

Translation

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

September 16, 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:	October 29, 2020
Scheduled date for distributions payment:	October 21, 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 July 31, 2020 (February 1, 2020 to July 31, 2020)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2020	10,984	(0.6)	6,247	(4.2)	5,318	(4.5)	5,317	(4.6)
January 31, 2020	11,049	4.2	6,519	4.8	5,572	7.3	5,571	7.3

	Net income per unit		Return on unitholders' equity		Ratio of ordinary income to total assets		Ratio of ordinary income	
For the six months ended	Yen		%		%		%	
July 31, 2020	2,828		3.4		1.6		48.4	
January 31, 2020	3,070		3.7		1.7		50.4	

(2) Distributions

	Distribution per unit (including distributions in excess of profit)	Distribution per unit (excluding distributions in excess of profit)	Distribution per unit in excess of profit	Total distributions (including distributions in excess of profit)	Total distributions (excluding distributions in excess of profit)	Total distributions in excess of profit	Payout ratio	Ratio of distributions to net assets
For the six months ended	Yen	Yen	Yen	Millions of yen	Millions of yen	Millions of yen	%	%
July 31, 2020	2,832	2,828	4	5,324	5,316	7	100.0	3.4
January 31, 2020	3,085	2,964	121	5,799	5,572	227	100.0	3.7

Note 1: All of distribution per unit in excess of profit for the six months ended July 31, 2020 amounting to ¥4 consist of allowance for temporary difference adjustment.

Note 2: 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 3: Payout ratio for the six months ended January 31, 2020 is calculated by following formula, as new investment units were issued during the period.
Pay out ratio = Total distributions (excluding distributions in excess of profit) ÷ Net income × 100

(3) Financial position

	Total assets		Net assets		Ratio of net assets to total assets		Net asset value per unit	
As of	Millions of yen		Millions of yen		%		Yen	
July 31, 2020	342,223		155,107		45.3		82,503	
January 31, 2020	327,950		155,559		47.4		82,743	

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
For the six months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
July 31, 2020	5,009	(23,499)	8,134	17,135
January 31, 2020	9,114	(3,328)	8,001	27,490

2. Outlook for the six months ending January 31, 2021 (August 1, 2020 to January 31, 2021)

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2021	13,897	26.5	7,546	20.8	6,532	22.8	6,530	22.8

	Net income per unit	Distribution per unit (including distributions in excess of profit)	Distributions per unit (excluding distributions in excess of profit)	Distributions in excess of profit per unit
For the six months ending	Yen	Yen	Yen	Yen
January 31, 2021	3,154	3,158	3,154	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 July 31, 2020 1,880,016 units

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

Number of own investment units at the end of period:

As of July 31, 2020 0 units

As of January 31, 2020 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 29.

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 75 properties whose total acquisition price amounted to 323,566 million yen as of July 31, 2020.

ii. Investment environment and management performance

The gross domestic product (GDP) growth for this fiscal period (February 2020 to July 2020) was the growth rates for January to March 2020 and April to June 2020 (first preliminary figure announced on August 17, 2020) decreased by 0.6% (2.5% annually) and decreased 7.8% (27.8% annually), respectively. From April to June 2020, a significant drop in household final consumption expenditures due to self-imposed isolation on an emergency declaration to prevent the spread of the novel coronavirus (COVID-19) and a decline in exports made negative contribution.

In the capital market, even though the Nikkei Stock Average fell to 16,552 yen on March 19, 2020 (approximately 71% of the level at the beginning of this year) due to the spread of the novel coronavirus, the stock has been recovering due to monetary easing and large-scale economic measures in each country, and recovered to 21,710 yen as of the end of July (approximately 94% of the level at the beginning of this year). However, the situation remains unstable amid concerns about the second and the third wave of the novel coronavirus spread and the weak economic fundamentals caused by the deterioration of corporate performance.

In J-REIT market, the Tokyo Stock Exchange REIT Index fell to 1,145 points on March 19 (approximately 53% of the level at the beginning of this year), but recovered to 1,664 points at the end of July (approximately 77% of the level at the beginning of this year). In the logistics REIT, IIF believes that the current rental markets will continue steadily, as EC demand will expand due to self-imposed isolation and further use of EC will be expected in the future.

Under these circumstances, IIF is continuing its sourcing activities from the standpoint of proposing CREs (Corporate Real Estate) as its strengths.

During this fiscal period, IIF acquired 4 properties through a public offering in previous fiscal period, IIF Yokohama Tsuzuki R&D Center (acquisition price of 5,900 million yen), IIF Hiroshima Seifushinto Logistics Center (acquisition price of 6,208 million yen), IIF Atsugi Manufacturing Center (building) (acquisition price of 6,960 million yen) and IIF Okazaki Manufacturing Center (land with leasehold interest) (acquisition price of 3,930 million yen).

As a result, assets held by IIF as of July 31, 2020 totaled 323,566 million yen, including 46 logistics facilities, 20 manufacturing and R&D facilities, and 9 infrastructure facilities. As of July 31, 2020, the total leasable area was 1,722,276.26m² and the average occupancy rate was 100.0%.

iii. Funding

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

a) Debt Financing

As for funding of interest-bearing debt for this fiscal period, IIF newly borrowed 14 billion yen (average maturity period: 8.4 years) at a fixed interest rate for the purpose of acquiring new properties. The breakdown of the new borrowing is 3 billion yen on April 27, 2020, 7 billion yen on May 28, 2020 and 4 billion yen on July 13, 2020. Furthermore, IIF borrowed 1,500 million yen of long-term borrowings (contract period :10 years) on March 31, 2020, 1,000 million yen of long-term borrowings (contract period :7 years) and 1,500 million yen of long-term borrowings (contract period :8 years) on June 30, 2020 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 July 31, 2020 is 170,583 million yen, which is comprised of 160,583 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.

b) Equity Financing

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

iv. Overview of financial results and distributions

As a result of the above management activities, IIF recorded operating revenue of 10,984 million yen, operating income of 6,247 million yen, ordinary income of 5,318 million yen and net income of 5,317 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 5,316,685,248 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 7,520,064 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 2,832 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 Second quarter of 2020 will have kept less than 1% of the vacancy rate in the past (Reference: CBRE Market View). Preleasing will be steady in the future, so the supply-demand balance of vacancy rate will remain stably. It is also expected that stable use of IIF's properties under management will continue.

On the other hand, the need for business companies to sell their real estate is expected to increase due to concerns about deterioration in corporate performance caused by the impact of the novel coronavirus and the need to secure business funds. In addition, there is a continuous strong desire for capital investment in order to respond to the need for automation by using artificial intelligence (AI) and robots in response to labor shortages, and to respond to technological changes accompanying the progress in IT technology. Under these circumstances, the need for real estate sales to secure business funds and capital investment funds continues to be high, and IIF believes that there will continue to be many opportunities to invest in CRE (Corporate Real Estate) proposal-type acquisitions activities, which the Investment Corporation excels in. However, as the outbreak of novel coronavirus infectious disease is not seen to end, IIF needs to closely monitor the impact of corporate performance and economic fundamentals on the real estate market and the tenants of properties.

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 July 31, 2020, IIF's portfolio consisted of 75 properties for a total acquisition price of 323,566 million yen.

The average occupancy rate as of the end of the period stands at 100.0%. The properties are managed under long-term lease contracts with an average remaining lease period of 7.7 years, generating stable cash flows. IIF continues to conduct "3C Management Cycle" portfolio management in order to achieve internal growth; that is to realize long-term stable management and enhanced profitability as well as asset value by providing value to tenants. "3C Management Cycle" is a portfolio management method of (i) grasping tenants' true needs through close communication (Communicate); (ii) strategically making custom-made proposals to meet tenants' individual needs (Customize); and (iii) creating unitholder value through long-term stable management coupled with enhanced profitability and asset value (Create). As a result, during this fiscal period, with regard to IIF Fukuoka Hakozaki Logistics Center II, IIF negotiated with the tenant, which has rent about 50% of the total leasable area, 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

a) Issuance of New Investment Units

At the meetings of the Board of Directors held on July 27, 2020 and August 4, 2020, the issuance of new investment units was resolved as follows. The issuance of new investment units through public offering was completed to be paid on August 11, 2020, and the issuance of new investment units through Third-party allotment was completed to paid on September 8, 2020.

Issuance conditions are as follows:

As a result, as of September 8, 2020, the total investment amount was 183,865,203,829 yen and the total number of investment units issued and outstanding was 2,070,016 units.

[Issuance of New Investment Units through Public Offering]

Number of new investment units	: 181,000 units
Issue price (Offer price)	: per unit 182,845 yen
Total issue price (Total offer price)	: 33,094,945,000 yen
Amount to be paid in (Issue value)	: per unit 177,001 yen
Total amount to be paid in (Total issue value)	: 32,037,181,000 yen
Payment date	: August 11, 2020
Dividend start date	: August 1, 2020

[Issuance of New Investment Units through Third-Party Allotment]

Number of new investment units	: 9,000 units
Issue price (Offer price)	: per unit 177,001 yen
Total issue price (Total offer price)	: 1,593,009,000 yen
Payment date	: September 8, 2020
Dividend start date	: August 1, 2020
Allottee	: Nomura Securities Co., Ltd.

