

Translation

**INDUSTRIAL & INFRASTRUCTURE FUND INVESTMENT CORPORATION**  
**SUMMARY OF FINANCIAL RESULTS**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2010**

February 21, 2011

Name of issuer:	Industrial & Infrastructure Fund Investment Corporation ("the Investment Corporation")
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	3249
Website:	<a href="http://www.iif-reit.com/">http://www.iif-reit.com/</a>
Representative of the Investment Corporation:	Yasuyuki Kuratsu, Executive Director
Name of asset manager:	Mitsubishi Corp.-UBS Realty Inc.
Representative of the asset manager:	Takuya Kuga, President & CEO
Contact:	Yoshito Nishikawa, Head of Industrial Division Tel: (03)5293-7091
Scheduled date for filing of securities report:	March 30, 2011
Scheduled date for distributions payment:	March 24, 2011

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

**1. Financial results for the six months ended December 31, 2010 (July 1, 2010 to December 31, 2010)**

**(1) Operating results**

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ended December 31, 2010	2,962	-13.9	1,364	-26.8	799	-37.7	798	-37.8
June 30, 2010	3,440	12.3	1,863	29.9	1,284	56.9	1,283	57.0

	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	Yen	%	%	%
For the six months ended December 31, 2010	10,102	2.1	0.8	27.0
June 30, 2010	16,235	3.4	1.2	37.3

**(2) Distributions**

	Distributions (excluding distributions in excess of profit)		Distributions in excess of profit		Payout ratio	Ratio of distributions to net assets
	Per unit	Total	Per unit	Total		
	Yen	Millions of yen	Yen	Millions of yen	%	%
For the six months ended December 31, 2010	10,102	798	0	0	100.0	2.1
June 30, 2010	16,235	1,283	0	0	100.0	3.4

**(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
December 31, 2010	104,060	37,327	35.9	472,294
June 30, 2010	104,632	37,812	36.1	478,427

## (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
December 31, 2010	1,006	(1,091)	(1,282)	6,667
June 30, 2010	10,675	(5,812)	(816)	8,034

**2. Outlook for the six months ending June 30, 2011 (January 1, 2011 to June 30, 2011)**

(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	%
June 30, 2011	3,196	7.9	1,641	20.3	1,043	30.5	1,042	30.6

	Net income per unit		Distributions per unit (excluding distributions in excess of profit)		Distributions in excess of profit per unit	
For the six months ending	Yen		Yen		Yen	
June 30, 2011	11,012		11,012		0	

**3. Others**

## (1) Changes in accounting policies, procedures and presentation methods for preparing financial information

Changes due to accounting standards revision:

Please refer to “3. Financial information, (6) Notes to financial information, Note 2 (i) Change in accounting policies” on page 15.

Changes due to other reasons: None

## (2) Number of units issued

Number of units issued at end of period (including treasury units):

As of December 31, 2010 79,035 units

As of June 30, 2010 79,035 units

Number of treasury units at end of period:

As of December 31, 2010 0 unit

As of June 30, 2010 0 unit

Note: For the number of unit as a basis of calculation of net income per unit, please refer to per unit information on page 22.

**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 “2. Management policies and operations, (2) Operation, B. Outlook for the next period” on page 5.

## 1. Summary of related corporations of the Investment Corporation

There have been no significant changes to the “structure of the investment corporation” since the most recent financial report (submitted September 24, 2010), and hence, description of these matters is omitted.

## 2. Management policies and operations

### (1) Management Policies

There have been no significant changes to the “investment policies,” “investment targets” and “distribution policies” in the most recent financial report (submitted September 24, 2010), and hence, description of these matters is omitted.

### (2) Operations

A Operations during the period

#### i Major developments and management performance of IIF

##### 【2007 – First half of 2008 (1<sup>st</sup> and 2<sup>nd</sup> Period): Foundation – Growth Period】

IIF was established in accordance with the Act on Investment Trusts and Investment Corporations on March 26, 2007 with Mitsubishi Corp. - UBS Realty Inc. as its organizers with the capital of 200 million yen (400 units). IIF invests in distribution facilities, plants and research and development (R&D) facilities, and infrastructure facilities which play a vital role in various industrial activities and are expected to be utilized stably from a medium- and long-term viewpoint. IIF's fundamental policy is to continuously expand unitholder value by securing stable profit and achieving steady growth of the properties owned. IIF was listed on the REIT securities market of the Tokyo Stock Exchange on October 18, 2007 (securities code: 3249). On October 19, 2007, the day after the listing, IIF acquired eight distribution facilities and one infrastructure facility to start managing and subsequently acquired IIF Haneda Airport Maintenance Center (for 41,110 million yen) as an infrastructure facility on February 29, 2008 (2<sup>nd</sup> Period).

##### 【Second half of 2008 – 2009 (3<sup>rd</sup> – 5<sup>th</sup> Period): Response to Changes in the Environment Due to Financial Crisis】

In order to respond to the global financial crisis which started in the second half of 2008 (3<sup>rd</sup> Period), IIF issued a subordinated investment corporation bonds in February 2009 (4<sup>th</sup> Period), the first issuance among J-REITs. In March 2009, IIF repaid some of the borrowings ahead of schedule by selling some of the properties owned. This led to a reduction in LTV and improvement of the long-term debt ratio. In the 5<sup>th</sup> Period, IIF extended the term of interest-bearing debt and secured a long-term fixed borrowing from a new lender in order to further increase its financial stability.

##### 【2010 (6<sup>th</sup> and 7<sup>th</sup> Period): Increase in Distribution by Asset Replacement: Shifting Its Attention to Regrowth】

In the 6<sup>th</sup> Period, IIF replaced its assets to improve the portfolio profitability and increase distributions. Specifically, IIF acquired IIF Narashino Logistics Center (land with leasehold) on February 16, 2010 (for 1,190 million yen) and sold IIF Funabashi Logistics Center on March 19, 2010 for 9,020 million yen, obtaining 459 million yen as a gain on sale and contributing to higher distributions. On March 31, 2010, IIF acquired IIF Totsuka Technology Center (land with leasehold), the first plant and R&D facility IIF acquired (for 4,500 million yen).

