 300,567 million yen.

The average occupancy rate as of the end of the period stands at 99.8%. The properties are managed under long-term lease contracts with an average remaining lease period of 7.8 years, generating stable cash flows.

IIF continues to conduct "3C Management Cycle" portfolio management in order to achieve internal growth; that is to realize long-term stable management and enhanced profitability as well as asset value by providing value to tenants. "3C Management Cycle" is a portfolio management method of (i) grasping tenants' true needs through close communication (Communicate); (ii) strategically making custom-made proposals to meet tenants' individual needs (Customize); and (iii) creating unitholder value through long-term stable management coupled with enhanced profitability and asset value (Create). As a result, during this fiscal period, with regard to IIF Koshigaya Logistics Center, IIF negotiated with the tenant based on the market rent price in anticipation of the expiration of the existing fixed-term building lease agreement at the end of December 2020 and worked to improve profitability by concluding a new fixed-term building lease agreement that will realize rent increase after the fiscal period ending January 2021 (from August 1, 2020 to January 31, 2021). 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 July 31, 2020 (February 1, 2020 to July 31, 2020) are operating revenue of 10,984 million yen, ordinary income of 5,259 million yen, net income of 5,257 million yen and distributions per unit of 2,800 yen (including a distribution per unit in excess of profit of 4 yen). For the assumptions regarding these forecasts, refer to the following "Earnings Forecast Assumptions for the 26th Fiscal Period (February 1, 2020 to July 31, 2020)" and the 27th Fiscal Period (August 1, 2020 to January 31, 2021). The main changes from the 25th Fiscal Period (August 1, 2019 to January 31, 2020) include the following.

Operating revenue (decrease of 64 million yen from the previous fiscal period)

- Decrease due to the removal of gain on sale of IIF Atsugi Logistics Center (50% co-ownership interest) disposed on August 1, 2019.
- Increase in rental revenue from the five properties to be acquired, including one property already acquired, in the fiscal period ended January 31, 2020 (August 1, 2019 to January 31, 2020) and July 31, 2020 (February 1, 2020 to July 31, 2020)

Operating expense (increase of 263 million yen from the previous fiscal period)

- Increase in rental expenses for the five properties to be acquired, including one property already acquired, in the fiscal period ended January 31, 2020 (August 1, 2019 to January 31, 2020) and July 31, 2020 (February 1, 2020 to July 31, 2020)
- Taxes and public charges expensed on the 7 properties acquired in 2019

(Reference)

The forecasts of operating results for the fiscal period ending January 31, 2021 (August 1, 2020 to January 31, 2021) are operating revenue of 11,409 million yen, ordinary income of 5,551 million yen, net income of 5,549 million yen and distributions per unit of 2,955 yen (including a distribution per unit in excess of profit of 4 yen). For the assumptions regarding these forecasts, refer to the following "Earnings Forecast Assumptions for the 26th Fiscal Period (February 1, 2020 to July 31, 2020) and the 27th Fiscal Period (August 1, 2020 to January 31, 2021)".

Note: The above forecasts are based on current assumptions. Actual net income and distribution may fluctuate depending on changes in circumstances. The forecast is not a guarantee of the amount of distribution.

【Attachment】

Earnings Forecast Assumptions for the 26th Fiscal Period (February 1, 2020 to July 31, 2020) and the 27th Fiscal Period (August 1, 2020 to January 31, 2021)

Item	Assumption								
Accounting period	26 th Fiscal Period From February 1, 2020 to July 31, 2020 (182 days) 27 th Fiscal Period From August 1, 2020 to January 31, 2021 (184 days)								
Assets owned	<p>In addition to the real estate and trust beneficial interest in real property for the 72 property ^(Note) held by IIF as of January 31, 2020, it is assumed that it acquires the following 4 acquisition (scheduled) assets. The purchase and sale agreements have been concluded for all assets to be acquired. The timing of the anticipated acquisition is as follows.</p> <p>(Note) The anticipated acquisition of IIF Atsugi Manufacturing Center (building) includes the land with leasehold interest of IIF Atsugi Manufacturing Center (land with leasehold interest). In calculating the total number of properties of the portfolio after the acquisition of IIF Atsugi Manufacturing Center (building), IIF Atsugi Manufacturing Center (building) will be calculated as 1 property together with the IIF Atsugi Manufacturing Center (land with leasehold interest).</p> <p><Anticipated acquisitions></p> <table border="1" data-bbox="512 920 1420 1218"> <tbody> <tr> <td data-bbox="512 920 1026 992">IIF Yokohama Tsuzuki R&D Center</td> <td data-bbox="1026 920 1420 992">Acquired on March 2, 2020</td> </tr> <tr> <td data-bbox="512 992 1026 1070">IIF Hiroshima Seifushinto Logistics Center</td> <td data-bbox="1026 992 1420 1070">Anticipated to be acquired on April 30, 2020</td> </tr> <tr> <td data-bbox="512 1070 1026 1144">IIF Atsugi Manufacturing Center (Building)</td> <td data-bbox="1026 1070 1420 1144">Anticipated to be acquired on June 1, 2020</td> </tr> <tr> <td data-bbox="512 1144 1026 1218">IIF Okazaki Manufacturing Center (Land with leasehold interest)</td> <td data-bbox="1026 1144 1420 1218">Anticipated to be acquired on July 15, 2020</td> </tr> </tbody> </table> <p>After the acquisition of the 4 assets, it is assumed that there will be no change in the properties until the end of January 2021. However, there may be a change due to the acquisition or disposal of other properties in actual.</p>	IIF Yokohama Tsuzuki R&D Center	Acquired on March 2, 2020	IIF Hiroshima Seifushinto Logistics Center	Anticipated to be acquired on April 30, 2020	IIF Atsugi Manufacturing Center (Building)	Anticipated to be acquired on June 1, 2020	IIF Okazaki Manufacturing Center (Land with leasehold interest)	Anticipated to be acquired on July 15, 2020
IIF Yokohama Tsuzuki R&D Center	Acquired on March 2, 2020								
IIF Hiroshima Seifushinto Logistics Center	Anticipated to be acquired on April 30, 2020								
IIF Atsugi Manufacturing Center (Building)	Anticipated to be acquired on June 1, 2020								
IIF Okazaki Manufacturing Center (Land with leasehold interest)	Anticipated to be acquired on July 15, 2020								
Interest-bearing debt	<p>The total amount of interest-bearing debt as of January 31, 2020 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.</p> <p>It is assumed that IIF will borrow new long-term debt of JPY 3 billion on April 27, 2020, JPY 7 billion on May 28, 2020 and JPY 4 billion on July 13, 2020 for the purpose of acquiring the property described in " Assets owned " above.</p> <p>Interest-bearing debts that will come due during the 26th fiscal period are long-term debt of JPY 4,000 million. Such debts will be refinanced for the same amount of long-term debt. IIF assumes the total amount of interest-bearing debt as of the end of July, 2020, January, 2021 is to be JPY 170,583 million.</p>								
Operating revenues	<p>IIF has estimated the rent revenue based on lease agreements IIF expect to be effective during the 26th fiscal period and the 27th 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). IIF 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 26th fiscal period and the 27th fiscal period.</p>								