[Use of Funds]

The funds by this offering and Third-party Allotment will be allocated to a part of the funds to acquire new specified properties (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and

Investment Corporations).

b) The forecasts of operating results

The forecasts of operating results for the fiscal period ending January 31, 2021 (August 1, 2020 to January 31, 2021) are operating revenue of 13,897 million yen, ordinary income of 6,532 million yen, net income of 6,530 million yen and distributions per unit of 3,158 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 27th Fiscal Period (August 1, 2020 to January 31, 2021) and the 28th Fiscal Period (February 1, 2021 to July 31, 2021)”. The main changes from the 26th Fiscal Period (February 1, 2020 to July 31, 2020) include the following.

Operating revenue (increase of 2,913 million yen from the previous fiscal period)

- Increase in rental revenue from the three properties acquired (to be acquired) in the Fiscal Period ending January 31, 2021 (August 1, 2020 to January 31, 2021)(partial contribution)
- Increase in rental revenue from the four properties acquired in the Fiscal Period ended July 31, 2020 (February 1, 2020 to July 31, 2020)(full contribution)

Operating expense (increase of 1,614 million yen from the previous fiscal period)

- Increase in rental expenses for the three properties acquired (to be acquired) in the Fiscal Period ending January 31, 2021 (August 1, 2020 to January 31, 2021)(partial contribution)
- Increase in rental expenses from the four properties acquired in the Fiscal Period ended July 31, 2020 (February 1, 2020 to July 31, 2020)(full contribution)
- Taxes and public charges expensed on the 7 properties acquired in 2019 (full contribution).

(Reference)

The forecasts of operating results for the fiscal period ending July 31, 2021 (February 1, 2021 to July 31, 2021) are operating revenue of 14,837 million yen, ordinary income of 6,532 million yen, net income of 6,530 million yen and distributions per unit of 3,158 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 27th Fiscal Period (August 1, 2020 to January 31, 2021) and the 28th Fiscal Period (February 1, 2021 to July 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.

(Reference)

• Scheduled Change of Executive Director

Executive director of IIF, Yasuyuki Kuratsu, has given notice that he intends to resign on September 30, 2020. Therefore Hidehiko Ueda, the current alternate executive director, given the first priority for appointment, will become new executive director as of October 1, 2020.

Brief biography of new executive director is as follows.

Name (Date of birth)	Brief Biography	
Hidehiko Ueda (Dec. 27, 1972)	Apr. 1995	House Foods Corporation, Tokyo Branch
	Dec. 1998	SNK Corporation, Accounting Department
	Apr. 2000	Gap Japan K.K. Finance Department
	Jul. 2001	Manager, Finance and Accounting Group, Morgan Stanley Properties Japan K.K. (Current: Morgan Stanley Capital K.K.)
	Jul. 2004	Finance Manager, Jones Lang LaSalle K.K.,
	Apr. 2005	(Transferred to) Head of Structured Finance Department, LaSalle Investment Management K.K.
	Jul. 2007	Senior Manager, Finance Dept., Retail Division, Mitsubishi Corp.-UBS Realty Inc.
	May 2008	Senior Manager, Finance Dept., Corporate Division, Mitsubishi Corp.-UBS Realty Inc.
	May 2013	Head of Planning and Coordination Dept., Industrial Division, Mitsubishi Corp.-UBS Realty Inc.
	Mar. 2017	General Manager, New Business Development Office, Strategic Planning Dept., Management Division, Mitsubishi Corp.-UBS Realty Inc.
	Jul. 2017	Executive Officer, Head of Industrial Division, and Head of Planning and Coordination Dept, Mitsubishi Corp.-UBS Realty Inc.
	May 2019	Executive Officer, Head of Industrial Division, Mitsubishi Corp.-UBS Realty Inc. (Present post)
	Oct. 2020	Executive Director, Industrial & Infrastructure Fund Investment Corporation (Scheduled)

【Attachment】

Earnings Forecast Assumptions for the 27th Fiscal Period (August 1, 2020 to January 31, 2021) and the 28th Fiscal Period (February 1, 2021 to July 31, 2021)

Item	Assumption						
Accounting period	27 th Fiscal Period From August 1, 2020 to January 31, 2021 (184 days) 28 th Fiscal Period From February 1, 2021 to July 31, 2021 (181 days)						
Assets owned	<p>In addition to the real estate and trust beneficial interest in real property for the 75 properties held by IIF as of July 31, 2020, it is assumed that it acquires the following 3 properties acquired (to be acquired). 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>< properties acquired (to be acquired).></p> <table border="1"> <tr> <td>IIF Shonan Logistics Center</td><td>Acquired on August 12, 2020</td></tr> <tr> <td>IIF Shonan Health Innovation Park (60% co- ownership)</td><td>Anticipated to be acquired on September 30, 2020</td></tr> <tr> <td>IIF Ichihara Manufacturing Center (land with leasehold interest)</td><td>Anticipated to be acquired on October 5, 2020</td></tr> </table> <p>After the acquisition of the 3 properties, it is assumed that there will be no change in the properties until the end of July 2021. However, there may be a change due to the acquisition or disposal of other properties in actual.</p>	IIF Shonan Logistics Center	Acquired on August 12, 2020	IIF Shonan Health Innovation Park (60% co- ownership)	Anticipated to be acquired on September 30, 2020	IIF Ichihara Manufacturing Center (land with leasehold interest)	Anticipated to be acquired on October 5, 2020
IIF Shonan Logistics Center	Acquired on August 12, 2020						
IIF Shonan Health Innovation Park (60% co- ownership)	Anticipated to be acquired on September 30, 2020						
IIF Ichihara Manufacturing Center (land with leasehold interest)	Anticipated to be acquired on October 5, 2020						
Interest-bearing debt	<p>The total amount of interest-bearing debt as of July 31, 2020 was JPY 170,583 million, consisting of long-term debt (including those loans that will become due within one year) of JPY 160,583 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 23,800 million on September 28, 2020 for the purpose of acquiring the properties described in " Assets owned " above.</p> <p>IIF assumes the total amount of interest-bearing debt as of the end of January, 2021 and as of the end of July, 2021 is to be JPY 194,383 million.</p>						
Operating revenues	<p>IIF has estimated the rent revenue based on lease agreements that IIF expect to be effective during the 27th fiscal period and the 28th 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 that the properties are owned as described in “Assets owned” above and that there will be no arrears or non-payments of rent by the tenants for the 27th fiscal period and the 28th fiscal period. In addition, there is a possibility that, for 2 properties of the assets owned, the occupancy status may not change or some tenants may cancel in the 28th fiscal period, however, since it is yet to be confirmed at this time, we have conservatively estimated that we do not generate part or all of rent revenues for those properties in the 28th fiscal period from such properties.</p>						

Operating expenses	<p>Fixed property tax, city planning tax and depreciable property tax in the 27th period and the 28th period are forecast to be approximately 942 million yen and approximately 1,135 million yen, respectively. Repair costs are forecast to be approximately 392 million yen and approximately 601 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 properties 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 properties acquired (to be acquired), are assumed to be approximately 170 million yen.</p> <p>Depreciation (including ancillary expenses) is calculated based on the straight-line method and is estimated to be approximately JPY 1,789 million for the 27th fiscal period and approximately JPY 1,843 million for the 28th 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 931 million for the 27th fiscal period and approximately JPY 938 million for the 28th fiscal period.</p> <p>IIF estimate the amortization of the cost concerning the issuance of new investment units will be approximately JPY 77 million for the 27th fiscal period and approximately JPY 55 million for the 28th fiscal period</p>
Extraordinary gain or loss	No extraordinary gain or loss is expected for the 27 th fiscal period and the 28 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 2,070,016.
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 27 th fiscal period and the 28 th fiscal period are 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, IIF Ichikawa Food Processing Center, which IIF acquired on June 3, 2019, and IIF Yokohama Tsuzuki R&D Center, which IIF acquired on March 2, 2020, IIF recorded asset retirement obligations related to asbestos removal and 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 27 th fiscal period and the 28 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 3 properties to be acquired during the fiscal period ending January 2021.

New property acquired (to be acquired)	Location (Note 1)	Type	(Anticipated) acquisition price (million yen)	Appraisal value ^(Note 2) (million yen)
IIF Shonan Logistics Center	9-2, Ichinomiya 7-chome, Samukawa-machi, Koza- gun, Kanagawa	Logistics facility	7,380	8,200
IIF Shonan Health Innovation Park (60% co-ownership interest)	26-1, Muraoka-Higashi 2- chome, Fujisawa-shi, Kanagawa.	Manufacturing and R&D facility	23,100	25,680
IIF Ichihara Manufacturing Center (land with leasehold interest)	1-1, Yawatakaigandori, Ichihara-shi, Chiba	Manufacturing and R&D facility	15,910	18,230
Total amount of (anticipated) acquisition			46,390	52,110

(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 June 1, 2020.

(Note 3) In the sales agreement for IIF Shonan Health Innovation Park (60% co-ownership interest), IIF is to compensate the seller for damages incurred due to the serious breach of the representations and guarantees of the Investment Corporation (except for those known to the seller in connection with the breach). Such indemnification obligations are (i) exempted from all damages relating to individual claims from the Seller of 50 million yen or less, (ii) exempted from all damages where the cumulative amount of individual claims exceeding 50 million yen is 500 million yen or less, and (iii) the amount in excess is permitted up to 5% of the sale price if the cumulative amount of individual compensation claims in excess of 50 million yen exceeds 500 million yen. In addition, in the event the other party suffers damages, etc. as a result of or in connection with the breach of its obligations under the sales contract, the other party shall compensate for damages, etc. in accordance with the provisions of the Civil Code, other laws and regulations, and the provisions of this contract. However, under the sales contract, the Investment Corporation is required to pay the trading value on condition that it has completed the necessary financing for the payment of the trading value.