In the current 7<sup>th</sup> Period, there was a rent revision and tenant change in the two existing properties, and IIF newly acquired one R&D facility.

First, for IIF Haneda Airport Maintenance Center, IIF extended the remaining lease term of the contract with Japan Airlines International Co., Ltd. from approximately seven years and seven months to approximately 15 years and five months on August 10, 2010 and changed the contract to a fixed-term lease contract that has a special stipulation to prohibit a tenant from terminating its contract or demanding a rent

reduction, which led to more stable profits. Meanwhile, IIF agreed to reduce some of the rent for a specified period starting from January 1, 2011 but increase rent in stages and apply the same level of rent stipulated in the original contract for the period starting after January 1, 2021.

Next, for IIF Koshigaya Logistics Center, the tenant that had been leasing the entire property vacated on September 30, 2010 after paying the rent up to December 31, 2010 (contract expiration date). Accordingly, as a result of IIF's activities to attract new tenants, IIF succeeded in concluding a lease contract with increased rent with a new tenant which moved in on January 1, 2011 and therefore starting the 8<sup>th</sup> Period with a 100% occupancy rate without any interruption in rent revenue arising from the tenant change.

Lastly, IIF acquired IIF Yokohama Tsuzuki Technology Center (for 1,100 million yen), the second R&D facility for IIF on December 21, 2010. The NOI yield of this property is approximately 7.3%, and the yield after depreciation which contributes to the distribution is approximately 6.6%, meaning this property contributes to increase in distribution. Moreover, in the lease contract for this property, the rent is planned to be increased by 2% every three years until September 30, 2020, leading to a further increase in distribution. IIF concluded a fixed-term lease contract with the tenant for this property with the remaining lease term of approximately 19 years and six months, so long-term stable use is ensured. In addition, this property has high versatility as a research lab and is located in a diverse area, surrounded by apartment buildings, single-family houses, stores such as car dealers and data centers. So the land itself also has high versatility.

On the basis of these results, the properties IIF owned as of December 31, 2010 consisted of seven distribution facilities, two infrastructure facilities and two plants and R&D facilities whose total acquisition price amounted to 96,900 million yen. The total leasable area as of December 31, 2010 was 252,862.15m<sup>2</sup>, and the average occupancy rate remained at 99.9%.

## ii Overview of financing

### a. Debt financing

IIF's fundamental policy is to plan and implement a stable and efficient financial strategy for the purpose of securing stable profit and achieving sustainable growth of the properties owned.

For the current period, IIF repaid 7,500 million yen ahead of schedule on September 30, 2010 out of the 15,000 million yen IIF borrowed on October 19, 2007 and newly acquired a three-year borrowing of 7,500 million yen with floating interest rates. IIF refinanced the remaining 7,500 million yen by acquiring a three-year loan of 7,500 million yen with floating interest rates on October 19, 2010. In addition, IIF newly borrowed 2,000 million yen with a four-year borrowing period with floating interest rates from Sumitomo Mitsui Banking Corporation on December 30, 2010 and repaid some of the short-term borrowings ahead of schedule on that day.

IIF diversified its funding sources by extending the borrowing periods with these borrowings (refinancing) and newly acquiring borrowings from Nomura Trust and Banking Co., Ltd., Resona Bank, Ltd., the Yamaguchi Bank, Ltd. and Sumitomo Mitsui Banking Corporation.

As a result, IIF's short-term borrowings as of December 31, 2010 amounted to 12,000 million yen, long-term borrowings to 39,500 million yen and subordinated investment corporation bonds to 8,000 million yen.

### b. Equity finance

IIF did not utilize equity finance to raise funds in the current period.

## iii Summary of financial results and distribution

Based on the abovementioned activities, IIF recorded operating revenue of 2,962 million yen, operating income of 1,364 million yen, ordinary income of 799 million yen and net income of 798 million yen for the current period. For distribution, IIF intended to include profit distributions in deductible expenses in

accordance with Section 1 of Article 67-15 of the Act on Special Measures concerning Taxation and determined to distribute the entire unappropriated retained earnings for the current period excluding fractions (amounts less than one yen). Therefore, the distribution per unit was 10,102 yen.

## B Outlook for the next period

### i Outlook for the overall management and issues to be solved

Both the Japanese economy and the global economy significantly deteriorated due to the global economic crisis, but many countries are gradually getting out of the stagnation and showing signs of recovery thanks to the governments' efforts with its economic, monetary and financial policies. Considering the economic and financial environment, IIF believes now is the best time to invest in industrial properties that IIF specializes in.

In the logistics industry, the amount of goods distributed is gradually increasing with the recovery of the economic situation in spite of a temporary drop. The role of distribution facilities is changing from a simple storage warehouse to a processing and shipping facility based on an increase in users of mail order services and a change in retail stores' needs. Furthermore, companies reduced distribution expenses by outsourcing distribution operations to third party logistics providers (3PL providers) that provide comprehensive value-added services such as sorting, putting on price tags and packaging. With this change in the environment, there is an increasing need for distribution facilities with both functionality and high versatility that are appropriate for in-facility operations necessary for the value-added services that third 3PL providers offer. Shippers and logistics companies are streamlining their distribution operations in the process of improving their performance and thus promoting consolidation of distribution facilities.

As for plants and R&D facilities, since it is important for companies to promote streamlining by selection and concentration in order to maintain and improve competitiveness in a globally competitive environment, it is expected that companies will shift from property holding to leasing.

The distribution facilities IIF owns have high versatility and are in excellent locations, so usage in the medium and long term can be expected as an important base of tenant companies. As for R&D facilities, stable and long-term usage by tenants can be also expected, supported by long-term lease contracts. Infrastructure facilities are used stably as an industrial base and expected to be used in the long term as a facility essential to local communities and business activities of tenants. IIF continues to aim for sustainable growth of distributions, maintenance of stable rent revenue, promotion of external growth and continuous reinforcement of its financial strength.

### ii Financial outlook for the next period

#### a. Issuance of new investment units

At the board meeting held on February 21, 2011, the board members determined to issue new investment units as follows. Details such as the issue price per unit will be decided at the board meeting planned to be held at the beginning of March 2011.