Operating expenses	<p>Fixed property tax, city planning tax and depreciable property tax in the 26th period and the 27th period are forecast to be approximately 907 million yen and approximately 943 million yen, respectively. Repair costs are forecast to be approximately 103 million yen and approximately 88 million yen, respectively. Fixed property tax and city planning tax, which are settled according to the number of days owned by the previous owner in connection with the new acquisition of the property, are not recorded as expenses included in the acquisition cost, but are recorded as expenses from the following year. Accordingly, fixed property tax, city planning tax, and depreciable property tax relating to the anticipated acquisition described in the above " Assets owned " will be recorded as expenses from the 28th fiscal period. Fixed property tax, city planning tax and depreciable property tax, which are included in the acquisition cost of the anticipated acquisition, are assumed to be approximately 72 million yen.</p> <p>Depreciation (including ancillary expenses) is calculated based on the straight-line method and is estimated to be approximately JPY 1,587 million for the 26th fiscal period and approximately JPY 1,632 million for the 27th fiscal period</p> <p>Calculation of external outsourcing expenses (property management fees, building management fees, etc.) is based on actual results thus far.</p>
Non-operating expenses	<p>Based on the assumptions of "Interest-bearing debt" above, IIF 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 867 million for the 26th fiscal period and approximately JPY 899 million for the 27th fiscal period.</p> <p>IIF estimate the amortization of the cost concerning the issuance of new investment units will be approximately JPY 62 million for the 26th fiscal period and approximately JPY 62 million for the 27th fiscal period</p>
Extraordinary gain or loss	No extraordinary gain or loss is expected for the 26 th fiscal period and the 27 th fiscal period.
Total number of units issued	It is assumed that the total number of issued investment units as of the submission date is 1,880,016.
Distribution 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 26 th fiscal period and the 27 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)	With respect to IIF Kazo Logistics Center, which IIF acquired on September 1, 2016, IIF Hamura Logistics Center, which IIF acquired on December 22, 2016, and IIF Ichikawa Food Processing Center, which IIF acquired on June 3, 2019, IIF recorded asset retirement obligations related to asbestos removal, and with respect to IIF Yokohama Tsuzuki R&D Center, which IIF acquired on March 2, 2020, IIF will record asset retirement obligations related to asbestos removal. And IIF expects 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 26 th fiscal period and the 27 th fiscal period, IIF assumes that IIF will make a distribution in excess of retained earnings of 4 yen per unit (allowance for temporary difference adjustments), respectively.
Distribution in excess of retained earnings per unit (distributions under tax law resulting in a decrease of investment capital)	There is no plan at present to make distributions under tax law resulting in a decrease of investment capital.

The following is an overview of the 4 properties to be acquired during the fiscal period ending July 2020.

New property acquired (to be acquired)	Location (Note 1)	Type	Anticipated acquisition price (million yen)	Appraisal value ^(Note 2) (million yen)
IIF Yokohama Tsuzuki R&D Center	3-9-2, Ushikubo, Tsuzuki-ku, Yokohama-shi, Kanagawa	Manufacturing and R&D facility	5,900	6,350
IIF Hiroshima Seifushinto Logistics Center	2-8005-4, Tomominami, Asaminami-ku Hiroshima-shi, Hiroshima, etc.	Logistics facility	6,208	6,870
IIF Atsugi Manufacturing Center (Building)	832-1, Aza Momijiyama, Shimofurusawa, Atsugi-shi, Kanagawa, etc.	Manufacturing and R&D facility	6,960	6,990
IIF Okazaki Manufacturing Center (Land with leasehold interest)	34-6, Aza Okasaku, Makihira-cho, Okazaki-shi, Aichi, etc.	Manufacturing and R&D facility	3,930	4,190
Total amount of anticipated acquisition			22,998	24,400

(Note 1) "Location" means the residence indication. However, for properties for which the residence indication is not implemented, the land number on the registry (if there are more than 1, the first parcel) is stated.

(Note 2) The appraisal value is based on the figure shown on the appraisal report as of January 31, 2020. IIF Hiroshima Seifushinto Logistics Center is now under construction, and it is assumed that the building is going to be completed in accordance with the basic design as of the date of appraisal report, and the building lease agreement will be concluded and lease will be commenced.

(Note 3) Under the purchase and sale agreement for the 4 properties, IIF provides that in the event that IIF violates the agreements stipulated in the purchase and sale agreement or that the sales agreement is cancelled, IIF shall pay to the seller an amount equivalent to 20% of the total sales value (excluding the amount equivalent to the building consumption tax in the case of the purchase and sale agreement pertaining to the IIF Yokohama Tsuzuki R&D Center and IIF Atsugi Manufacturing Center (building)). Provided, however, that under the sales contract for the 4 properties, IIF shall be liable to pay the sales price on condition that IIF has completed the fund procurement necessary for the payment of the sales price (including loans and capital increases, but not limited to.).

(Note 4) For details of the 4 anticipated acquisitions in the fiscal period ending July 2020, please refer to the press release " IIF to Acquire and Lease Five Properties in Japan " on November 29, 2019.

(2) Investment risk

There have been no significant changes to the "Investment risk" since the most recent securities report (submitted on November 29, 2019), and hence, description of these matters is omitted.

2. Financial information

(1) Balance sheets

	(Thousands of yen)	
	As of	
	July 31, 2019	January 31, 2020
ASSETS		
Current assets:		
Cash and bank deposits	10,464,901	23,778,269
Cash and bank deposits in trust	3,237,722	3,712,295
Rental receivables	305,008	288,546
Prepaid expenses	1,176,326	549,882
Income taxes receivable	-	404
Consumption taxes refundable	302,725	-
Other	2,847	1,034
Total current assets	15,489,533	28,330,432
Noncurrent assets:		
Property, plant and equipment:		
Buildings, at cost	33,965,870	34,181,870
Less: Accumulated depreciation	(7,142,920)	(7,543,324)
Buildings, net	26,822,949	26,638,546
Structures, at cost	99,240	111,795
Less: Accumulated depreciation	(31,780)	(35,623)
Structures, net	67,460	76,171
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	13,855	13,855
Less: Accumulated depreciation	(7,553)	(8,411)
Tools, furniture and fixtures, net	6,302	5,444
Land	21,334,206	21,337,362
Buildings in trust, at cost	77,098,695	78,205,154
Less: Accumulated depreciation	(12,403,130)	(13,075,407)
Buildings in trust, net	64,695,565	65,129,746
Structures in trust, at cost	633,359	778,524
Less: Accumulated depreciation	(397,234)	(400,152)
Structures in trust, net	236,125	378,371
Machinery and equipment in trust, at cost	109,899	119,385
Less: Accumulated depreciation	(26,184)	(32,406)
Machinery and equipment in trust, net	83,715	86,979
Tools, furniture and fixtures in trust, at cost	41,139	41,854
Less: Accumulated depreciation	(14,721)	(17,571)
Tools, furniture and fixtures in trust, net	26,418	24,282
Land in trust	163,725,785	164,403,793
Construction in progress in trust	3,870	6,000
Total net property, plant and equipment	277,002,400	278,086,698
Intangible assets:		
Leasehold right (Note 1)	19,833,966	19,833,966
Other	11,801	10,500
Total intangible assets	19,845,768	19,844,466
Investments and other assets:		
Investment securities	101,517	101,517
Lease and guarantee deposits	10,200	10,200
Long-term prepaid expenses	1,417,772	1,292,619
Other	3,000	3,000
Total investments and other assets	1,532,489	1,407,336
Total noncurrent assets	298,380,658	299,338,501
Deferred assets:		
Investment unit issuance costs	178,190	245,979
Investment corporation bonds issuance costs	38,977	35,170
Total deferred assets	217,168	281,150
TOTAL ASSETS	314,087,359	327,950,083

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

(Thousands of yen)