(Note 4) Under the sales agreement concluded by IIF Ichihara Manufacturing Center (land with leasehold interest), IIF is required to pay to the seller 20% of the total trading value as a penalty in the event that IIF breaches the terms of agreement stipulated in the sales contract or gives a guarantee of improper representation and the sales contract is cancelled. However, the purchase and sale agreement concluded with IIF Ichihara Manufacturing Center (land with leasehold interest) requires that IIF will be obligated to pay the purchase and sale price on condition that the Investment Corporation has completed the necessary financing (including, but not limited to, financing and capital increase) to pay the purchase and sale price.

(Note 5) For details of the 3 properties acquired (to be acquired) in the fiscal period ending January 2021, please refer to the press release "IIF to Acquire and Lease Three Properties in Japan" on July 27, 2020.

(2) Investment risk

There have been no significant changes to the "Investment risk" since the most recent securities report (submitted on April 23, 2020), and hence, description of these matters is omitted.

2. Financial information

(1) Balance sheets

(Thousands of yen)

	As of	
	January 31, 2020	July 31, 2020
ASSETS		
Current assets:		
Cash and bank deposits	23,778,269	13,133,520
Cash and bank deposits in trust	3,712,295	4,002,053
Rental receivables	288,546	697,026
Prepaid expenses	549,882	698,522
Income taxes receivable	404	265
Consumption taxes refundable	-	867,180
Other	1,034	941
Total current assets	28,330,432	19,399,511
Noncurrent assets:		
Property, plant and equipment:		
Buildings, at cost	34,181,870	34,297,858
Less: Accumulated depreciation	(7,543,324)	(7,947,518)
Buildings, net	26,638,546	26,350,339
Structures, at cost	111,795	111,795
Less: Accumulated depreciation	(35,623)	(39,522)
Structures, net	76,171	72,273
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	(8,411)	(9,085)
Tools, furniture and fixtures, net	5,444	4,770
Land	21,337,362	21,343,414
Buildings in trust, at cost	78,205,154	90,851,946
Less: Accumulated depreciation	(13,075,407)	(14,197,083)
Buildings in trust, net	65,129,746	76,654,863
Structures in trust, at cost	778,524	1,029,414
Less: Accumulated depreciation	(400,152)	(429,596)
Structures in trust, net	378,371	599,817
Machinery and equipment in trust, at cost	119,385	119,385
Less: Accumulated depreciation	(32,406)	(38,945)
Machinery and equipment in trust, net	86,979	80,440
Tools, furniture and fixtures in trust, at cost	41,854	46,881
Less: Accumulated depreciation	(17,571)	(20,487)
Tools, furniture and fixtures in trust, net	24,282	26,394
Land in trust	164,403,793	176,244,234
Construction in progress in trust	6,000	6,000
Total net property, plant and equipment	278,086,698	301,382,547
Intangible assets:		
Leasehold right (Note 1)	19,833,966	19,833,966
Other	10,500	9,198
Total intangible assets	19,844,466	19,843,164
Investments and other assets:		
Investment securities	101,517	95,456
Lease and guarantee deposits	10,200	10,200
Long-term prepaid expenses	1,292,619	1,274,360
Other	3,000	3,000
Total investments and other assets	1,407,336	1,383,016
Total noncurrent assets	299,338,501	322,608,728
Deferred assets:		
Investment unit issuance costs	245,979	183,670
Investment corporation bonds issuance costs	35,170	31,362
Total deferred assets	281,150	215,033
TOTAL ASSETS	327,950,083	342,223,273

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

(Thousands of yen)

	As of	
	January 31, 2020	July 31, 2020
LIABILITIES		
Current liabilities:		
Operating accounts payable	657,965	769,132
Current portion of long-term loans payable	4,000,000	-
Accounts payable – other	690,245	703,629
Accrued expenses	127,019	127,282
Income taxes payable	617	897
Consumption taxes payable	491,424	-
Advances received	1,782,628	1,789,422
Other	218,676	51,476
Total current liabilities	7,968,576	3,441,840
Noncurrent liabilities:		
Investment corporation bonds – unsecured	10,000,000	10,000,000
Long-term loans payable	142,583,000	160,583,000
Tenant leasehold and security deposits	2,468,668	2,451,531
Tenant leasehold and security deposits in trust	8,890,773	9,866,243
Asset retirement obligations	318,248	636,267
Derivatives liabilities	160,446	136,661
Other	1,170	653
Total noncurrent liabilities	164,422,307	183,674,357
TOTAL LIABILITIES	172,390,884	187,116,198
NET ASSETS		
Unitholders' equity:		
Unitholders' capital	150,235,013	150,235,013
Capital deduction:		
Allowance for temporary difference adjustment (Note 3)	(214,318)	(182,141)
Other deduction of unitholders' capital	(69,966)	(293,688)
Total capital deduction	(284,285)	(475,830)
Unitholders' capital, net	149,950,728	149,759,183
Surplus:		
Retained earnings	5,775,696	5,484,552
Total surplus	5,775,696	5,484,552
Total unitholders' equity	155,726,424	155,243,735
Valuation and translation adjustments:		
Deferred gains or (losses) on hedges	(167,225)	(136,661)
Total valuation and translation adjustments	(167,225)	(136,661)
TOTAL NET ASSETS (Note 2)	155,559,199	155,107,074
TOTAL LIABILITIES AND NET ASSETS	327,950,083	342,223,273

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

(2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	January 31, 2020	July 31, 2020
Operating revenue		
Rent revenue—real estate (Note 4)	10,562,057	10,979,943
Gain on sales of property (Note 5)	485,200	-
Dividend income from investments in Tokumei Kumiai	2,070	4,381
Total operating revenue	11,049,327	10,984,324
Operating expenses		
Expenses related to property rental business (Note 4)	3,392,607	3,550,678
Asset management fees	971,774	1,020,654
Directors' compensations	7,440	7,440
Asset custody fees	7,098	7,440
Administrative service fees	36,387	37,411
Other	114,528	112,961
Total operating expenses	4,529,836	4,736,587
Operating income	6,519,490	6,247,737
Non-operating income		
Interest income	72	89
Interest on refund	1,568	-
Reversal of distribution payable	224	305
Total non-operating income	1,865	394
Non-operating expenses		
Interest expenses	627,049	618,870
Interest expenses on investment corporation bonds	50,173	49,626
Amortization of investment corporation bonds issuance costs	3,807	3,807
Borrowing related expenses	188,110	189,955
Amortization of investment unit issuance costs	76,444	62,309
Other	3,745	4,862
Total non-operating expenses	949,330	929,431
Ordinary income	5,572,025	5,318,700
Income before income taxes	5,572,025	5,318,700
Income taxes		
Current	646	1,539
Total income taxes	646	1,539
Net income	5,571,378	5,317,160
Retained earnings brought forward	204,317	167,392
Unappropriated retained earnings	5,775,696	5,484,552

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

(3) Statements of changes in net assets

(Thousands of yen)

	Unitholders' equity							Valuation and translation adjustments			
	Unitholders' capital				Surplus						
	Capital deduction										
	Unitholders' capital (Note 2)	Allowance for temporary difference adjustment	Other deduction of unitholders' capital	Total capital deduction	Unitholders' capital, net	Retained earnings	Total surplus	Total unitholders' equity	Deferred gains or (losses) on hedges	Total valuation and translation adjustments	Total net assets
Balance as of 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
Changes during the period											
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
Total changes during the period	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
Changes during the period											
Dividends from surplus	-	-	-	-	-	(5,572,367)	(5,572,367)	(5,572,367)	-	-	(5,572,367)
Reversal of allowance for temporary difference adjustment	-	35,936	-	35,936	35,936	(35,936)	(35,936)	-	-	-	-
Dividend in excess of profit from allowance for temporary difference adjustment	-	(3,760)	-	(3,760)	(3,760)	-	-	(3,760)	-	-	(3,760)
Other distribution in excess of profit	-	-	(223,721)	(223,721)	(223,721)	-	-	(223,721)	-	-	(223,721)
Net income	-	-	-	-	-	5,317,160	5,317,160	5,317,160	-	-	5,317,160
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	30,563	30,563	30,563
Total changes during the period	-	32,176	(223,721)	(191,545)	(191,545)	(291,143)	(291,143)	(482,688)	30,563	30,563	(452,125)
Balance as of July 31, 2020	150,235,013	(182,141)	(293,688)	(475,830)	149,759,183	5,484,552	5,484,552	155,243,735	(136,661)	(136,661)	155,107,074

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

(4) Statements of cash distributions

	(Yen)	
	For the six months ended	
	January 31, 2020	July 31, 2020
I Unappropriated retained earnings	5,775,696,588	5,484,552,689
II Distributions in excess of profit	227,481,936	7,520,064
Allowance for temporary difference adjustment	3,760,032	7,520,064
Other unitcapital deduction	223,721,904	-
III Capitalization	35,936,870	30,563,804
Reversal of allowance for temporary difference adjustment	35,936,870	30,563,804
IV Cash distribution declared	5,799,849,360	5,324,205,312
<i>(Cash distribution declared per unit)</i>	<i>(3,085)</i>	<i>(2,832)</i>
Profit distributions	5,572,367,424	5,316,685,248
<i>(Profit distributions per unit)</i>	<i>(2,964)</i>	<i>(2,828)</i>
Allowance for temporary difference adjustment	3,760,032	7,520,064
<i>(Distribution per unit in excess of profit from allowance for temporary difference adjustment)</i>	<i>(2)</i>	<i>(4)</i>
Other distribution in excess of profit	223,721,904	-
<i>(Distribution per unit in excess of profit from other distribution in excess of profit)</i>	<i>(119)</i>	<i>(-)</i>
V Retained earnings carried forward	167,392,294	137,303,637

Note:

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.