[Issuance of new investment units by public offering]

Number of units issued: 14,200

[Issuance of new investment units by allocation to third party]

Number of units issued: 1,400

Allocated party: Nomura Securities Co., Ltd.

There may be no subscription to all or part of the units to be issued by allocation to a third party. As a result, the final number of units issued may decrease within the limit by forfeiture or no units may be issued at all.

[Use of funds]

Funds raised by the public offering and allocation to a third party will be used to acquire specific new properties.

For details, please see the “Notice Regarding Issuance of New Investment Units and Offer of Investment Units” released on February 21, 2011.

b. Earnings forecast

IIF expects to record operating revenue of 3,196 million yen, ordinary income of 1,043 million yen, net income of 1,042 million yen and distribution per unit of 11,012 yen for the 8<sup>th</sup> Period (January 1, 2011 to June 30, 2011). For details of the assumptions made in this forecast, please see “Assumptions made in Earnings Forecast for the 8<sup>th</sup> Period (January 1, 2011 to June 30, 2011)” on pages 7 and 8.

Note 1: The forecast mentioned above is made at present based on certain assumptions. Actual net income and distribution may fluctuate due to changes in the circumstances. This forecast does not guarantee the amount of distribution.

Note 2. For the forecast for the 9<sup>th</sup> Period (July 1, 2011 to December 31, 2011), please see the “Notice Regarding Earnings Forecast for the Period Ending June 2011 (8<sup>th</sup> Period) and the Period Ending December 2011 (9<sup>th</sup> Period)” released on February 21, 2011.

Assumptions made in earnings forecast for the 8<sup>th</sup> Period (January 1, 2011 to June 30, 2011)

Item	Assumptions
Calculation period	8 <sup>th</sup> Period January 1, 2011 to June 30, 2011 (181 days)
Properties owned	<p>In addition to 11 properties which IIF owns as of December 31, 2011, five properties will be acquired. For five properties, IIF has already concluded a sales agreement for the real estate or real estate trust beneficiary right. Properties to be acquired and their planned delivery time are as follows. &lt;Properties planned to be delivered on March 14, 2011&gt; IIF Atsugi Logistics Center II, IIF Yokohama Tsuzuki Logistics Center, IIF Saitama Logistics Center, IIF Nagoya Logistics Center &lt;Property planned to be delivered on March 25, 2011&gt; IIF Narashino Logistics Center II (land with leasehold)</p> <p>It is assumed that there will be no change in properties by the end of June 2011 after acquiring the abovementioned properties, but in reality, there may be some changes due to the acquisition or disposal of other properties.</p>
Interest-bearing debt	<p>Interest-bearing debt as of December 31, 2011 amounted to 59,500 million yen, which consisted of borrowings of 51,100 million yen (long-term borrowings of 39,500 million yen and short-term borrowings of 12,000 million yen) and investment corporation bonds of 8,000 million yen.</p> <p>Interest-bearing debt that reaches its repayment date during the 8<sup>th</sup> Period amounts to 12,000 million yen, and IIF plans to refinance the same amount. IIF also assumes it will repay its long-term borrowing of 8,500 million yen and short-term borrowing of 5,400 million yen in order to acquire the properties listed in the abovementioned “Properties owned” and to extend the term of borrowings.</p>
Operating revenue	In the 8 <sup>th</sup> Period, it is assumed that there will be no back rent and nonpayment by tenants based on the assumptions for “Properties owned” above.

Operating expense	<p>Property tax, urban planning tax and depreciable property tax of approximately 226 million yen and repair costs of approximately 12 million yen are assumed. Property tax and urban planning tax that will be settled when acquiring a new property based on the number of days a former owner owns such property will not be recognized as expenses since they will be included in acquisition cost.</p> <p>Depreciation expense (including ancillary expenses, etc.) is calculated under the straight-line method, and its assumed amount is approximately 574 million yen.</p> <p>Outsourcing expense (property management fee and building management commission fee, etc.) is calculated based on past expenses.</p>
Non-operating expense	<p>Interest expense and other borrowing-related expense of approximately 584 million yen are assumed based on the assumptions made in “Interest-bearing debt” above.</p> <p>Amortizing the issuance cost of investment corporation bonds of approximately 2 million yen is assumed.</p> <p>The amortization expense for issuance cost of new investment units is expected to be 6 million yen in the 8<sup>th</sup> Period. Issuance cost of new investment units is planned to be amortized under the straight-line method over 36 months.</p>
Issuance of investment units	In addition to the number of outstanding investment units of 79,035 as of December 31, 2010, it is assumed that 14,200 units to be issued by public offering and 1,400 units to be issued by allocation to a third party, which was determined at the board meeting held on February 21, 2011, will be issued.
Distribution per unit	It is assumed that the entire unappropriated retained earnings for the current period excluding fractions (amounts less than one yen) will be distributed.
Distribution of excess profit per unit	There is no plan at present to distribute excess profit (distribution of excess profit per unit).

A summary of five properties to be acquired in the 8<sup>th</sup> Period is as follows.

Name of Property To Be Acquired	Location (Note 1)	Type	Planned Acquisition Price (million yen)	Appraisal Value (Note 2) (million yen)
IIF Narashino Logistics Center II (Land with leasehold interest)	6-4, Akanehama 3-chome, Narashino-shi, Chiba	Logistics facility	3,350	3,760
IIF Atsugi Logistics Center II	602-9, Funako, Atsugi-shi, Kanagawa	Logistics facility	3,100	3,180
IIF Yokohama Tsuzuki Logistics Center	747, Aza-Minamikochi, Kawamukou-cho, Tsuzuki-ku Yokohama-shi, Kanagawa	Logistics facility	2,350	2,580
IIF Saitama Logistics Center	398-3, Yoshino-cho 1-chome, Kita-ku, Saitama-shi, Saitama	Logistics facility	1,490	1,700
IIF Nagoya Logistics Center	27, Yanagida-cho 2-chome, Nakagawa-ku, Nagoya-shi, Aichi	Logistics facility	1,050	1,110
		Total	11,340	12,330

Note 1. “Location” is either the address under the residence indication or the address recorded in the registry book.