	As of	
	July 31, 2019	January 31, 2020
LIABILITIES		
Current liabilities:		
Operating accounts payable	741,552	657,965
Current portion of long-term loans payable	5,626,000	4,000,000
Accounts payable – other	617,930	690,245
Accrued expenses	133,953	127,019
Income taxes payable	1,583	617
Consumption taxes payable	-	491,424
Advances received	2,179,079	1,782,628
Other	71,436	218,676
Total current liabilities	9,371,536	7,968,576
Noncurrent liabilities:		
Investment corporation bonds – unsecured	10,000,000	10,000,000
Long-term loans payable	140,957,000	142,583,000
Tenant leasehold and security deposits	2,489,625	2,468,668
Tenant leasehold and security deposits in trust	8,887,835	8,890,773
Asset retirement obligations	317,347	318,248
Derivatives liabilities	189,116	160,446
Other	1,743	1,170
Total noncurrent liabilities	162,842,668	164,422,307
TOTAL LIABILITIES	172,214,204	172,390,884
NET ASSETS		
Unitholders' equity:		
Unitholders' capital	136,894,435	150,235,013
Capital deduction:		
Allowance for temporary difference adjustment (Note 3)	(222,603)	(214,318)
Other deduction of unitholders' capital	-	(69,966)
Total capital deduction	(222,603)	(284,285)
Unitholders' capital, net	136,671,831	149,950,728
Surplus:		
Retained earnings	5,404,485	5,775,696
Total surplus	5,404,485	5,775,696
Total unitholders' equity	142,076,317	155,726,424
Valuation and translation adjustments:		
Deferred gains or (losses) on hedges	(203,162)	(167,225)
Total valuation and translation adjustments	(203,162)	(167,225)
TOTAL NET ASSETS (Note 2)	141,873,154	155,559,199
TOTAL LIABILITIES AND NET ASSETS	314,087,359	327,950,083

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

(2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	July 31, 2019	January 31, 2020
Operating revenue		
Rent revenue—real estate (Note 4)	10,131,622	10,562,057
Gain on sales of property (Note 5)	470,143	485,200
Dividend income from investments in Tokumei Kumiai	1,018	2,070
Total operating revenue	10,602,784	11,049,327
Operating expenses		
Expenses related to property rental business (Note 4)	3,327,871	3,392,607
Asset management fees	898,922	971,774
Directors' compensations	7,440	7,440
Asset custody fees	6,664	7,098
Administrative service fees	33,002	36,387
Other	110,092	114,528
Total operating expenses	4,383,992	4,529,836
Operating income	6,218,792	6,519,490
Non-operating income		
Interest income	68	72
Interest on refund	-	1,568
Reversal of distribution payable	478	224
Total non-operating income	546	1,865
Non-operating expenses		
Interest expenses	619,141	627,049
Interest expenses on investment corporation bonds	49,626	50,173
Amortization of investment corporation bonds issuance costs	3,807	3,807
Borrowing related expenses	240,569	188,110
Amortization of investment unit issuance costs	62,679	76,444
Other	51,233	3,745
Total non-operating expenses	1,027,059	949,330
Ordinary income	5,192,279	5,572,025
Income before income taxes	5,192,279	5,572,025
Income taxes		
Current	1,801	646
Total income taxes	1,801	646
Net income	5,190,477	5,571,378
Retained earnings brought forward	214,007	204,317
Unappropriated retained earnings	5,404,485	5,775,696

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			Total unitholders' equity	Deferred gains or (losses) on hedges	Total valuation and translation adjustments	Total net assets
	Unitholders' capital (Note 2)	Capital deduction		Total capital deduction	Unitholders' capital, net	Retained earnings	Total surplus				
		Allowance for temporary difference adjustment	Other deduction of unitholders' capital								
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
<u>Changes during the period</u>											
Issuance of new investment units	13,340,578	-	-	-	13,340,578	-	-	13,340,578	-	-	13,340,578
Dividends from surplus	-	-	-	-	-	(5,190,088)	(5,190,088)	(5,190,088)	-	-	(5,190,088)
Reversal of allowance for temporary difference adjustment	-	10,079	-	10,079	10,079	(10,079)	(10,079)	-	-	-	-
Dividend in excess of profit from allowance for temporary difference adjustment	-	(1,794)	-	(1,794)	(1,794)	-	-	(1,794)	-	-	(1,794)
Other distribution in excess of profit	-	-	(69,966)	(69,966)	(69,966)	-	-	(69,966)	-	-	(69,966)
Net income	-	-	-	-	-	5,571,378	5,571,378	5,571,378	-	-	5,571,378
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	35,936	35,936	35,936
<u>Total changes during the period</u>	13,340,578	8,285	(69,966)	(61,681)	13,278,896	371,211	371,211	13,650,107	35,936	35,936	13,686,044
Balance as of January 31, 2020	150,235,013	(214,318)	(69,966)	(284,285)	149,950,728	5,775,696	5,775,696	155,726,424	(167,225)	(167,225)	155,559,199

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

(4) Statements of cash distributions

	(Yen)	
	For the six months ended	
	July 31, 2019	January 31, 2020
I Unappropriated retained earnings	5,404,485,102	5,775,696,588
II Distributions in excess of profit	71,760,640	227,481,936
Allowance for temporary difference adjustment	1,794,016	3,760,032
Other unitcapital deduction	69,966,624	223,721,904
III Capitalization	10,079,112	35,936,870
Reversal of allowance for temporary difference adjustment	10,079,112	35,936,870
IV Cash distribution declared	5,261,848,928	5,799,849,360
<i>(Cash distribution declared per unit)</i>	<i>(2,933)</i>	<i>(3,085)</i>
Profit distributions	5,190,088,288	5,572,367,424
<i>(Profit distributions per unit)</i>	<i>(2,893)</i>	<i>(2,964)</i>
Allowance for temporary difference adjustment	1,794,016	3,760,032
<i>(Distribution per unit in excess of profit from allowance for temporary difference adjustment)</i>	<i>(1)</i>	<i>(2)</i>
Other distribution in excess of profit	69,966,624	223,721,904
<i>(Distribution per unit in excess of profit from other distribution in excess of profit)</i>	<i>(39)</i>	<i>(119)</i>
V Retained earnings carried forward	204,317,702	167,392,294

Note:

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.

For the six months ended January 31, 2020:

Cash distributions declared for the six months ended January 31, 2020 were ¥5,799,849,360.