For the six months ended July 31, 2020:

Cash distributions declared for the six months ended July 31, 2020 were ¥5,324,205,312.

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, 2020 were ¥5,316,685,248 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, 2020 were amounting to ¥7,520,064, except for fractional distribution per unit in excess of profit less than one yen. As a result, cash distributions declared for the six months ended July 31, 2020 totaled ¥5,324,205,312.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	January 31, 2020	July 31, 2020
Net cash provided by (used in) operating activities:		
Income before income taxes	5,572,025	5,318,700
Depreciation and amortization	1,471,231	1,585,464
Amortization of investment corporation bonds issuance costs	3,807	3,807
Amortization of investment unit issuance costs	76,444	62,309
Interest income	(72)	(89)
Interest expenses	677,222	668,497
Changes in assets and liabilities:		
Decrease (increase) in operating accounts receivable	16,462	(408,480)
Decrease (increase) in consumption taxes refundable	302,725	(867,180)
Decrease (increase) in prepaid expenses	626,444	(148,639)
Decrease (increase) in long-term prepaid expenses	125,152	18,259
Increase (decrease) in operating accounts payable	(51,319)	(85,285)
Increase (decrease) in accounts payable - other	32,561	75,809
Increase (decrease) in accrued expenses	1,032	(72)
Increase (decrease) in consumption taxes payable	491,424	(491,424)
Increase (decrease) in advances received	(396,451)	6,793
Increase (decrease) in other noncurrent liabilities	(572)	(517)
Decrease from sales of property and equipment in trust	747,219	35,194
Other, net	106,386	(93,988)
Subtotal	9,801,724	5,679,157
Interest income received	72	89
Interest expenses paid	(685,189)	(668,161)
Income taxes paid	(2,017)	(1,121)
Net cash provided by operating activities	9,114,590	5,009,964
Net cash provided by (used in) investing activities:		
Purchases of property, plant and equipment	(210,042)	(145,404)
Purchases of property, plant and equipment in trust	(3,150,195)	(24,260,978)
Proceeds from tenant leasehold and security deposits	74,133	24,019
Payments of tenant leasehold and security deposits	(90)	(180)
Proceeds from tenant leasehold and security deposits in trust	84,342	1,435,854
Payments of tenant leasehold and security deposits in trust	(126,404)	(558,746)
Proceeds from investment securities	-	6,060
Net cash used in investing activities	(3,328,257)	(23,499,375)
Net cash provided by (used in) financing activities:		
Proceeds from long-term loans payable	1,626,000	18,000,000
Repayments of long-term loans payable	(1,626,000)	(4,000,000)
Proceeds from issuance of investment units	13,340,578	-
Payments of investment unit issuance costs	(78,964)	(65,637)
Dividends paid	(5,260,005)	(5,799,942)
Net cash provided by financing activities	8,001,607	8,134,419
Net change in cash and cash equivalents	13,787,940	(10,354,990)
Cash and cash equivalents at beginning of period	13,702,624	27,490,564
Cash and cash equivalents at end of period (Note 6)	27,490,564	17,135,574

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 ¥108 thousand and ¥90,305 thousand for the six months ended January 31, 2020 and July 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 revised on March 31, 2020)
- "Implementation Guidance on Accounting Standard for Revenue Recognition"
(ASBJ Guidance No. 30 revised on March 31, 2020)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments"
(ASBJ Guidance No. 19 revised on March 31, 2020)

(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)
- "Accounting Standard for Financial Instruments"
(ASBJ Statement No. 10 revised on July 4, 2019)
- "Implementation Guidance on Accounting Standard for Fair Value Measurement"
(ASBJ Guidance No. 31 issued on July 4, 2019)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments"
(ASBJ Guidance No. 19 revised on March 31, 2020)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have established similar detailed guidance regarding fair value measurement (IFRS 13 "Fair Value Measurement" in International Financial Reporting Standards ("IFRS")) and Accounting Standards Codification Topic 820 "Fair Value Measurement" in FASB).

The ASBJ repeatedly considered the guidance regarding fair value of financial instruments and disclosure in order to ensure the consistency of Japanese GAAP with such international accounting standards, and issued the Accounting Standard for Fair Value Measurement, etc.

As the basic policy of ASBJ for the development of accounting standard for fair value measurement, ASBJ basically adopted all provisions of IFRS 13 by using the unified measurement method, from the point of view of improving the comparability of financial statements among domestic and foreign companies.

In addition, considering the actual practices that have been executed in Japan, other treatments for individual items are established within the scope not to fail the comparability between the financial statements.

(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.

- "Accounting Standard for Disclosure of Accounting Estimates"
(Accounting Standards Board of Japan (ASBJ) Statement No. 31 issued on March 31, 2020)

(1) Overview

With respect to "Sources of estimation uncertainty" which are required to be disclosed under Paragraph 125 of International Accounting Standard ("IAS") 1 "Presentation of Financial Statements" ("IAS 1") issued by The International Accounting Standards Board ("IASB") in 2003, ASBJ was requested to examine disclosures of such information under Japanese GAAP as useful information for users of financial statements. Accordingly, ASBJ has developed and published the accounting standard for disclosures of accounting estimates (the "Accounting Standard").

The basic policy of ASBJ for the development of the Accounting Standard was to provide general principles (disclosure purpose) instead of expanding individual notes, and an entity shall determine specific disclosure content in accordance with its disclosure purpose. The development of this standard is based on Paragraph 125 of IAS 1.

(2) Scheduled date of application

The Investment Corporation will adopt the accounting standards from the end of the six months ending July 31, 2021.

- "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections"
(Accounting Standards Board of Japan (ASBJ) Statement No. 24 issued on March 31, 2020)

(1) Overview

In response to the recommendation to improve note information concerning "The accounting policies and methods which has been adopted in the cases where the relevant accounting standards are not available", ASBJ revised Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections.

To improve the note information concerning "The accounting policies and methods which has been adopted in the cases where the relevant accounting standards are not available", the provision of Financial Accounting Principles (note 1-2) will be followed to avoid influencing actual practice when the relevant accounting standards exist.

(2) Scheduled date of application

The Investment Corporation will adopt the accounting standards from the end of the six months ending July 31, 2021.

(8) Notes to financial information

Note 1 — Leasehold right

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

Note 2 — Unitholders' equity

(1) Number of units

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

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	

For the six months ended July 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	15,172	11,412	3,760	-	15,172	(i)
Deferred gains or (losses) on hedges	Valuation losses on interest rate swaps	405,448	202,906	-	(35,936)	166,969	(ii)
Total		420,621	214,318	3,760	(35,936)	182,141	

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

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

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

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

	(Thousands of yen)	
	For the six months ended	
	January 31, 2020	July 31, 2020
Rent revenue—real estate:		
Rental and parking revenue	10,136,532	10,624,010
Common area charges	294,492	263,425
Other	131,032	92,506
Total rent revenue-real estate	10,562,057	10,979,943
Expenses related to property rental business:		
Property management fees	81,385	76,758
Facility management fees	146,105	147,338
Utilities	287,754	263,438
Property-related taxes	870,136	907,417
Insurance	22,895	23,865
Repair and maintenance	87,391	98,209
Depreciation	1,471,231	1,585,464
Trust fees	18,803	18,740
Leasehold rents	404,767	418,259
Other	2,134	11,184
Total expenses related to property rental business	3,392,607	3,550,678
Operating income from property leasing activities	7,169,449	7,429,264

Note 5 — Analysis of gain on sales of property

Analysis of gain on sales of property is as follows:

	(Thousands of yen)	
	For the six months ended	
	January 31, 2020	July 31, 2020
Sale of property	1,280,000	-
Cost of property	747,219	-
Other sales expenses	47,580	-
Gain on sales of property, net	485,200	-

Note 6 — Cash and cash equivalents

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

	(Thousands of yen)	
	As of	
	January 31, 2020	July 31, 2020
Cash and bank deposits	23,778,269	13,133,520
Cash and bank deposits in trust	3,712,295	4,002,053
Cash and cash equivalents	27,490,564	17,135,574

Note 7 — Lease rental revenues

The Investment Corporation leases its properties mainly to corporate tenants. Future minimum rental revenues pursuant to existing rental contracts as of January 31, 2020 and July 31, 2020 scheduled to be received are summarized as follows:

(Thousands of yen)

	As of	
	January 31, 2020	July 31, 2020
Due within one year	17,961,264	19,459,162
Due after one year	72,179,701	87,458,204
Total	90,140,966	106,917,366

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

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair value and valuation differences of financial instruments for which fair value is available as of January 31, 2020 and July 31, 2020.