Note 2. “Appraisal Value” represents the appraisal value arrived at by a real estate consultant as of February 1, 2011.

Note 3. For details of five properties to be acquired in the 8<sup>th</sup> Period, please see the “Notice Regarding Acquisition of Domestic Real Estate and Real Estate Trust Beneficiary Rights” released on February 21, 2011.

A summary of one property to be acquired by the 13<sup>th</sup> Period is as follows.

Name of Property To Be Acquired	Location (Note1)	Type	Planned Acquisition Price (million yen)	Appraisal Value as of the End of Period (Note 2) (million yen)
IIF Shinsuna Data Center (Note 3)	3-4-12 Shinsuna, Koto-ku, Tokyo	Infrastructure facility	15,100	16,100
		Total	15,100	16,100

Note 1. "Location" is the address recorded in the registry book.

Note 2. "Appraisal Value as of the End of Period" is the value researched by a real estate consultant.

Note 3. Industrial Shinsuna LLC (a special-purpose company funded through an anonymous partnership agreement by Mitsubishi Corporation, a sponsor of the asset manager) concluded "Agreement on Transfer of Contractual Position" as a trust beneficiary right sales agreement for the abovementioned property with Industrial Six LLC (a special-purpose company funded through an anonymous partnership agreement by Mitsubishi Corporation) on September 29, 2010. Accordingly, the position of the seller was transferred to Industrial Six LLC, and IIF accepted this transfer with no objection. There is no provision for penalty.



### 3. Financial information

#### (1) Balance sheets

	As of		Increase (Decrease)	
	June 30, 2010	December 31, 2010		
	Thousands of yen	Thousands of yen	Thousands of yen	Period-on-period change (%)
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank deposits	7,004,678	5,435,254	(1,569,423)	
Cash and bank deposits in trust	1,030,003	1,231,979	201,975	
Rental receivables	139,813	2,976	(136,837)	
Prepaid expenses	196,739	259,459	62,719	
Deferred tax assets	19	19	(0)	
Consumption taxes refundable	—	105,047	105,047	
Other	91	399	308	
<b>Total current assets</b>	<b>8,371,347</b>	<b>7,035,136</b>	<b>(1,336,210)</b>	<b>(16.0)</b>
<b>Noncurrent assets:</b>				
<b>Property, plant and equipment:</b>				
Buildings, at cost	23,255,249	23,626,761	371,511	
Less: Accumulated depreciation	(1,263,157)	(1,525,764)	(262,606)	
Buildings, net	21,992,091	22,100,997	108,905	
Land	1,215,241	2,018,489	803,248	
Buildings in trust, at cost	21,034,303	21,118,499	84,196	
Less: Accumulated depreciation	(1,558,857)	(1,843,650)	(284,792)	
Buildings in trust, net	19,475,445	19,274,849	(200,596)	
Structures in trust, at cost	312,608	321,843	9,234	
Less: Accumulated depreciation	(110,049)	(129,658)	(19,608)	
Structures in trust, net	202,558	192,185	(10,373)	
Tools, furniture and fixtures in trust, at cost	435	1,863	1,427	
Less: Accumulated depreciation	(74)	(112)	(38)	
Tools, furniture and fixtures in trust, net	361	1,750	1,389	
Land in trust	33,282,269	33,282,269	—	
<b>Total net property, plant and equipment</b>	<b>76,167,969</b>	<b>76,870,541</b>	<b>702,572</b>	<b>0.9</b>
<b>Intangible assets:</b>				
Leasehold right (Note 3)	19,833,966	19,833,966	—	
<b>Total intangible assets</b>	<b>19,833,966</b>	<b>19,833,966</b>	<b>—</b>	<b>0.0</b>
<b>Investments and other assets:</b>				
Lease and guarantee deposits	10,000	10,000	—	
Long-term prepaid expenses	211,744	293,967	82,222	
<b>Total investments and other assets</b>	<b>221,744</b>	<b>303,967</b>	<b>82,222</b>	<b>37.1</b>
<b>Total noncurrent assets</b>	<b>96,223,680</b>	<b>97,008,475</b>	<b>784,794</b>	<b>0.8</b>
<b>Deferred assets:</b>				
Investment unit issuance costs	17,138	—	(17,138)	
Investment corporation bond issuance costs	20,087	17,348	(2,739)	
<b>Total deferred assets</b>	<b>37,225</b>	<b>17,348</b>	<b>(19,877)</b>	<b>(53.4)</b>
<b>TOTAL ASSETS</b>	<b>104,632,253</b>	<b>104,060,960</b>	<b>(571,293)</b>	<b>(0.5)</b>

The accompanying notes in “(6) Notes to financial information” are an integral part of these statements.

	As of		Increase	
	June 30, 2010	December 31, 2010	(Decrease)	
	Thousands of yen	Thousands of yen	Thousands of yen	Period-on-period change (%)
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Operating accounts payable	132,329	170,563	38,233	
Short-term loans payable	14,000,000	12,000,000	(2,000,000)	
Current portion of long-term loans payable	15,000,000	—	(15,000,000)	
Accounts payable – other	192,548	220,171	27,622	
Accrued expenses	81,417	81,375	(41)	
Income taxes payable	821	665	(156)	
Accrued consumption taxes	284,730	—	(284,730)	
Advances received	456,853	485,671	28,817	
Other	7,519	50,296	42,777	
<b>Total current liabilities</b>	<b>30,156,220</b>	<b>13,008,743</b>	<b>(17,147,477)</b>	<b>(56.9)</b>
<b>Noncurrent liabilities:</b>				
Investment corporation bond – unsecured	8,000,000	8,000,000	—	
Long-term loans payable	22,500,000	39,500,000	17,000,000	
Tenant leasehold and security deposits	1,015,609	1,107,609	92,000	
Tenant leasehold and security deposits in trust	5,033,380	5,010,435	(22,944)	
Other	114,525	106,374	(8,150)	
<b>Total noncurrent liabilities</b>	<b>36,663,516</b>	<b>53,724,420</b>	<b>17,060,904</b>	<b>46.5</b>
<b>TOTAL LIABILITIES</b>	<b>66,819,736</b>	<b>66,733,163</b>	<b>(86,572)</b>	<b>(0.1)</b>
<b>NET ASSETS</b>				
<b>Unitholders' equity:</b>				
Unitholders' capital	36,529,370	36,529,370	—	0.0
Surplus:				
Retained earnings	1,283,146	798,426	(484,720)	
Total surplus	1,283,146	798,426	(484,720)	(37.8)
<b>Total unitholders' equity</b>	<b>37,812,516</b>	<b>37,327,796</b>	<b>(484,720)</b>	<b>(1.3)</b>
<b>TOTAL NET ASSETS (Note 4)</b>	<b>37,812,516</b>	<b>37,327,796</b>	<b>(484,720)</b>	<b>(1.3)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>104,632,253</b>	<b>104,060,960</b>	<b>(571,293)</b>	<b>(0.5)</b>