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, 2020 were ¥5,572,367,424 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 January 31, 2020 were amounting to ¥3,760,032, 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 ¥223,721,904 to level cash distributions. As a result, cash distributions declared for the six months ended January 31, 2020 totaled ¥5,799,849,360.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	July 31, 2019	January 31, 2020
Net cash provided by (used in) operating activities:		
Income before income taxes	5,192,279	5,572,025
Depreciation and amortization	1,404,025	1,471,231
Amortization of investment corporation bonds issuance costs	3,807	3,807
Amortization of investment unit issuance costs	62,679	76,444
Interest income	(68)	(72)
Interest expenses	668,768	677,222
Changes in assets and liabilities:		
Decrease (increase) in operating accounts receivable	(38,459)	16,462
Decrease (increase) in consumption taxes refundable	(302,725)	302,725
Decrease (increase) in prepaid expenses	(659,495)	626,444
Decrease (increase) in long-term prepaid expenses	(43,427)	125,152
Increase (decrease) in operating accounts payable	27,124	(51,319)
Increase (decrease) in accounts payable - other	33,903	32,561
Increase (decrease) in accrued expenses	(219)	1,032
Increase (decrease) in consumption taxes payable	(494,160)	491,424
Increase (decrease) in advances received	569,874	(396,451)
Increase (decrease) in other noncurrent liabilities	1,615	(572)
Decrease from sales of property and equipment in trust	759,989	747,219
Other, net	(150,253)	106,386
Subtotal	7,035,258	9,801,724
Interest income received	68	72
Interest expenses paid	(670,744)	(685,189)
Income taxes paid	(1,526)	(2,017)
Net cash provided by operating activities	6,363,056	9,114,590
Net cash provided by (used in) investing activities:		
Purchases of property, plant and equipment	(477,718)	(210,042)
Purchases of property, plant and equipment in trust	(25,877,008)	(3,150,195)
Proceeds from tenant leasehold and security deposits	-	74,133
Payments of tenant leasehold and security deposits	-	(90)
Proceeds from tenant leasehold and security deposits in trust	765,434	84,342
Payments of tenant leasehold and security deposits in trust	(115,838)	(126,404)
Purchase of investment in securities	(101,517)	-
Other	(5,902)	-
Net cash used in investing activities	(25,812,550)	(3,328,257)
Net cash provided by (used in) financing activities:		
Proceeds from long-term loans payable	20,057,000	1,626,000
Repayments of long-term loans payable	(8,274,000)	(1,626,000)
Proceeds from issuance of investment units	11,449,218	13,340,578
Payments of investment unit issuance costs	-	(78,964)
Dividends paid	(4,625,845)	(5,260,005)
Net cash provided by financing activities	18,606,372	8,001,607
Net change in cash and cash equivalents	(843,121)	13,787,940
Cash and cash equivalents at beginning of period	14,545,745	13,702,624
Cash and cash equivalents at end of period (Note 6)	13,702,624	27,490,564

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 ¥73,202 thousand and ¥108 thousand for the six months ended July 31, 2019 and January 31, 2020, 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.

(New accounting standards not yet applied)

- "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 30, 2018)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 issued on March 30, 2018)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States have jointly developed comprehensive accounting standards for revenue recognition and issued "Revenue from Contracts with Customers" (IFRS 15 in IASB and Topic 606 in FASB) in May 2014. Given the situation where IFRS 15 will be applied from fiscal years beginning on or after January 1, 2018 and that Topic 606 will be applied from fiscal years beginning after December 15, 2017, the ASBJ has developed comprehensive accounting standards for revenue recognition and issued them together with the implementation guidance. The basic policy of the ASBJ when it developed the accounting standards for revenue recognition was to specify the accounting standards, incorporating the basic principles of IFRS 15 as a starting point, from the perspective of comparability between financial statements, which is one of the benefits of maintaining compatibility with IFRS 15. The basic policy also stipulates that if there is an item to which consideration should be given, such as practices that have been conducted thus far in Japan, alternative treatments will be added to the extent to which comparability is not impaired.

(2) Scheduled date of application

The Investment Corporation will adopt the accounting standards from the beginning of the six months ending January 31, 2022.

(3) Impact of applying the accounting standards

The Investment Corporation is currently evaluating the effect on its financial statements by applying the "Accounting Standard for Revenue Recognition", etc.

- "Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan (ASBJ) Statement No. 30 issued on July 4, 2019)
- "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on July 4, 2019)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have established detailed guidance regarding fair value measurement (IFRS 13 "Fair Value Measurement" in IFRS and Topic 820 "Fair Value Measurement" in FASB). The ASBJ repeatedly considered the guidance regarding fair value of financial instruments and disclosure in order to improve the comparability with such international accounting standards, and issued the Accounting Standard for Fair Value Measurement and the Implementation Guidance on Accounting Standard for Fair Value Measurement.

(2) Scheduled date of application

The Investment Corporation will adopt the accounting standards from the beginning of the six months ending January 31, 2022.

(3) Impact of applying the accounting standards

The Investment Corporation is currently evaluating the effect on its financial statements by applying the "Accounting Standard for Fair Value Measurement", etc.

(8) Notes to financial information

Note 1 — Leasehold right

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

Note 2 — Unitholders' equity

(1) Number of units

	As of	
	July 31, 2019	January 31, 2020
Authorized	32,000,000 units	32,000,000 units
Issued and outstanding	1,794,016 units	1,880,016 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 July 31, 2019 and January 31, 2020 are as follows:

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	

For the six months ended January 31, 2020:

(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	11,412	9,618	1,794	-	11,412	(i)
Deferred gains or (losses) on hedges	Valuation losses on interest rate swaps	405,448	212,985	-	(10,079)	202,906	(ii)
Total		416,861	222,603	1,794	(10,079)	214,318	

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

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

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

Rent revenue—real estate and expenses related to property rental business for the six months ended July 31, 2019 and January 31, 2020 consist of the following:

	(Thousands of yen)	
	For the six months ended	
	July 31, 2019	January 31, 2020
Rent revenue—real estate:		
Rental and parking revenue	9,661,314	10,136,532
Common area charges	303,887	294,492
Other	166,420	131,032
Total rent revenue-real estate	<u>10,131,622</u>	<u>10,562,057</u>
Expenses related to property rental business:		
Property management fees	78,791	81,385
Facility management fees	164,699	146,105
Utilities	306,223	287,754
Property-related taxes	835,047	870,136
Insurance	21,521	22,895
Repair and maintenance	97,061	87,391
Depreciation	1,404,025	1,471,231
Trust fees	17,624	18,803
Leasehold rents	400,340	404,767
Other	2,534	2,134
Total expenses related to property rental business	<u>3,327,871</u>	<u>3,392,607</u>
Operating income from property leasing activities	<u><u>6,803,751</u></u>	<u><u>7,169,449</u></u>

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	
	July 31, 2019	January 31, 2020
Sale of property	1,280,000	1,280,000
Cost of property	759,989	747,219
Other sales expenses	49,867	47,580
Gain on sales of property, net	<u>470,143</u>	<u>485,200</u>

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	
	July 31, 2019	January 31, 2020
Cash and bank deposits	10,464,901	23,778,269
Cash and bank deposits in trust	3,237,722	3,712,295
Cash and cash equivalents	<u>13,702,624</u>	<u>27,490,564</u>

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 July 31, 2019 and January 31, 2020 scheduled to be received are summarized as follows:

(Thousands of yen)

	As of	
	July 31, 2019	January 31, 2020
Due within one year	17,422,158	17,961,264
Due after one year	70,775,878	72,179,701
Total	88,198,036	90,140,966

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 July 31, 2019 and January 31, 2020.

(Thousands of yen)

	As of July 31, 2019			As of January 31, 2020		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and bank deposits	10,464,901	10,464,901	-	23,778,269	23,778,269	-
(2) Cash and bank deposits in trust	3,237,722	3,237,722	-	3,712,295	3,712,295	-
Total assets	13,702,624	13,702,624	-	27,490,564	27,490,564	-
(1) Current portion of long-term loans payable	5,626,000	5,655,159	29,159	4,000,000	4,008,700	8,700
(2) Investment corporation bonds—unsecured	10,000,000	10,251,750	251,750	10,000,000	10,168,380	168,380
(3) Long-term loans payable	140,957,000	145,701,046	4,744,046	142,583,000	148,274,959	5,691,959
(4) Tenant leasehold and security deposits in trust	497,000	495,305	(1,694)	489,500	492,557	3,057
Total liabilities	157,080,000	162,103,261	5,023,261	157,072,500	162,944,597	5,872,097
Derivatives (derivatives liabilities), net	(203,162)	(203,162)	-	(167,225)	(167,225)	-