(Thousands of yen)

	As of January 31, 2020			As of July 31, 2020		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and bank deposits	23,778,269	23,778,269	-	13,133,520	13,133,520	-
(2) Cash and bank deposits in trust	3,712,295	3,712,295	-	4,002,053	4,002,053	-
Total assets	27,490,564	27,490,564	-	17,135,574	17,135,574	-
(1) Current portion of long-term loans payable	4,000,000	4,008,700	8,700	-	-	-
(2) Investment corporation bonds—unsecured	10,000,000	10,168,380	168,380	10,000,000	10,066,160	66,160
(3) Long-term loans payable	142,583,000	148,274,959	5,691,959	160,583,000	164,705,939	4,122,939
(4) Tenant leasehold and security deposits in trust	489,500	492,557	3,057	402,500	401,007	(1,492)
Total liabilities	157,072,500	162,944,597	5,872,097	170,985,500	175,173,107	4,187,607
Derivatives (derivatives liabilities), net	(167,225)	(167,225)	-	(136,661)	(136,661)	-

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

Assets

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

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

Liabilities

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

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

(2) Investment corporation bonds—unsecured

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

(4) Tenant leasehold and security deposits in trust

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

Derivatives

Please refer to “Note 9 - Derivative instruments.”

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

(Thousands of yen)

	As of	
	January 31, 2020	July 31, 2020
Investment securities	101,517	95,456
Total assets	101,517	95,456
Tenant leasehold and security deposits	2,468,668	2,451,531
Tenant leasehold and security deposits in trust	8,401,273	9,463,743
Total liabilities	10,869,941	11,915,275

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

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

(Thousands of yen)

As of January 31, 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	-	-	-	-	-
As of July 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	13,133,520	-	-	-	-	-
Cash and bank deposits in trust	4,002,053	-	-	-	-	-
Total	17,135,574	-	-	-	-	-

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

(Thousands of yen)

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
As of July 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	-	12,600,000	14,300,000	17,000,000	19,350,000	97,333,000
Total	-	12,600,000	19,300,000	19,000,000	19,350,000	100,333,000

Note 9 — Derivative instruments

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

As of January 31, 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)	-

As of July 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	4,800,000	4,800,000	(136,661)	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	28,800,000	28,800,000	Note (i)	-

Note:

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

Note 10 — Income taxes

Deferred tax assets consist of the following:

(Thousands of yen)

	As of	
	January 31, 2020	July 31, 2020
Deferred tax assets:		
Enterprise tax payable	2	50
Asset retirement obligations	100,120	200,169
Deferred losses on hedges	52,609	42,993
Subtotal	152,731	243,213
Valuation allowance	(152,731)	(243,213)
Total	-	-
Net deferred tax assets	-	-

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

	For the six months ended	
	January 31, 2020	July 31, 2020
Statutory tax rates	31.51%	31.46%
Deductible cash distributions	(31.53)%	(31.49)%
Other	0.03%	0.06%
Effective tax rates	0.01%	0.03%

Note 11 — Related-party transactions

There were no related-party transactions to be disclosed for the fiscal period ended January 31, 2020 and July 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), IIF Ichikawa Food Processing Center (acquired on June 3, 2019) and IIF Yokohama Tsuzuki R&D Center (acquired on March 2, 2020). The estimated periods of use of the properties are estimated at 53 years, 33 years, 50 years and 41 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%, 0.550% and 0.312%, respectively.

Movements of asset retirement obligations are as follows:

	(Thousands of yen)	
	For the six months ended	
	January 31, 2020	July 31, 2020
Balance at the beginning of the period	317,347	318,248
Increase due to acquisition of properties	-	316,714
Adjustment for passage of time	900	1,304
Balance at the end of the period	318,248	636,267

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

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

Note 13 — Fair value of investment and rental property

The Investment Corporation has mainly industrial and infrastructure facilities as investment and rental properties which are located mainly in three major metropolitan areas in Japan. The following table shows the net book value and the fair value of the investment and rental properties in aggregate for the fiscal period ended January 31, 2020 and July 31, 2020.

	(Thousands of yen)	
	For the six months ended	
	January 31, 2020	July 31, 2020
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	296,837,079	297,921,339
Net increase (decrease) during the period ⁽ⁱⁱ⁾	1,084,259	23,295,811
Balance at the end of the period	297,921,339	321,217,151
Fair value⁽ⁱⁱⁱ⁾	356,001,000	383,703,000

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 January 31, 2020:	
Acquisition:	
IIF Gifu Kakamigahara Logistics Center.....	2,508,223
Disposition:	
IIF Atsugi Logistics Center (50% of quasi-co-ownership)	(747,219)
For the six months ended July 31, 2020:	
Acquisitions:	
IIF Atsugi Manufacturing Center (building).....	7,077,534
IIF Hiroshima Seifushinto Logistics Center.....	6,527,074
IIF Yokohama Tsuzuki R&D Center.....	6,508,331
IIF Okazaki Manufacturing Center (land with leasehold interest).....	4,104,214

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

For rent revenues and expenses for the six months ended January 31, 2020 and July 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 January 31, 2020 and July 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
	January 31, 2020	July 31, 2020	
Japan Airlines Co., Ltd.	1,442,163	1,455,572	Property rental business

(Thousands of yen)

Note 15 — Per unit information

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

	(Yen)	
	For the six months ended	
	January 31, 2020	July 31, 2020
Net asset value per unit	82,743	82,503
Net income per unit	3,070	2,828

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

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

	(Thousands of yen)	
	For the six months ended	
	January 31, 2020	July 31, 2020
Net income	5,571,378	5,317,160
Effect of dilutive unit	-	-
Net income available to common unitholders	5,571,378	5,317,160
Adjusted weighted-average number of units outstanding for the period	1,814,729 units	1,880,016 units

Note 16 — Subsequent events***Issuance of new investment units***

The Board of Directors of the Investment Corporation, at its meeting held on July 27, 2020 and August 4, 2020, resolved to issue new investment units as follows. As a result of the issuance, unitholders' capital increased to ¥183,865,203,829 and number of investment units issued and outstanding increased to 2,070,016 units on September 8, 2020.

(a) Issuance of new investment units through public offering

- (i) Number of new investment units to be offered: 181,000 units
- (ii) Issue price (Offer price): ¥182,845 per unit
- (iii) Total issue price (Total offer price): ¥33,094,945,000
- (iv) Issue value (Amount to be paid in): ¥177,001 per unit
- (v) Total issue value (Total amount to be paid in): ¥32,037,181,000
- (vi) Payment date: August 11, 2020
- (vii) Distribution:

The units to be issued will first be entitled to distributions, if any, for the six months commencing on August 1, 2020 and ending on January 31, 2021.

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

- (i) Number of new investment units: 9,000 units
- (ii) Issue value (Amount to be paid in): ¥177,001 per unit
- (iii) Total issue value (Total amount to be paid in): ¥1,593,009,000
- (iv) Payment date: September 8, 2020
- (v) Distribution:

The units to be issued will first be entitled to distributions, if any, for the six months commencing on August 1, 2020 and ending on January 31, 2021.

- (iv) Allottee: Nomura Securities Co., Ltd.

(c) Use of proceeds

The Investment Corporation will use the net proceeds from the Offerings and the third-party allotment for acquisition of additional specified assets (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations.)

Note 17 — Allowance for temporary difference adjustment

Changes of temporary difference subject to allowance for temporary difference adjustment for the six months ended January 31, 2020 and July 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
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)
July 31, 2020	Buildings in trust	Excess of depreciation allowance	7,520	(i)
	Deferred gains or (losses) on hedges	Decrease of Valuation losses on interest rate swaps	(30,563)	(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	
February 14, 2017	Public offering	43,538	396,102	21,308	112,131	Note 2
March 3, 2017	Allocation of investment units to a third party	1,062	397,164	519	112,651	Note 3
February 1, 2018	Unit Split	1,191,492	1,588,656	-	112,651	Note 4
March 7, 2018	Public offering	109,275	1,697,931	12,623	125,274	Note 5
April 4, 2018	Allocation of investment units to a third party	885	1,698,816	102	125,376	Note 6
May 29, 2019	Public offering	90,700	1,789,516	10,973	136,349	Note 7
June 25, 2019	Allocation of investment units to a third party	4,500	1,794,016	544	136,894	Note 8
October 15, 2019	Distributions in excess of profit (unitcapital refunds)	-	1,794,016	(69)	136,824	Note 9
December 18, 2019	Public offering	83,900	1,877,916	13,014	149,839	Note 10
January 15, 2020	Allocation of investment units to a third party	2,100	1,880,016	325	150,165	Note 11
April 17, 2020	Distributions in excess of profit (unitcapital refunds)	-	1,880,016	(223)	149,941	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 ¥506,025 per unit (subscription price of ¥489,417 per unit) through a public offering.

Note 3 New investment units were issued at a price of ¥489,417 per unit through the allocation of investment units to a third-party.

Note 4 The Investment Corporation implemented a split of its investment units on a four-for-one basis with January 31, 2018 as the record date for the unit split.

Note 5 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 6 New investment units were issued at a price of ¥115,517 per unit through the allocation of investment units to a third-party.

Note 7 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 8 New investment units were issued at a price of ¥120,986 per unit through the allocation of investment units to a third-party.