The accompanying notes in “(6) Notes to financial information” are an integral part of these statements.

## (2) Statements of income and retained earnings

	For the six months ended		Increase (Decrease)	
	June 30, 2010	December 31, 2010		
	Thousands of yen	Thousands of yen	Thousands of yen	Period-on-period change (%)
<b>Operating revenue</b>				
Rental revenue—real estate (Note 5)	2,980,654	2,962,317	(18,336)	
Gain on sales of real estate properties (Note 6)	459,734	—	(459,734)	
Total operating revenue	3,440,389	2,962,317	(478,071)	(13.9)
<b>Operating expenses</b>				
Expenses related to rent business (Note 5)	1,181,069	1,166,896	(14,172)	
Asset management fee	310,869	315,612	4,742	
Directors' compensations	5,820	5,820	—	
Asset custody fee	5,217	5,227	10	
Administrative service fees	21,054	21,394	340	
Other	52,379	82,689	30,310	
Total operating expenses	1,576,409	1,597,640	21,230	1.3
<b>Operating income</b>	1,863,979	1,364,677	(499,301)	(26.8)
<b>Non-operating income</b>				
Interest income	927	1,656	729	
Interest on refund	972	—	(972)	
Total non-operating income	1,899	1,656	(242)	(12.8)
<b>Non-operating expenses</b>				
Interest expenses	280,959	282,891	1,932	
Interest expenses on investment corporation bonds (Note 7)	120,689	120,326	(362)	
Amortization of investment corporation bond issuance costs	2,739	2,739	—	
Borrowing related expenses	141,700	140,302	(1,397)	
Amortization of investment unit issuance costs	34,276	17,138	(17,138)	
Other	1,363	3,525	2,162	
Total non-operating expenses	581,727	566,923	(14,803)	(2.5)
<b>Ordinary income</b>	1,284,151	799,410	(484,741)	(37.7)
<b>Income before income taxes</b>	1,284,151	799,410	(484,741)	(37.7)
<b>Income taxes</b>				
Current	1,006	996	(10)	
Deferred	(2)	0	2	
Total income taxes	1,004	997	(7)	(0.7)
<b>Net income</b>	1,283,146	798,412	(484,733)	(37.8)
<b>Retained earnings brought forward</b>	0	13	13	
<b>Unappropriated retained earnings</b>	1,283,146	798,426	(484,720)	

The accompanying notes in "(6) Notes to financial information" are an integral part of these statements.

## (3) Statements of changes in net assets

(Thousands of yen)

**For the six months ended June 30, 2010**

	Unitholders' equity				
	Unitholders' capital (Note 4)	Surplus		Total unitholders' equity	Total net assets
		Retained earnings	Total surplus		
<b>Balance as of December 31, 2009</b>	36,529,370	817,380	817,380	37,346,750	37,346,750
<u>Changes during the period</u>					
Distributions from surplus	—	(817,379)	(817,379)	(817,379)	(817,379)
Net income	—	1,283,146	1,283,146	1,283,146	1,283,146
<u>Total changes during the period</u>	—	465,766	465,766	465,766	465,766
<b>Balance as of June 30, 2010</b>	36,529,370	1,283,146	1,283,146	37,812,516	37,812,516

**For the six months ended December 31, 2010**

	Unitholders' equity				
	Unitholders' capital (Note 4)	Retained earnings	Total surplus	Total unitholders' equity	Total net assets
Balance as of June 30, 2010	36,529,370	1,283,146	1,283,146	37,812,516	37,812,516
Changes during the period					
Distributions from surplus	—	(1,283,133)	(1,283,133)	(1,283,133)	(1,283,133)
Net income	—	798,412	798,412	798,412	798,412
Total changes during the period	—	(484,720)	(484,720)	(484,720)	(484,720)
Balance as of December 31, 2010	36,529,370	798,426	798,426	37,327,796	37,327,796

The accompanying notes in "(6) Notes to financial information" are an integral part of these statements.

## (4) Statements of cash distributions

(Yen)

	For the six months ended	
	June 30, 2010	December 31, 2010
Unappropriated retained earnings	1,283,146,944	798,426,613
Cash distribution declared	1,283,133,225	798,411,570
(Cash distribution declared per unit)	(16,235)	(10,102)
Retained earnings carried forward	13,719	15,043

Note:

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, cash distributions declared for the six months ended June 30, 2010 and December 31, 2010 were ¥1,283,133,225 and ¥798,411,570, respectively, which were all of retained earnings at the end of each period except for fractional distribution per unit less than one yen. The Investment Corporation generally does not make distribution in excess of profit prescribed in the article of incorporation 25, Paragraph 2.