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	
	July 31, 2019	January 31, 2020
Investment securities	101,517	101,517
Total assets	101,517	101,517
Tenant leasehold and security deposits	2,489,625	2,468,668
Tenant leasehold and security deposits in trust	8,390,835	8,401,273
Total liabilities	10,880,460	10,869,941

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 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	-	-	-	-	-
As of January 31, 2020	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	23,778,269	-	-	-	-	-
Cash and bank deposits in trust	3,712,295	-	-	-	-	-
Total	27,490,564	-	-	-	-	-

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

(Thousands of yen)

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
As of January 31, 2020	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	4,000,000	5,600,000	12,000,000	18,500,000	15,300,000	91,183,000
Total	4,000,000	5,600,000	17,000,000	18,500,000	17,300,000	94,183,000

Note 9 — Derivative instruments

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

As of 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)	-

As of January 31, 2020

(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	(167,225)	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	30,300,000	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	
	July 31, 2019	January 31, 2020
Deferred tax assets:		
Enterprise tax payable	68	2
Asset retirement obligations	99,837	100,120
Deferred losses on hedges	63,914	52,609
Subtotal	163,820	152,731
Valuation allowance	(163,820)	(152,731)
Total	-	-
Net deferred tax assets	-	-

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

	For the six months ended	
	July 31, 2019	January 31, 2020
Statutory tax rates	31.51%	31.51%
Deductible cash distributions	(31.51)	(31.53)
Other	0.03	0.03
Effective tax rates	0.03%	0.01%

Note 11 — Related-party transactions

There were no related-party transactions to be disclosed for the fiscal period ended July 31, 2019 and January 31, 2020.

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 0.500%, 0.689% and 0.550%, respectively.

Movements of asset retirement obligations are as follows:

	(Thousands of yen)	
	For the six months ended	
	July 31, 2019	January 31, 2020
Balance at the beginning of the period	173,932	317,347
Increase due to acquisition of properties	142,793	-
Adjustment for passage of time	621	900
Balance at the end of the period	<u>317,347</u>	<u>318,248</u>

(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 July 31, 2019 and January 31, 2020.

	(Thousands of yen)	
	For the six months ended	
	July 31, 2019	January 31, 2020
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	272,297,598	296,837,079
Net increase (decrease) during the period ⁽ⁱⁱ⁾	24,539,481	1,084,259
Balance at the end of the period	296,837,079	297,921,339
Fair value⁽ⁱⁱⁱ⁾	352,419,000	356,001,000

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):

	Increase (decrease) in net book value (Thousands of yen)
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 (50% of quasi-co-ownership)	(759,989)
For the six months ended January 31, 2020:	
Acquisition:	
IIF Gifu Kakamigahara Logistics Center.....	2,508,223
Disposition:	
IIF Atsugi Logistics Center (50% of quasi-co-ownership)	(747,219)

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

For rent revenues and expenses for the six months ended July 31, 2019 and January 31, 2020, 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 July 31, 2019 and January 31, 2020 is as follows:

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

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

(b) Enterprise-wide disclosures

(i) Information about products and services

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

(ii) Information about geographic areas

Revenues from overseas customers:

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

Tangible fixed assets:

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

(c) Information about major customers

Name of customer	Revenues for the six months ended		Relating segment
	July 31, 2019	January 31, 2020	
Japan Airlines Co., Ltd.	1,437,823	1,442,163	Property rental business

(Thousands of yen)

Note 15 — Per unit information

Following table shows the net asset value per unit per unit as of July 31, 2019 and January 31, 2020 and net income per unit for the six months then ended.

	(Yen)	
	For the six months ended	
	July 31, 2019	January 31, 2020
Net asset value per unit	79,081	82,743
Net income per unit	2,997	3,070

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	
	July 31, 2019	January 31, 2020
Net income	5,190,477	5,571,378
Effect of dilutive unit	-	-
Net income available to common unitholders	5,190,477	5,571,378
Adjusted weighted-average number of units outstanding for the period	1,731,806 units	1,814,729 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 July 31, 2019 and January 31, 2020 are as follows:

(Thousands of yen)				
For the six months ended	Item	Reason for changes of temporary difference	Amount for allowance (or reversal)	Note
July 31, 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)
January 31, 2020	Buildings in trust	Excess of depreciation allowance	3,760	(i)
	Deferred gains or (losses) on hedges	Decrease of Valuation losses on interest rate swaps	(35,936)	(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 (Millions of yen) (Note 1)		Note
		Increase	Balance	Increase	Balance	
March 16, 2015	Public offering	20,988	352,052	11,059	90,553	Note 2
March 27, 2015	Allocation of investment units to a third party	512	352,564	269	90,823	Note 3
February 14, 2017	Public offering	43,538	396,102	21,308	112,131	Note 4
March 3, 2017	Allocation of investment units to a third party	1,062	397,164	519	112,651	Note 5
February 1, 2018	Unit Split	1,191,492	1,588,656	-	112,651	Note 6
March 7, 2018	Public offering	109,275	1,697,931	12,623	125,274	Note 7
April 4, 2018	Allocation of investment units to a third party	885	1,698,816	102	125,376	Note 8
May 29, 2019	Public offering	90,700	1,789,516	10,973	136,349	Note 9
June 25, 2019	Allocation of investment units to a third party	4,500	1,794,016	544	136,894	Note 10
December 18, 2019	Public offering	83,900	1,877,916	13,014	149,909	Note 11
January 15, 2020	Allocation of investment units to a third party	2,100	1,880,016	325	150,235	Note 12

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

Note 2 New investment units were issued at a price of ¥546,000 per unit (subscription price of ¥526,960 per unit) through a public offering.

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

Note 4 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 5 New investment units were issued at a price of ¥489,417 per unit through the allocation of investment units to a third-party.

Note 6 The Investment Corporation implemented a split of its investment units on a four-for-one basis with January 31, 2018 as the record date for the unit split.

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

Note 9 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 10 New investment units were issued at a price of ¥120,986 per unit through the allocation of investment units to a third-party.

Note 11 New investment units were issued at a price of ¥160,387 per unit (subscription price of ¥155,123 per unit) through a public offering.

Note 12 New investment units were issued at a price of ¥155,123 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 July 31, 2019		As of January 31, 2020	
				Total of net book value (Millions of yen)	Composition ratio (%) (Note2)	Total of net book value (Millions of yen)	Composition ratio (%) (Note2)
Real property	Logistics facilities or Manufacturing and R&D facilities, etc. (Industrial properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	12,956	4.1	12,951	4.0
			Osaka and Nagoya metropolitan areas	4,832	1.5	4,850	1.5
			Other area	4,081	1.3	4,080	1.2
		Other	Tokyo metropolitan area	-	-	-	-
			Osaka and Nagoya metropolitan areas	-	-	-	-
			Other area	-	-	-	-
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	44,195	14.1	44,011	13.4
			Osaka and Nagoya metropolitan areas	1,998	0.6	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	112,371	35.8	111,501	34.0
			Osaka and Nagoya metropolitan areas	46,510	14.8	48,922	14.9
			Other area	26,390	8.4	26,351	8.0
		Other	Tokyo metropolitan area	-	-	-	-
			Osaka and Nagoya metropolitan areas	-	-	-	-
			Other area	7,703	2.5	7,673	2.3
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	13,013	4.1	12,953	4.0
			Osaka and Nagoya metropolitan areas	22,782	7.3	22,626	6.9
			Other area	-	-	-	-
		Other	Tokyo metropolitan area	-	-	-	-
			Osaka and Nagoya metropolitan areas	-	-	-	-
			Other area	-	-	-	-
Sub-total				296,837	94.5	297,921	90.8
Investments in Tokumei Kumiai agreement (Note 3)				101	0.0	101	0.0
Bank deposits and other assets				17,148	5.5	29,927	9.2
Total assets				314,087	100.0	327,950	100.0
Total liabilities				172,214	54.8	172,390	52.6
Total net assets				141,873	45.2	155,559	47.4