Note 9 The Board of Directors of the Investment Corporation, at its meeting held on September 11, 2019, resolved to make distribution in excess of profit (unitcapital refund from deduction of unitcapital under tax rule) amounting to ¥39 per unit for the six months ended July 31, 2019. The payment of distribution in excess of profit was commenced on October 15, 2019.

Note 10 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 11 New investment units were issued at a price of ¥155,123 per unit through the allocation of investment units to a third-party.

Note 12 The Board of Directors of the Investment Corporation, at its meeting held on March 18, 2020, resolved to make distribution in excess of profit (unitcapital refund from deduction of unitcapital under tax rule) amounting to ¥119 per unit for the six months ended January 31, 2020. The payment of distribution in excess of profit was commenced on April 17, 2020.

3. Additional information

(1) Composition of assets

Classification of assets	Asset category	Location category (Note1)	Region	As of January 31, 2020		As of July 31, 2020	
				Total of net book value	Composition ratio	Total of net book value	Composition ratio
				(Millions of yen)	(%) (Note2)	(Millions of yen)	(%) (Note2)
Real property	Logistics facilities or Manufacturing and R&D facilities, etc. (Industrial properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	12,951	4.0	12,910	3.8
			Osaka and Nagoya metropolitan areas	4,850	1.5	4,828	1.4
			Other area	4,080	1.2	4,076	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	44,011	13.4	43,791	12.8
			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	111,501	34.0	124,917	36.5
			Osaka and Nagoya metropolitan areas	48,922	14.9	52,987	15.5
			Other area	26,351	8.0	32,755	9.6
		Other	Tokyo metropolitan area	-	-	-	-
			Osaka and Nagoya metropolitan areas	-	-	-	-
			Other area	7,673	2.3	7,631	2.2
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	12,953	4.0	12,882	3.8
			Osaka and Nagoya metropolitan areas	22,626	6.9	22,437	6.5
			Other area	-	-	-	-
		Other	Tokyo metropolitan area	-	-	-	-
			Osaka and Nagoya metropolitan areas	-	-	-	-
			Other area	-	-	-	-
Sub-total				297,921	90.8	321,217	93.9
Investments in Tokumei Kumiai agreement (Note 3)				101	0.0	95	0.0
Bank deposits and other assets				29,927	9.2	20,910	6.1
Total assets				327,950	100.0	342,223	100.0
Total liabilities				172,390	52.6	187,116	54.7
Total net assets				155,559	47.4	115,107	45.3

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 profiles suitable for investment

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

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

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

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

(2) Outline of portfolio properties

The principal properties (top ten properties in net book value) as of July 31, 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	37,793	81,995.81	81,995.81	100.0	13.3	Infrastructure facility
IIF Kobe District Heating and Cooling Center	15,763	11,476.05	11,476.05	100.0	3.0	Infrastructure facility
IIF Shinonome Logistics Center (Note 4)	12,830	27,493.29	27,493.29	100.0	3.6	Logistics facility
IIF Atsugi Manufacturing Center (Note 5)	12,058	95,816.91	95,816.91	100.0	Note 6	Manufacturing and R&D facility, etc.
IIF Osaka Suminoe Logistics Center I	12,053	52,201.30	52,201.30	100.0	Note 6	Logistics facility
IIF Fukuoka Hakozaki Logistics Center II	10,207	51,530.51	51,530.51	100.0	Note 6	Logistics facility
IIF Mitaka Card Center	9,380	21,615.01	21,615.01	100.0	3.3	Manufacturing and R&D facility, etc.
IIF Osaka Konohana Logistics Center	8,597	46,262.20	46,262.20	100.0	Note 6	Logistics facility
IIF Akishima Logistics Center	8,458	31,071.21	31,071.21	100.0	Note 6	Logistics facility
IIF Shinagawa IT Solution Center	7,875	7,057.03	7,057.03	100.0	Note 6	Infrastructure facility
Total	135,017	426,519.32	426,519.32	100.0	37.2	

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

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

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

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

Note 5 The Investment Corporation had invested in IIF Atsugi Manufacturing Center only land with leasehold interest in form of the trust beneficial interests, and acquired the trust beneficial interests in building of the property on June 1, 2020. As a result, the Investment Corporation invests in the property both land with leasehold interest (the lessee of leased land is the trustee with respect to the building of the property) and building in form of the trust beneficial interests separately as of July 31, 2020. Therefore, "Leasable area" and "Leased area" of the property show total of the leasable area of the leased land (64,327.54m²) and that of the building on the leased land (31,489.37 m²).

Note 6 "Ratio of rental revenue to total rental revenues" of the properties are not disclosed because the consent from the tenants has not been obtained.

The details of logistics facilities, manufacturing and R&D facilities, etc. or infrastructure facilities held by the Investment Corporation as of July 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	12,830
IIF Noda Logistics Center	340-13, Nishi-sangao, Noda-shi, Chiba	Trust beneficial interest	38,828.10	9,080	5,230
IIF Shinsuna Logistics Center	5-15, Shinsuna 3-chome, Koto-ku, Tokyo	Trust beneficial interest	5,741.75	7,530	5,146
IIF Koshigaya Logistics Center	1-1, Ryutsudanchi 4-chome, Koshigaya-shi, Saitama	Trust beneficial interest	10,113.50	3,130	1,710
IIF Nishinomiya Logistics Center	2, Nishinomiya 1-chome, Nishinomiya-shi, Hyogo	Trust beneficial interest	17,200.00	3,000	1,987
IIF Narashino Logistics Center (land with leasehold interest)	34-9, Akanehama 3-chome, Narashino-shi, Chiba	Real property	19,834.71	3,070	1,223
IIF Narashino Logistics Center II (Note 5)	34-1, Akanehama 3-chome, Narashino-shi, Chiba	Trust beneficial interest	83,905.16	6,370	4,664
IIF Atsugi Logistics Center II	602-9, Aza Kitaya, Funako, Atsugi-shi, Kanagawa	Real property	20,661.13	4,120	3,159
IIF Yokohama Tsuzuki Logistics Center	747, Aza Minamikochi, Kawamukou-cho, Tsuzuki-ku Yokohama-shi, Kanagawa	Trust beneficial interest	9,615.82	3,400	2,291
IIF Saitama Logistics Center	398-3, Yoshino-cho 1-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	8,995.00	2,180	1,412
IIF Nagoya Logistics Center	27, Yanagida-cho 2-chome, Nakagawa-ku, Nagoya-shi, Aichi	Real property	8,721.01	1,620	1,159
IIF Atsugi Logistics Center III	3007-7, Kamiechi Aza Uenohara, Atsugi-shi, Kanagawa	Trust beneficial interest	16,584.64	3,120	2,399
IIF Kawaguchi Logistics Center	5-3 Midori-cho, Kawaguchi-shi, Saitama	Real property	11,705.02	4,530	2,121
IIF Kobe Logistics Center	2-10, Maya-futo, Nada-ku, Kobe-shi, Hyogo	Trust beneficial interest	39,567.74	7,720	5,228
IIF Higashi-Osaka Logistics Center	7-46, Wakae-higashi-machi 6-chome, Higashi Osaka-shi, Osaka	Real property	20,495.06	3,230	2,489
IIF Kashiwa Logistics Center	1027-1, Washinoya, Kashiwa-shi, Chiba	Real property	17,379.78	2,930	1,831
IIF Misato Logistics Center	5, Izumi 3-chome, Misato-shi, Saitama	Trust beneficial interest	19,019.71	5,450	3,398
IIF Iruma Logistics Center	660-2, Aza Higashimusashino, Oaza Minami-mine, Iruma-shi, Saitama	Trust beneficial interest	17,881.65	4,130	2,999
IIF Tosu Logistics Center	127-1, Aza Uchishirage, Kuranoue-machi, Tosu-shi, Saga	Trust beneficial interest	13,862.05	2,000	1,481
IIF Inzai Logistics Center	6-1, Matsuzakidai 2-chome, Inzai-shi, Chiba	Trust beneficial interest	5,490.00	1,380	1,008
IIF Morioka Logistics Center	Plot 4-311, Oaza Hiromiyasawa, Yahabacho, Shiwa-gun, Iwate, etc.	Trust beneficial interest	8,001.57	1,250	561
IIF Hiroshima Logistics Center	22-4, Itsukaichi-ko 3-chome, Saeki-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	22,768.24	4,520	3,289
IIF Izumiotsu e-shop Logistics Center (land with leasehold interest)	8-1, Nagisa-cho, Izumiotsu-shi, Osaka	Trust beneficial interest	48,932.00	4,400	4,178
IIF Izumisano Food Processing and Logistics Center	2-11, Rinkuorai-kita, Izumisano-shi, Osaka	Real property	13,947.83	1,050	923
IIF Kyotanabe Logistics Center	55-13, Osumi-hama, Kyotanabe-shi, Kyoto	Trust beneficial interest	33,243.99	7,520	5,635
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	1,908
IIF Osaka Konohana Logistics Center	4-51, Shimaya 4-chome, Konohana-ku, Osaka-shi, Osaka	Trust beneficial interest	46,262.20	9,820	8,597
IIF Kazo Logistics Center	6-1, Shintone 2-chome, Kazo-shi, Saitama	Trust beneficial interest	17,744.41	2,840	2,587