## (5) Statements of cash flows

	For the six months ended		(Thousands of yen)
	June 30, 2010	December 31, 2010	Increase (Decrease)
<b>Net cash provided by (used in) operating activities:</b>			
Income before income taxes	1,284,151	799,410	(484,741)
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	623,815	567,045	(56,769)
Amortization of investment corporation bond issuance costs	2,739	2,739	—
Amortization of investment unit issuance costs	34,276	17,138	(17,138)
Interest income	(927)	(1,656)	(729)
Interest expenses	401,648	403,218	1,569
Changes in assets and liabilities:			
Decrease (increase) in operating accounts receivable	(130,951)	136,837	267,788
Decrease (increase) in consumption taxes refundable	82,414	(100,304)	(182,718)
Decrease (increase) in prepaid expenses	(1,808)	(62,719)	(60,911)
Decrease (increase) in long-term prepaid expenses	(48,931)	(82,222)	(33,291)
Increase (decrease) in operating accounts payable	130,124	(61,366)	(191,491)
Increase (decrease) in accounts payable - other	3,949	13,555	9,605
Increase (decrease) in accrued expenses	(72)	60	132
Increase (decrease) in accrued consumption taxes	284,730	(284,730)	(569,461)
Increase (decrease) in advances received	(76,260)	28,817	105,077
Decrease in other noncurrent liabilities	(8,128)	(8,150)	(21)
Decrease due to sales of property, plant and equipment in trust	8,500,995	—	(8,500,995)
Other, net	181	41,595	41,413
Subtotal	11,081,946	1,409,266	(9,672,680)
Interest income received	927	1,656	729
Interest expenses paid	(406,482)	(403,320)	3,162
Income taxes paid	(950)	(1,152)	(201)
Net cash provided by operating activities	10,675,439	1,006,449	(9,668,990)
<b>Net cash provided by (used in) investing activities:</b>			
Purchases of property, plant and equipment	(1,215,241)	(1,160,693)	54,548
Purchases of property, plant and equipment in trust	(4,563,719)	—	4,563,719
Proceeds from tenant leasehold and security deposits	42,240	92,000	49,760
Proceeds from tenant leasehold and security deposits in trust	276,150	—	(276,150)
Payments of tenant leasehold and security deposits in trust	(351,990)	(22,944)	329,045
Net cash used in investing activities	(5,812,561)	(1,091,638)	4,720,923
<b>Net cash provided by (used in) financing activities:</b>			
Increase in short-term loans payable	14,000,000	—	(14,000,000)
Decrease in short-term loans payable	(24,000,000)	(2,000,000)	22,000,000
Proceeds from long-term loans payable	10,000,000	17,000,000	7,000,000
Repayments of long-term loans payable	—	(15,000,000)	(15,000,000)
Distributions paid	(816,210)	(1,282,259)	(466,049)
Net cash used in financing activities	(816,210)	(1,282,259)	(466,049)
<b>Net change in cash and cash equivalents</b>	<b>4,046,668</b>	<b>(1,367,448)</b>	<b>(5,414,116)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,988,013</b>	<b>8,034,682</b>	<b>4,046,668</b>
<b>Cash and cash equivalents at end of period (Note 8)</b>	<b>8,034,682</b>	<b>6,667,234</b>	<b>(1,367,448)</b>

The accompanying notes in “(6) Notes to financial information” are an integral part of these statements.

## (6) Notes to financial information

**Note 1 – Note relating to going concern assumption**

Nothing to be noted.

**Note 2 – Summary of significant accounting policies*****(a) Property, plant 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:

	For the six months ended	
	June 30, 2010	December 31, 2010
Buildings	13-63 years	13-63 years
Structures	7-8 years	7-20 years
Tools, furniture and fixtures	10 years	6-10 years

***(b) Long-term prepaid expenses***

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

***(c) Investment unit issuance costs***

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

***(d) Investment corporation bond issuance costs***

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

***(e) 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 generally accepted accounting principles in Japan. 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 ¥6,337 thousand and ¥514 thousand for the six months ended June 30, 2010 and December 31, 2010, respectively.

***(f) 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.

***(g) 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 sheets of the Investment Corporation.

***(h) Consumption taxes***

Consumption taxes withheld and consumption taxes paid are not included in the statements 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.

***(i) Change in accounting policies***

On March 31, 2008, the Accounting Standard Board of Japan (“ASBJ”) issued ASBJ Statement No.18 “Accounting Standard for Asset Retirement Obligations” and ASBJ Guidance No.21 “Guidance on Accounting Standard for Asset Retirement Obligations.”

The Investment Corporation adopted the new standard for asset retirement obligations from six months ended December 31, 2010. The application of this new standard did not have any impact on the results of operation for the six months then ended.

**Note 3 – 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 4 – Unitholders’ equity****(1) Number of units**

	As of	
	June 30, 2010	December 31, 2010
Authorized	4,000,000 units	4,000,000 units
Issued and outstanding	79,035 units	79,035 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 5 – Rent revenue—real estate and expenses related to rent business**

Rent revenue—real estate and expenses related to rent business for the six months ended June 30, 2010 and December 31, 2010 consist of the following:

	(Thousands of yen)	
	<b>For the six months ended</b>	
	<b>June 30, 2010</b>	<b>December 31, 2010</b>
<b>Rental revenue—real estate:</b>		
Rental and parking revenue	2,950,157	2,902,544
Common area charges	19,875	12,791
Other	10,621	46,982
Total rental revenue—real estate	2,980,654	2,962,317
<b>Expenses related to rent business:</b>		
Property management fees	8,033	7,836
Facility management fees	7,161	7,085
Utilities	20,995	15,763
Property-related taxes	236,778	211,807
Insurance	8,175	8,117
Repair and maintenance	7,030	77,419
Depreciation	623,815	567,045
Trust fees	7,771	10,527
Leasehold rents	261,026	261,026
Other	279	267
Total expenses related to rent business	1,181,069	1,166,896
<b>Operating income from property leasing activities</b>	<b>1,799,585</b>	<b>1,795,421</b>

**Note 6 – Gain on sales of real estate properties**

A breakdown of gain on sales of real estate properties for the six months ended June 30, 2010 was as follows:

	(Thousands of yen)
	<b>For the six months ended</b>
	<b>June 30, 2010</b>
Sale of land and building	9,020,000
Cost of land and building	(8,500,995)
Other sales expenses	(59,270)
Gain on sales of real estate properties	459,734

**Note 7 – Transaction with major unitholder**

The Investment Corporation paid interest expenses on investment corporation bonds to a major unitholder totaling of ¥120,689 thousand and ¥120,326 thousand for the six months ended June 30, 2010 and December 31, 2010, respectively.