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 January 31, 2020 were as follows:

Name of property	Net book value (Millions of yen)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy ratio (%) (Note 3)	Ratio of rent revenue to total rent revenues (%) (Note 3)	Major use
IIF Haneda Airport Maintenance Center	37,986	81,995.81	81,995.81	100.0	13.7	Infrastructure facility
IIF Kobe District Heating and Cooling Center	15,894	11,476.05	11,476.05	100.0	3.2	Infrastructure facility
IIF Shinonome Logistics Center (Note 4)	12,853	27,493.29	27,493.29	100.0	3.8	Logistics facility
IIF Osaka Suminoe Logistics Center I	12,013	52,201.30	52,201.30	100.0	Note 5	Logistics facility
IIF Fukuoka Hakozaki Logistics Center II	10,242	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	3.5	Manufacturing and R&D facility, etc.
IIF Osaka Konohana Logistics Center	8,630	46,262.20	46,262.20	100.0	Note 5	Logistics facility
IIF Akishima Logistics Center	8,418	31,071.21	31,071.21	100.0	Note 5	Logistics facility
IIF Shinagawa IT Solution Center	7,910	7,057.03	5,128.71	72.7	Note 5	Infrastructure facility
IIF Kamata R&D Center	7,529	21,896.56	21,896.56	100.0	Note 5	Manufacturing and R&D facility, etc.
Total	130,859	352,453.78	350,525.46	99.5	39.3	

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

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

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

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

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

The details of logistics facilities, manufacturing and R&D facilities, etc. or infrastructure facilities held by the Investment Corporation as of January 31, 2020 were as follows:

Name of property	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Fair value at end of period (Millions of yen) (Note 3)	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	17,437	12,853
IIF Noda Logistics Center	340-13, Nishi-sangao, Noda-shi, Chiba	Trust beneficial interest	38,828.10	9,090	5,280
IIF Shinsuna Logistics Center	5-15, Shinsuna 3-chome, Koto-ku, Tokyo	Trust beneficial interest	5,741.75	7,530	5,151
IIF Koshigaya Logistics Center	1-1, Ryutsudanchi 4-chome, Koshigaya-shi, Saitama	Trust beneficial interest	10,113.50	3,130	1,736
IIF Nishinomiya Logistics Center	2, Nishinomiya 1-chome, Nishinomiya-shi, Hyogo	Trust beneficial interest	17,200.00	3,000	1,999
IIF Narashino Logistics Center (land with leasehold interest)	34-9, Akanehama 3-chome, Narashino-shi, Chiba	Real property	19,834.71	3,010	1,223
IIF Narashino Logistics Center II (Note 5)	34-1, Akanehama 3-chome, Narashino-shi, Chiba	Trust beneficial interest	83,905.16	6,420	4,657
IIF Atsugi Logistics Center II	602-9, Aza Kitaya, Funako, Atsugi-shi, Kanagawa	Real property	20,661.13	4,120	3,178
IIF Yokohama Tsuzuki Logistics Center	747, Aza Minamikochi, Kawamukou-cho, Tsuzuki-ku Yokohama-shi, Kanagawa	Trust beneficial interest	9,615.82	3,500	2,294
IIF Saitama Logistics Center	398-3, Yoshino-cho 1-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	8,995.00	2,180	1,423
IIF Nagoya Logistics Center	27, Yanagida-cho 2-chome, Nakagawa-ku, Nagoya-shi, Aichi	Real property	8,721.01	1,620	1,167
IIF Atsugi Logistics Center III	3007-7, Kamiechi Aza Uenohara, Atsugi-shi, Kanagawa	Trust beneficial interest	16,584.64	3,130	2,393
IIF Kawaguchi Logistics Center	5-3 Midori-cho, Kawaguchi-shi, Saitama	Real property	11,705.02	4,490	2,116
IIF Kobe Logistics Center	2-10, Maya-futo, Nada-ku, Kobe-shi, Hyogo	Trust beneficial interest	39,567.74	7,780	5,206
IIF Higashi-Osaka Logistics Center	7-46, Wakae-higashi-machi 6-chome, Higashi Osaka-shi, Osaka	Real property	20,495.06	3,230	2,501
IIF Kashiwa Logistics Center	1027-1, Washinoya, Kashiwa-shi, Chiba	Real property	17,379.78	2,930	1,839
IIF Misato Logistics Center	5, Izumi 3-chome, Misato-shi, Saitama	Trust beneficial interest	19,019.71	5,450	3,414
IIF Iruma Logistics Center	660-2, Aza Higashimusashino, Oaza Minami-mine, Iruma-shi, Saitama	Trust beneficial interest	17,881.65	4,140	3,021
IIF Tosu Logistics Center	127-1, Aza Uchishirage, Kuranoue-machi, Tosu-shi, Saga	Trust beneficial interest	13,862.05	2,000	1,489
IIF Inzai Logistics Center	6-1, Matsuzakidai 2-chome, Inzai-shi, Chiba	Trust beneficial interest	5,490.00	1,380	1,014
IIF Morioka Logistics Center	Plot 4-311, Oaza Hiromiyasawa, Yahabacho, Shiwa-gun, Iwate, etc.	Trust beneficial interest	8,001.57	1,250	567
IIF Hiroshima Logistics Center	22-4, Itsukaichi-ko 3-chome, Saeki-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	22,768.24	4,520	3,314
IIF Izumiotsu e-shop Logistics Center (land with leasehold interest)	8-1, Nagisa-cho, Izumiotsu-shi, Osaka	Trust beneficial interest	48,932.00	4,410	4,178
IIF Izumisano Food Processing and Logistics Center	2-11, Rinkuorai-kita, Izumisano-shi, Osaka	Real property	13,947.83	1,050	931
IIF Kyotanabe Logistics Center	55-13, Osumi-hama, Kyotanabe-shi, Kyoto	Trust beneficial interest	33,243.99	7,530	5,664
IIF Fukuoka Koga Vehicle Logistics Center (land with leasehold interest)	1134-1, Aoyagi, Koga-shi, Fukuoka	Real property	30,815.97	1,010	914
IIF Fukuoka Higashi Logistics Center	9-1 Kamata 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	11,262.86	2,100	1,913
IIF Osaka Konohana Logistics Center	4-51, Shimaya 4-chome, Konohana-ku, Osaka-shi, Osaka	Trust beneficial interest	46,262.20	9,820	8,630
IIF Kazo Logistics Center	6-1, Shintone 2-chome, Kazo-shi, Saitama	Trust beneficial interest	17,744.41	2,840	2,591