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	926	923
IIF Fukuoka Hakozaki Logistics Center I	14-31, Hakozakifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	24,967.58	5,360	5,213
IIF Fukuoka Hakozaki Logistics Center II	1-18, Hakozakifuto 4-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	51,530.51	11,400	10,207
IIF Itabashi Logistics Center	7-7, Higashi-sakashita 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	5,057.68	1,980	1,734
IIF Sendai Taiwa Logistics Center	3-15, Maino 2-chome, Taiwa-cho, Kurokawa-gun, Miyagi	Trust beneficial interest	15,555.15	1,700	1,566
IIF Ota Logistics Center	236-1, Anyoji-cho, Ota-shi, Gunma	Real property	6,900.01	1,160	1,011
IIF Osaka Suminoe Logistics Center I	2-32, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka	Trust beneficial interest	52,201.30	14,400	12,053
IIF Osaka Suminoe Logistics Center II	2-34, Shibatani 1-chome, Suminoe-ku, Osaka-shi, Osaka	Trust beneficial interest	12,299.76	2,810	2,552
IIF Morioka Logistics Center II	4-5, Ryutsu Center Minami 2-chome, Yahaba-cho, Shiwa-gun, Iwate	Trust beneficial interest	12,383.30	1,450	1,380
IIF Sapporo Logistics Center	2-1, Yonesato-sanjo 3-chome, Shiroishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	13,064.75	2,600	2,504
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	2,515
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	4,410	4,120
IIF Akishima Logistics Center	3928-4, Kohake, Hajimacho, Akishima-shi, Tokyo	Trust beneficial interest	31,071.21	8,520	8,458
IIF Gifu Kakamigahara Logistics Center	2-8, Aza Takehaya, Kawashima Takehayamachi, Kakamigahara-shi, Gifu, etc.	Trust beneficial interest	16,708.51	2,910	2,481
IIF Hiroshima Seifushinto Logistics Center	3-1, Tomominami 2-chome, Asaminami-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	28,988.91	6,870	6,492
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	1,330	1,261
IIF Mitaka Card Center	5-14, Shimo-Renjaku 7-chome, Mitaka-shi, Tokyo	Trust beneficial interest	21,615.01	10,100	9,380
IIF Kamata R&D Center	16-46, Minami-Kamata 2-chome, Ota-ku, Tokyo	Trust beneficial interest	21,896.56	8,380	7,533
IIF Kawasaki Science Center	25-19, Tono-machi 3-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa	Real property	4,857.73	3,000	1,967
IIF Sagami-hara R&D Center	1-35, Minamihashimoto 3-chome, Chuo-ku, Sagami-hara-shi, Kanagawa	Trust beneficial interest	19,328.40	4,420	3,361
IIF Yokohama Shinyamashita R&D Center	16-5, Shinyamashita 1-chome, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	4,887.83	4,240	3,812
IIF Kakegawa Manufacturing Center(Land with leasehold interest)	30, Tanyo, Kakegawa-shi, Shizuoka	Trust beneficial interest	66,171.92	1,750	1,572
IIF Urayasu Machinery Maintenance Center (Land with leasehold interest)	195, Tekkadori 3-chome, Urayasu-shi, Chiba	Real property	7,925.94	1,660	1,345
IIF Yokosuka Technology Center	1-15, Shinmei-cho, Yokosuka-shi, Kanagawa	Trust beneficial interest	13,779.77	4,480	4,267
IIF Shonan Technology Center	1-1, Ichinomiya 6-chome, Samukawa-cho, Koza-gun, Kanagawa	Trust beneficial interest	7,244.71	1,330	1,311
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

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 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	2,600	2,413
IIF Atsugi Manufacturing Center (Note 6)	832-1, Aza Momijiyama, Shimofurusawa, Atsugi-shi, Kanagawa, etc.	Trust beneficial interest	95,816.91	16,000	12,058
IIF Tsukuba Manufacturing Center (land with leasehold interest)	9-1, Kouyodai 1-chome, Ryugasaki-shi, Ibaraki	Real property	17,721.03	1,310	957
IIF Shin-Kawasaki R&D Center	1-2, Shinogura, Saiwai-ku, Kawasaki-shi, Kanagawa	Trust beneficial interest	11,865.54	8,710	6,548
IIF Ichikawa Food Processing Center	1-1-2, Higashihama 1-chome, Ichikawa-shi, Chiba, etc.	Trust beneficial interest	27,424.22	6,320	6,395
IIF Gifu Kakamigahara Manufacturing Center (land with leasehold interest)	3, Takehaya, Kawashima Takehayamachi, Kakamigahara-shi, Gifu, etc.	Real property	12,551.51	261	255
IIF Yokohama Tsuzuki R&D Center	9-2, Ushikubo 3-chome, Tsuzuki-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	18,132.42	6,350	6,484
IIF Okazaki Manufacturing Center (land with leasehold interest)	34-6, Aza Okasaku, Makihira-cho, Okazaki-shi, Aichi, etc.	Trust beneficial interest	42,049.87	4,190	4,104
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	15,763
IIF Haneda Airport Maintenance Center	5-1 and 2, Haneda Airport 3-chome, Ota-ku, Tokyo	Real property	81,995.81	41,300	37,793
IIF Zama IT Solution Center	1-78, Higashihara 5-chome, Zama-shi, Kanagawa	Trust beneficial interest	10,931.89	5,530	5,007
IIF Shinagawa Data Center	9-15, Futaba 2-chome, Shinagawa-ku, Tokyo	Real property	19,547.11	6,950	5,268
IIF Osaka Toyonaka Data Center	1-8, Shin-senri-nishi-machi 1-chome, Toyonaka-shi, Osaka	Trust beneficial interest	20,027.14	6,290	5,490
IIF Osaka Nanko IT Solution Center	1-23, Nanko-kita 1-chome, Suminoe-ku, Osaka-shi, Osaka	Trust beneficial interest	18,429.14	2,440	1,184
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	6,940	7,875
IIF Higashimatsuyama Gas Tank Maintenance Center (land with leasehold interest)	75-1, Shingo, Higashimatsuyama-shi, Saitama	Real property	12,880.38	759	729
Total			1,722,276.26	383,703	321,217

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).

Note 6 The Investment Corporation had invested in IIF Atsugi Manufacturing Center only land with leasehold interest in form of the trust beneficial interests, and acquired the trust beneficial interests in building of the property on June 1, 2020. As a result, the Investment Corporation invests in the property both land with leasehold interest (the lessee of leased land is the trustee with respect to the building of the property) and building in form of the trust beneficial interests separately as of July 31, 2020. Therefore, "Leasable area" of the property shows total of the leasable area of the leased land (64,327.54m²) and that of the building on the leased land (31,489.37m²).

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

Name of property	For the six months ended January 31, 2020					For the six months ended July 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	403	362	4.2	1	100.0	400	366	4.1
IIF Noda Logistics Center	2	100.0	(Note 4)	208	2.4	2	100.0	(Note 4)	208	2.3
IIF Shinsuna Logistics Center	1	100.0	190	169	2.0	1	100.0	179	161	1.8
IIF Koshigaya Logistics Center	1	100.0	75	69	0.8	1	100.0	75	70	0.8
IIF Nishinomiya Logistics Center	2	100.0	(Note 4)	82	1.0	2	100.0	(Note 4)	81	0.9
IIF Narashino Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	37	0.4	1	100.0	(Note 4)	37	0.4
IIF Narashino Logistics Center II (Note 6)	2	100.0	(Note 4)	176	2.0	2	100.0	(Note 4)	165	1.8
IIF Atsugi Logistics Center II	1	100.0	(Note 4)	113	1.3	1	100.0	(Note 4)	113	1.3
IIF Yokohama Tsuzuki Logistics Center	1	100.0	(Note 4)	65	0.8	1	100.0	(Note 4)	80	0.9
IIF Saitama Logistics Center	1	100.0	66	61	0.7	1	100.0	66	62	0.7
IIF Nagoya Logistics Center	1	100.0	(Note 4)	42	0.5	1	100.0	(Note 4)	46	0.5
IIF Atsugi Logistics Center III	1	100.0	(Note 4)	83	1.0	1	100.0	(Note 4)	81	0.9
IIF Kawaguchi Logistics Center	1	100.0	(Note 4)	110	1.3	1	100.0	(Note 4)	99	1.1
IIF Kobe Logistics Center	1	100.0	(Note 4)	180	2.1	1	100.0	(Note 4)	180	2.0
IIF Higashi-Osaka Logistics Center	2	97.3	(Note 4)	89	1.0	2	97.3	(Note 4)	89	1.0
IIF Kashiwa Logistics Center	1	100.0	(Note 4)	73	0.9	1	100.0	(Note 4)	74	0.8
IIF Misato Logistics Center	1	100.0	(Note 4)	117	1.4	1	100.0	(Note 4)	116	1.3
IIF Iruma Logistics Center	1	100.0	(Note 4)	104	1.2	1	100.0	(Note 4)	106	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	0.4	1	100.0	(Note 4)	37	0.4
IIF Morioka Logistics Center	1	100.0	(Note 4)	38	0.4	1	100.0	(Note 4)	38	0.4
IIF Hiroshima Logistics Center	1	100.0	(Note 4)	120	1.4	1	100.0	(Note 4)	120	1.3
IIF Izumiotsu e-shop Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	111	1.3	1	100.0	(Note 4)	111	1.2
IIF Izumisano Food Processing and Logistics Center	1	100.0	(Note 4)	26	0.3	1	100.0	(Note 4)	22	0.3
IIF Kyotanabe Logistics Center	1	100.0	(Note 4)	174	2.0	1	100.0	(Note 4)	172	1.9
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)	212	2.5	1	100.0	(Note 4)	215	2.4
IIF Kazo Logistics Center	1	100.0	(Note 4)	67	0.8	1	100.0	(Note 4)	67	0.7