**Note 8 – Cash and cash equivalents**

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

(Thousands of yen)

	As of	
	June 30, 2010	December 31, 2010
Cash and bank deposits	7,004,678	5,435,254
Cash and bank deposits in trust	1,030,003	1,231,979
Cash and cash equivalents	8,034,682	6,667,234

**Note 9 – Lease rental revenues**

The Investment Corporation leases its properties mainly to corporate tenants. Future minimum rental revenues pursuant to existing rental contracts as of June 30, 2010 and December 31, 2010 scheduled to be received are summarized as follows:

(Thousands of yen)

	As of	
	June 30, 2010	December 31, 2010
Due within one year	5,059,855	4,979,567
Due after one year	31,108,993	45,691,911
Total	36,168,848	50,671,479

**Note 10 – 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 bond 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 by investing 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. The Investment Corporation did not use any derivative instruments for the six months ended June 30, 2010 and December 31, 2010.

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

The funds raised through loans payable or issuance of investment corporation bond are mainly used to acquire real estate properties or properties in trust, and for the repayment of existing loans payable. 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.

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 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 June 30, 2010 and December 31, 2010.

(Thousands of yen)

	As of					
	June 30, 2010			December 31, 2010		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and bank deposits	7,004,678	7,004,678	-	5,435,254	5,435,254	-
(2) Cash and bank deposits in trust	1,030,003	1,030,003	-	1,231,979	1,231,979	-
Total assets	8,034,682	8,034,682	-	6,667,234	6,667,234	-
(1) Short-term loans payable	14,000,000	14,000,000	-	12,000,000	12,000,000	-
(2) Current portion of long-term loans payable	15,000,000	15,000,000	-	-	-	-
(3) Investment corporation bond — unsecured	8,000,000	8,000,000	-	8,000,000	8,000,000	-
(4) Long-term loans payable	22,500,000	22,515,332	15,332	39,500,000	39,540,817	40,817
(5) Tenant leasehold and security deposits in trust	1,126,478	865,895	(260,582)	1,103,533	874,486	(229,046)
Total liabilities	60,626,478	60,381,228	(245,249)	60,603,533	60,415,304	(188,229)

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) Short-term loans payable*

Because of their short maturities and floating interest rates, the carrying amounts of short-term loans payable approximate their fair values.

*(2) Current portion of long-term loans payable and (4) Long-term loans payable*

Long-term loans payable with floating interest rates changing within a short term period are stated at their carrying amounts as their carrying amounts approximate their fair values. 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.

*(3) Investment corporation bond — unsecured*

Because of floating interest rates changing within a short term period, the carrying amounts of investment corporation bond approximate their fair values.

*(5) 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.

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

(Thousands of yen)

	As of	
	June 30, 2010	December 31, 2010
Tenant leasehold and security deposits	1,015,609	1,107,609
Tenant leasehold and security deposits in trust	3,906,902	3,906,902
Total	4,922,512	5,014,512

Tenant lease hold 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 June 30, 2010	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	7,004,678	-	-	-	-	-
Cash and bank deposits in trust	1,030,003	-	-	-	-	-
Total	8,034,682	-	-	-	-	-

(Thousands of yen)

As of December 31, 2010	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	5,435,254	-	-	-	-	-
Cash and bank deposits in trust	1,231,979	-	-	-	-	-
Total	6,667,234	-	-	-	-	-

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

(Thousands of yen)

As of June 30, 2010	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term loans payable	14,000,000	-	-	-	-	-
Current portion of long-term loans payable	15,000,000	-	-	-	-	-
Investment corporation bond—unsecured	-	-	-	8,000,000	-	-
Long-term loans payable	-	-	20,500,000	-	2,000,000	-
Total	29,000,000	-	20,500,000	8,000,000	2,000,000	-

(Thousands of yen)

As of December 31, 2010	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term loans payable	12,000,000	-	-	-	-	-
Investment corporation bond—unsecured	-	-	-	8,000,000	-	-
Long-term loans payable	-	10,500,000	25,000,000	4,000,000	-	-
Total	12,000,000	10,500,000	25,000,000	12,000,000	-	-

(Additional information)

Effective from the six months ended June 30, 2010, the Investment Corporation adopted ASBJ Statement No.10, “Accounting Standard for Financial Instruments” revised on March 10, 2008, and ASBJ Guidance No.19, “Guidance on Disclosures about Fair Value of Financial Instruments” issued on March 10, 2008.

## Note 11 – Related-party transactions

The following tables show related-party transactions for the six months ended June 30, 2010 and December 31, 2010.

### For the six months ended June 30, 2010:

Type of related-party	Company name	Location	Share capital (Thousands of yen)	Business	Voting interest in the Investment Corporation	Relation with the Investment Corporation	Transactions for the period		Balance at end of the period	
							Type of transaction	Amounts (Thousands of yen)	Balance sheet account	Amounts (Thousands of yen)
Major unitholder	Mitsubishi Corporation	Chiyoda-ku, Tokyo	203,259,760	Trade and general business	Directly 12.14% Indirectly 0.75%	Underwriter of investment corporation bond	—	—	Investment corporation bond—unsecured	8,000,000
							Interest expenses on investment corporation bond <sup>(ii)</sup>	120,689	Accrued expenses	81,375
Subsidiary of major unitholder	Mitsubishi Corp.-UBS Realty Inc. <sup>(i)</sup>	Chiyoda-ku, Tokyo	500,000	Asset management	Directly 0.75%	The asset manager	Asset management fee <sup>(iii)(iv)</sup>	310,869	Accounts payable—other <sup>(iv)</sup>	164,344

### For the six months ended December 31, 2010:

Type of related-party	Company name	Location	Share capital (Thousands of yen)	Business	Voting interest in the Investment Corporation	Relation with the Investment Corporation	Transactions for the period		Balance at end of the period	
							Type of transaction	Amounts (Thousands of yen)	Balance sheet account	Amounts (Thousands of yen)
Major unitholder	Mitsubishi Corporation	Chiyoda-ku, Tokyo	203,364,759	Trade and general business	Directly 12.14% Indirectly 0.75%	Underwriter of investment corporation bond	—	—	Investment corporation bond—unsecured	8,000,000
							Interest expenses on investment corporation bond <sup>(ii)</sup>	120,326	Accrued expenses	79,638
Subsidiary of major unitholder	Mitsubishi Corp.-UBS Realty Inc. <sup>(i)</sup>	Chiyoda-ku, Tokyo	500,000	Asset management	Directly 0.75%	The asset manager	Asset management fee <sup>(iii)(iv)</sup>	315,612	Accounts payable—other <sup>(iv)</sup>	165,243

#### Notes:

- (i) The company is subsidiary of Mitsubishi Corporation.
- (ii) The terms and conditions of the investment corporation bond were reasonably decided based on the comparative analyses of the various third party cases including analysis of the interest rate spreads with other J-REIT senior bank loans and subordinated bonds issued by banks and analysis of the costs of debt and capital.
- (iii) The asset management fee has been decided based on third party transactions.
- (iv) Consumption taxes are excluded from the amounts of transactions, but included in the amounts of balances.