Name of property	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Fair value at end of period (Millions of yen) (Note 3)	Net book value (Millions of yen)
IIF Hamura Logistics Center	8-16, Shinmeidai 4-chome, Hamura-shi, Tokyo	Trust beneficial interest	3,892.66	934	928
IIF Fukuoka Hakozaki Logistics Center I	14-31, Hakozaikifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	24,967.58	5,380	5,230
IIF Fukuoka Hakozaki Logistics Center II	1-18, Hakozaikifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	51,385.32	11,400	10,242
IIF Itabashi Logistics Center	7-7, Higashi-sakashita 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	5,057.68	1,980	1,741
IIF Sendai Taiwa Logistics Center	3-15, Maino 2-chome, Taiwa-cho, Kurokawa-gun, Miyagi	Trust beneficial interest	15,555.15	1,700	1,571
IIF Ota Logistics Center	236-1, Anyoji-cho, Ota-shi, Gunma	Real property	6,900.01	1,160	1,015
IIF Osaka Suminoe Logistics Center I	2-32, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka	Trust beneficial interest	52,201.30	14,400	12,013
IIF Osaka Suminoe Logistics Center II	2-34, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka	Trust beneficial interest	12,299.76	2,810	2,550
IIF Morioka Logistics Center II	4-5, Ryutsu Center Minami 2-chome, Yahaba-cho, Shiwa-gun, Iwate	Trust beneficial interest	12,383.30	1,600	1,386
IIF Sapporo Logistics Center	2-1, Yonesato-sanjo 3-chome, Shiroishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	13,064.75	2,600	2,506
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	3,180	2,538
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	2,250	2,047
IIF Hyogo Tatsuno Logistics Center	300-2, Tai-san, Nagao, Issaicho, Tatsuno-shi, Hyogo, etc.	Trust beneficial interest	25,186.78	4,400	4,127
IIF Akishima Logistics Center	3928-4, Kohake, Hajimacho, Akishima-shi, Tokyo	Trust beneficial interest	31,071.21	8,520	8,418
IIF Gifu Kakamigahara Logistics Center	2-8, Aza Takehaya, Kawashima Takehayamachi, Kakamigahara-shi, Gifu, etc.	Trust beneficial interest	16,708.51	2,820	2,502
IIF Totsuka Technology Center (land with leasehold interest)	344-1, Nase-cho, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	31,442.47	5,380	4,553
IIF Yokohama Tsuzuki Technology Center	25-2, Kitayamada 4-chome, Tsuzuki-ku, Yokohama-shi, Kanagawa	Real property	4,655.48	1,340	1,255
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	8,380	7,529
IIF Kawasaki Science Center	25-19, Tono-machi 3-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa	Real property	4,857.73	3,000	1,991
IIF Sagamihara R&D Center	1-35, Minamihashimoto 3-chome, Chuo-ku, Sagamihara-shi, Kanagawa	Trust beneficial interest	19,328.40	4,420	3,334
IIF Yokohama Shinyamashita R&D Center	16-5, Shinyamashita 1-chome, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	4,887.83	4,240	3,832
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	4,490	4,235
IIF Shonan Technology Center	1-1, Ichinomiya 6-chome, Samukawa-cho, Koza-gun, Kanagawa	Trust beneficial interest	7,244.71	1,340	1,303
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	1,870	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 (m ²) (Note 2)	Fair value at end of period (Millions of yen) (Note 3)	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	5,320	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	957
IIF Shin-Kawasaki R&D Center	1-2, Shinogura, Saiwai-ku, Kawasaki-shi, Kanagawa	Trust beneficial interest	11,894.29	8,540	6,583
IIF Ichikawa Food Processing Center	1-1-2, Higashihama 1-chome, Ichikawa-shi, Chiba, etc.	Trust beneficial interest	27,424.22	6,340	6,408
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	14,500	15,894
IIF Haneda Airport Maintenance Center	5-1 and 2, Haneda Airport 3-chome, Ota-ku, Tokyo	Real property	81,995.81	41,300	37,986
IIF Zama IT Solution Center	1-78, Higashihara 5-chome, Zama-shi, Kanagawa	Trust beneficial interest	10,931.89	5,530	5,043
IIF Shinagawa Data Center	9-15, Futaba 2-chome, Shinagawa-ku, Tokyo	Real property	19,547.11	6,940	5,296
IIF Osaka Toyonaka Data Center	1-8, Shin-senri-nishi-machi 1-chome, Toyonaka-shi, Osaka	Trust beneficial interest	20,027.14	6,340	5,537
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	1,193
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	7,170	7,910
IIF Higashimatsuyama Gas Tank Maintenance Center (land with leasehold interest)	75-1, Shingo, Higashimatsuyama-shi, Saitama	Real property	12,880.38	756	729
Total			1,601,499.25	356,001	297,921

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) is calculated multiplying the total leasable area by the share of quasi-co-ownership.

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

The details of logistics facilities, manufacturing and R&D facilities, etc. or infrastructure facilities held by the Investment Corporation as of January 31, 2020 were as follows:

Name of property	For the six months ended July 31, 2019					For the six months ended January 31, 2020				
	Number of tenants (Note1)	Occupancy ratio (%) (Note2)	Rental revenues (Millions of yen)	Rental net operating income (NOI) (Millions of yen) (Note3)	Composition ratio of NOI (%) (Note2)	Number of tenants (Note1)	Occupancy ratio (%) (Note2)	Rental revenues (Millions of yen)	Rental net operating income (NOI) (Millions of yen) (Note3)	Composition ratio of NOI (%) (Note2)
IIF Shinonome Logistics Center	1	100.0	400	365	4.4	1	100.0	403	362	4.2
IIF Noda Logistics Center	2	100.0	(Note 4)	209	2.5	2	100.0	(Note 4)	208	2.4
IIF Shinsuna Logistics Center	1	100.0	179	160	2.0	1	100.0	190	169	2.0
IIF Atsugi Logistics Center (Note 5)	1	100.0	(Note 4)	32	0.4	-	-	-	-	-
IIF Koshigaya Logistics Center	1	100.0	75	70	0.9	1	100.0	75	69	0.8
IIF Nishinomiya Logistics Center	2	100.0	(Note 4)	91	1.1	2	100.0	(Note 4)	82	1.0
IIF Narashino Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	37	0.5	1	100.0	(Note 4)	37	0.4
IIF Narashino Logistics Center II (Note 6)	2	100.0	(Note 4)	172	2.1	2	100.0	(Note 4)	176	2.0
IIF Atsugi Logistics Center II	1	100.0	(Note 4)	112	1.4	1	100.0	(Note 4)	113	1.3
IIF Yokohama Tsuzuki Logistics Center	1	100.0	(Note 4)	69	0.8	1	100.0	(Note 4)	65	0.8
IIF Saitama Logistics Center	1	100.0	66	62	0.8	1	100.0	66	61	0.7
IIF Nagoya Logistics Center	1	100.0	(Note 4)	35	0.4	1	100.0	(Note 4)	42	0.5
IIF Atsugi Logistics Center III	1	100.0	(Note 4)	76	0.9	1	100.0	(Note 4)	83	1.0
IIF Kawaguchi Logistics Center	1	100.0	(Note 4)	106	1.3	1	100.0	(Note 4)	110	1.3
IIF Kobe Logistics Center	1	100.0	(Note 4)	180	2.2	1	100.0	(Note 4)	180	2.1
IIF Higashi-Osaka Logistics Center	2	97.3	(Note 4)	98	1.2	2	97.3	(Note 4)	89	1.0
IIF Kashiwa Logistics Center	1	100.0	(Note 4)	74	0.9	1	100.0	(Note 4)	73	0.9
IIF Misato Logistics Center	1	100.0	(Note 4)	116	1.4	1	100.0	(Note 4)	117	1.4
IIF Iruma Logistics Center	1	100.0	(Note 4)	105	1.3	1	100.0	(Note 4)	104	1.2
IIF Tosu Logistics Center	2	100.0	(Note 4)	53	0.6	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	0.4
IIF Morioka Logistics Center	1	100.0	(Note 4)	38	0.5	1	100.0	(Note 4)	38	0.4
IIF Hiroshima Logistics Center	1	100.0	(Note 4)	120	1.5	1	100.0	(Note 4)	120	1.4
IIF Izumiotsu e-shop Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	111	1.4	1	100.0	(Note 4)	111	1.3
IIF Izumisano Food Processing and Logistics Center	1	100.0	(Note 4)	29	0.4	1	100.0	(Note 4)	26	0.3
IIF Kyotanabe Logistics Center	1	100.0	(Note 4)	172	2.1	1	100.0	(Note 4)	174	2.0
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)	218	2.7	1	100.0	(Note 4)	212	2.5