Name of property	For the six months ended January 31, 2020					For the six months ended July 31, 2020				
	Number of tenants	Occupancy ratio	Rental revenues	Rental net operating income (NOI)	Composition ratio of NOI	Number of tenants	Occupancy ratio	Rental revenues	Rental net operating income (NOI)	Composition ratio of NOI
	(Note1)	(%) (Note2)	(Millions of yen)	(Millions of yen) (Note3)	(%) (Note2)	(Note1)	(%) (Note2)	(Millions of yen)	(Millions of yen) (Note3)	(%) (Note2)
IIF Hamura Logistics Center	1	100.0	(Note 4)	21	0.2	1	100.0	(Note 4)	22	0.3
IIF Fukuoka Hakozaki Logistics Center I	3	100.0	(Note 4)	118	1.4	3	100.0	(Note 4)	120	1.3
IIF Fukuoka Hakozaki Logistics Center II	5	100.0	(Note 4)	233	2.7	4	100.0	(Note 4)	238	2.6
IIF Itabashi Logistics Center	1	100.0	(Note 4)	38	0.4	1	100.0	(Note 4)	38	0.4
IIF Sendai Taiwa Logistics Center	1	100.0	(Note 4)	46	0.5	1	100.0	(Note 4)	47	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)	253	2.9	1	100.0	(Note 4)	239	2.7
IIF Osaka Suminoe Logistics Center II	1	100.0	(Note 4)	59	0.7	1	100.0	(Note 4)	59	0.7
IIF Morioka Logistics Center II	1	100.0	(Note 4)	39	0.5	1	100.0	(Note 4)	41	0.5
IIF Sapporo Logistics Center	1	100.0	(Note 4)	65	0.8	1	100.0	(Note 4)	66	0.7
IIF Hitachinaka Port Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	27	0.3	1	100.0	(Note 4)	27	0.3
IIF Koriyama Logistics Center	2	100.0	(Note 4)	96	1.1	2	100.0	(Note 4)	96	1.1
IIF Kobe Nishi Logistics Center (land with leasehold interest)	1	100.0	(Note 4)	40	0.5	1	100.0	(Note 4)	40	0.5
IIF Hyogo Tatsuno Logistics Center	1	100.0	(Note 4)	118	1.4	1	100.0	(Note 4)	114	1.3
IIF Akishima Logistics Center	1	100.0	(Note 4)	177	2.1	1	100.0	(Note 4)	182	2.0
IIF Gifu Kakamigahara Logistics Center	1	100.0	(Note 4)	19	0.2	1	100.0	(Note 4)	77	0.9
IIF Hiroshima Seifushinto Logistics Center (Note 6)	—	—	—	—	—	1	100.0	(Note 4)	97	1.1
IIF Totsuka Technology Center (land with leasehold interest)	1	100.0	154	137	1.6	1	100.0	154	136	1.5
IIF Yokohama Tsuzuki Technology Center	1	100.0	59	43	0.5	1	100.0	59	42	0.5
IIF Mitaka Card Center	1	100.0	370	314	3.6	1	100.0	364	308	3.4
IIF Kamata R&D Center	1	100.0	(Note 4)	238	2.8	1	100.0	(Note 4)	237	2.6
IIF Kawasaki Science Center	1	100.0	(Note 4)	82	1.0	1	100.0	(Note 4)	81	0.9
IIF Sagamiyama R&D Center	2	100.0	(Note 4)	159	1.8	2	100.0	(Note 4)	166	1.8
IIF Yokohama Shinyamashita R&D Center	1	100.0	(Note 4)	104	1.2	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)	141	1.6	1	100.0	(Note 4)	141	1.6
IIF Shonan Technology Center	1	100.0	(Note 4)	40	0.5	1	100.0	(Note 4)	40	0.4
IIF Hiroshima Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	49	0.6	1	100.0	(Note 4)	49	0.6
IIF Totsuka Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	57	0.7	1	100.0	(Note 4)	57	0.6

Name of property	For the six months ended January 31, 2020					For the six months ended July 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 Atsugi Manufacturing Center (Notes 7 and 8)	1	100.0	(Note 4)	124	1.4	2	100.0	(Note 4)	202	2.2
IIF Tsukuba Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	38	0.4	1	100.0	(Note 4)	35	0.4
IIF Shin-Kawasaki R&D Center	1	100.0	(Note 4)	200	2.3	1	100.0	(Note 4)	210	2.3
IIF Ichikawa Food Processing Center	2	100.0	(Note 4)	150	1.7	2	100.0	(Note 4)	145	1.6
IIF Gifu Kakamigahara Manufacturing Center (land with leasehold interest)	1	100.0	(Note 4)	7	0.1	1	100.0	(Note 4)	6	0.1
IIF Yokohama Tsuzuki R&D Center (Note 9)	—	—	—	—	—	1	100.0	(Note 4)	162	1.8
IIF Okazaki Manufacturing Center (land with leasehold interest) (Note 10)	—	—	—	—	—	1	100.0	(Note 4)	9	0.1
IIF Kobe District Heating and Cooling Center	4	100.0	332	316	3.7	4	100.0	332	314	3.5
IIF Haneda Airport Maintenance Center	1	100.0	1,442	953	11.0	1	100.0	1,456	953	10.6
IIF Zama IT Solution Center	1	100.0	(Note 4)	201	2.3	1	100.0	(Note 4)	200	2.2
IIF Shinagawa Data Center	1	100.0	(Note 4)	175	2.0	1	100.0	(Note 4)	174	1.9
IIF Osaka Toyonaka Data Center	1	100.0	(Note 4)	230	2.7	1	100.0	(Note 4)	212	2.4
IIF Osaka Nanko IT Solution Center	1	100.0	(Note 4)	73	0.9	1	100.0	(Note 4)	73	0.8
IIF Nagoya Port Tank Terminal (land with leasehold interest)	1	100.0	(Note 4)	62	0.7	1	100.0	(Note 4)	62	0.7
IIF Shinagawa IT Solution Center	6	72.7	(Note 4)	179	2.1	9	100.0	(Note 4)	178	2.0
IIF Higashimatsuyama Gas Tank Maintenance Center (land with leasehold interest)	1	100.0	(Note 4)	18	0.2	1	100.0	(Note 4)	17	0.2
Total (Note 10)	94	99.8	10,562	8,640	100.0	100	100.0	10,979	9,014	100.0

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

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

Note 3 "Rental net operating income (NOI)" is calculated by following formula.
(Rental revenues – Rental expenses) + Depreciation

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

Note 5 As the Investment Corporation invests in IIF Narashino Logistics Center II both land with leasehold interest (the lessee of leased land is the trustee with respect to the building of the property) and building with leasehold interest of the property in form of the trust beneficial interests separately. Therefore, "Number of tenants" shows total of the number of tenant of leased land and that of the building.

Note 6 The property was acquired on April 30, 2020.

Note 7 The buildings of the property were acquired on June 1, 2020 in form of trust beneficial interest.

Note 8 The Investment Corporation had invested in IIF Atsugi Manufacturing Center only land with leasehold interest in form of the trust beneficial interests, and acquired the trust beneficial interests in building of the property on June 1, 2020. As a result, the Investment Corporation invests in the property both land with leasehold interest (the lessee of leased land is the trustee with respect to the building of the property) and building in form of the trust beneficial interests separately as of July 31, 2020. Therefore, "Number of tenants" shows total of the number of tenant of leased land and that of the building.

Note 9 The property was acquired on March 2, 2020.

Note 10 The property was acquired on July 15, 2020.

Note 11 The total column of "Occupancy ratio" shows percentage of total leased area against total leasable area at the end of accounting period. Figures are rounded to the nearest first decimal place.

(3) Capital expenditures for property

1. Schedule of capital expenditures

The significant plan for capital expenditures on property maintenance as of July 31, 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 July 31, 2020	Total of advanced payment
IIF Haneda Airport Maintenance Center	Ota-ku, Tokyo	Repair of typhoon damage	December, 2020	122	-	-
IIF Sagamiara R&D Center	Sagamiara-shi, Kanagawa	Renewal of outside air conditioner	January, 2021	60	-	-
IIF Akishima Logistics Center	Akishima-shi, Tokyo	Repair of outer wall (2nd period / 2 periods)	October, 2020	50	-	-

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

Maintenance expenditures on property for the six months ended July 31, 2020 were totaling to ¥797 million consisting of ¥699 million of capital expenditures stated as below and ¥98 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 (2nd period / 3 periods)	April, 2020 to June, 2020	60
IIF Osaka Suminoe Logistics Center I	Osaka-shi, Osaka	Installment of LED lighting equipment	January, 2020 to February, 2020	55
IIF Akishima Logistics Center	Akishima-shi, Tokyo	Repair of outer wall (1st period / 2 periods)	January, 2020 to June, 2020	51
Other	-	-	-	532
Total				699