Name of property	For the six months ended July 31, 2019					For the six months ended January 31, 2020				
	Number of tenants (Note1)	Occupancy ratio (%) (Note2)	Rental revenues (Millions of yen) (Note 4)	Rental net operating income (NOI) (Millions of yen) (Note3)	Composition ratio of NOI (%) (Note2)	Number of tenants (Note1)	Occupancy ratio (%) (Note2)	Rental revenues (Millions of yen) (Note 4)	Rental net operating income (NOI) (Millions of yen) (Note3)	Composition ratio of NOI (%) (Note2)
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)	19	0.2	1	100.0	(Note 4)	21	0.2
IIF Fukuoka Hakozaki Logistics Center I	3	100.0	(Note 4)	124	1.5	3	100.0	(Note 4)	118	1.4
IIF Fukuoka Hakozaki Logistics Center II	5	100.0	(Note 4)	239	2.9	5	100.0	(Note 4)	233	2.7
IIF Itabashi Logistics Center	1	100.0	(Note 4)	39	0.5	1	100.0	(Note 4)	38	0.4
IIF Sendai Taiwa Logistics Center	1	100.0	(Note 4)	46	0.6	1	100.0	(Note 4)	46	0.5
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)	275	3.4	1	100.0	(Note 4)	253	2.9
IIF Osaka Suminoe Logistics Center II	1	100.0	(Note 4)	70	0.9	1	100.0	(Note 4)	59	0.7
IIF Morioka Logistics Center II	1	100.0	(Note 4)	40	0.5	1	100.0	(Note 4)	39	0.5
IIF Sapporo Logistics Center	1	100.0	(Note 4)	60	0.7	1	100.0	(Note 4)	65	0.8
IIF Hitachinaka Port Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	28	0.3	1	100.0	(Note 4)	27	0.3
IIF Koriyama Logistics Center	2	100.0	(Note 4)	101	1.2	2	100.0	(Note 4)	96	1.1
IIF Kobe Nishi Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	43	0.5	1	100.0	(Note 4)	40	0.5
IIF Hyogo Tatsuno Logistics Center (Note 7)	1	100.0	(Note 4)	38	0.5	1	100.0	(Note 4)	118	1.4
IIF Akishima Logistics Center (Note 7)	1	100.0	(Note 4)	61	0.7	1	100.0	(Note 4)	177	2.1
IIF Gifu Kakamigahara Logistics Center (Note 8)	-	-	-	-	-	1	100.0	(Note 4)	19	0.2
IIF Totsuka Technology Center (land with leasehold interest)	1	100.0	154	137	1.7	1	100.0	154	137	1.6
IIF Yokohama Tsuzuki Technology Center	1	100.0	59	38	0.5	1	100.0	59	43	0.5
IIF Mitaka Card Center	1	100.0	364	310	3.8	1	100.0	370	314	3.6
IIF Kamata R&D Center	1	100.0	(Note 4)	238	2.9	1	100.0	(Note 4)	238	2.8
IIF Kawasaki Science Center	1	100.0	(Note 4)	82	1.0	1	100.0	(Note 4)	82	1.0
IIF Sagamihara R&D Center	2	100.0	(Note 4)	135	1.6	2	100.0	(Note 4)	159	1.8
IIF Yokohama Shinyamashita R&D Center	1	100.0	(Note 4)	104	1.3	1	100.0	(Note 4)	104	1.2
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	0.4	1	100.0	(Note 4)	37	0.4
IIF Yokosuka Technology Center	1	100.0	(Note 4)	143	1.7	1	100.0	(Note 4)	141	1.6
IIF Shonan Technology Center	1	100.0	(Note 4)	39	0.5	1	100.0	(Note 4)	40	0.5
IIF Hiroshima Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	54	0.7	1	100.0	(Note 4)	49	0.6
IIF Totsuka Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	61	0.7	1	100.0	(Note 4)	57	0.7

Name of property	For the six months ended July 31, 2019					For the six months ended January 31, 2020				
	Number of tenants (Note1)	Occupancy ratio (%) (Note2)	Rental revenues (Millions of yen) (Note4)	Rental net operating income (NOI) (Millions of yen) (Note3)	Composition ratio of NOI (%) (Note2)	Number of tenants (Note1)	Occupancy ratio (%) (Note2)	Rental revenues (Millions of yen) (Note4)	Rental net operating income (NOI) (Millions of yen) (Note3)	Composition ratio of NOI (%) (Note2)
IIF Atsugi Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	128	1.6	1	100.0	(Note 4)	124	1.4
IIF Tsukuba Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	38	0.5	1	100.0	(Note 4)	38	0.4
IIF Shin-Kawasaki R&D Center (Note 7)	1	100.0	(Note 4)	64	0.8	1	100.0	(Note 4)	200	2.3
IIF Ichikawa Food Processing Center (Note 7)	2	100.0	(Note 4)	48	0.6	2	100.0	(Note 4)	150	1.7
IIF Gifu Kakamigahara Manufacturing Center (land with leasehold interest) (Note 9)	1	100.0	(Note 4)	0	0.0	1	100.0	(Note 4)	7	0.1
IIF Kobe District Heating and Cooling Center	4	100.0	332	318	3.9	4	100.0	332	316	3.7
IIF Haneda Airport Maintenance Center	1	100.0	1,445	960	11.7	1	100.0	1,442	953	11.0
IIF Zama IT Solution Center	1	100.0	(Note 4)	201	2.4	1	100.0	(Note 4)	201	2.3
IIF Shinagawa Data Center	1	100.0	(Note 4)	178	2.2	1	100.0	(Note 4)	175	2.0
IIF Osaka Toyonaka Data Center	1	100.0	(Note 4)	204	2.5	1	100.0	(Note 4)	230	2.7
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	0.7
IIF Shinagawa IT Solution Center	7	98.9	(Note 4)	153	1.9	6	72.7	(Note 4)	179	2.1
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 10)	95	100.0	10,131	8,207	100.0	94	99.8	10,562	8,640	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 and remaining 50% interest on August 1, 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 December 19, 2019.

Note 9 The property was acquired on July 16, 2019.

Note 10 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 January 31, 2020 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 January 31, 2020	Total of advanced payment
IIF Sagami-hara R&D Center	Sagami-hara-shi, Kanagawa	Renewal of outside air conditioner	July, 2020	96	-	-
IIF Haneda Airport Maintenance Center	Ota-ku, Tokyo	Renewal of main parts of elevator (2 period / 3 periods)	June, 2020	60	-	-
IIF Osaka Suminoe Logistics Center I	Osaka-shi, Osaka	LED lighting equipment	January, 2020 to March, 2020	55	-	-

2. Capital expenditures for the six months ended January 31, 2020

Maintenance expenditures on property for the six months ended January 31, 2020 were totaling to ¥876 million consisting of ¥788 million of capital expenditures stated as below and ¥87 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 main parts of elevator (1 period / 3 periods)	August, 2019 to October, 2019	59
IIF Nishinomiya Logistics Center	Kobe-shi, Hyogo	Repair of the outer wall of Building 1 (North, East, South)	November, 2019 to January, 2020	53
Other	-	-	-	675
Total				788