**Note 12 – Income taxes**

Deferred tax assets consist of the following:

(Thousands of yen)

	As of	
	June 30, 2010	December 31, 2010
Deferred tax assets:		
Current:		
Enterprise tax payable	19	19
Total	19	19
Net deferred tax assets	19	19

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

	For the six months ended	
	June 30, 2010	December 31, 2010
Statutory tax rate	39.33%	39.33%
Deductible cash distributions	(39.30)	(39.28)
Other	0.05	0.07
Effective tax rate	0.08%	0.12%

**Note 13 – Asset retirement obligations**

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 to be extended or is to be revoked. The Investment Corporation, however, expects that, unless exceptional circumstances arise, the permission will continue to be granted until the Investment Corporation voluntarily demolish the property considering 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 in the foreseeable future, it is difficult to determine the timing of performance of the asset retirement obligation and as such it is impossible to foresee the amount of the asset retirement obligation reasonably. Therefore, the Investment Corporation does not recognize such obligation as a liability.

**Note 14 – 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 the aggregate for the six months ended June 30, 2010 and December 31, 2010.

(Thousands of yen)

	As of / For the six months ended	
	June 30, 2010	December 31, 2010
<b>Net book value<sup>(i)</sup></b>		
Balance at the beginning of the period	99,347,785	96,001,935
Net increase (decrease) during the period <sup>(ii)</sup>	(3,345,849)	702,572
Balance at the end of the period	96,001,935	96,704,507
<b>Fair value<sup>(iii)</sup></b>	92,940,000	93,970,000

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)
<i>For the six months ended June 30, 2010:</i>	Acquisitions:	IIF Narashino Logistics Center (land with leasehold interest)	1,215,241
		IIF Totsuka Technology Center (land with leasehold interest)	4,553,285
	Disposals:	IIF Funabashi Logistics Center	(8,500,995)
<i>For the six months ended December 31, 2010:</i>	Acquisitions:	IIF Yokohama Tsuzuki Technology Center	1,166,015
	Capital expenditures:	IIF Koshigaya Logistics Center	71,257

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

For rental revenues and expenses for the six months ended June 30, 2010 and December 31, 2010, please refer to “Note 5 - Rent revenue — real estate and expenses related to rent business.”

(Additional information)

Effective from the six months ended June 30, 2010, the Investment Corporation adopted ASBJ Statement No.20, “Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” issued on November 28, 2008, and ASBJ Guidance No.23, “Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” issued on November 28, 2008.

## Note 15 – Segment information

Segment information for the six months ended December 31, 2010 is as follows:

### (a) Operating segment information

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**

**For the six months ended December 31, 2010:**

(Thousands of yen)

Name of customer	Revenues for the period	Relating segment
Japan Airlines International Co., Ltd.	1,342,140	Property rental business
Sagawa Express Co., Ltd.	565,915	Property rental business
Osaka Gas Co., Ltd.	378,090	Property rental business

(Additional information)

Effective for the six months ended December 31, 2010, the Investment Corporation applied ASBJ Statement No.17, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" revised on March 27, 2009, and ASBJ Guidance No.20, "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" issued on March 21, 2008.

**Note 16 – Per unit information**

The net asset value per unit as of June 30, 2010 and December 31, 2010 was ¥478,427 and ¥472,294, respectively. Net income per unit for the six months ended June 30, 2010 and December 31, 2010 was ¥16,235 and ¥10,102, respectively.

Net income per unit is calculated by dividing the net income attributable to unitholders by the weighted average number of units outstanding during the six-month 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	
	June 30, 2010	December 31, 2010
Net income	1,283,146	798,412
Effect of dilutive unit	-	-
Net income available to common unitholders	1,283,146	798,412
Weighted-average number of units outstanding for the period	79,035 units	79,035 units

**Note 17 – Subsequent events**

**For the six months ended June 30, 2010:**

***Change of the lease contract of IIF Haneda Airport Maintenance Center***

On August 10, 2010, the Investment Corporation entered into an agreement of change of the building lease contract (the "Original Contract") with Japan Airlines International Co., Ltd. (the "Tenant"), a tenant of IIF Haneda Airport Maintenance Center, as outlined below.

(i) The expiration date of the Original Contract (February 28, 2018) are extended to December 31, 2025.

(ii) As the lease term is changed to fixed-term, the Tenant is prohibited to terminate the contract before the expiration date and to request a rent decrease according to Article 32 of the Land Lease and House Lease Act of Japan.

(iii) Future lease rental revenue on or after January 1, 2011 will be reduced and it will be increased incrementally

until it reaches the same level as the Original Contract. Monthly lease rental revenue will be changing as follows:

From the date of the agreement of change to December 31, 2010:

Approximately ¥162 million per month (same as the Original Contract)

From January 1, 2011 to December 31, 2015 (5 years):

Approximately ¥154 million per month (reduced approximately 5% from the Original Contract)

From January 1, 2016 to December 31, 2020 (5 years):

Approximately ¥157 million per month (reduced approximately 3% from the Original Contract)

From January 1, 2021 to December 31, 2025 (5 years):

Approximately ¥162 million per month (same as the Original Contract)

### **For the six months ended December 31, 2010:**

#### ***Issuance of new investment units***

The Board of Directors of the Investment Corporation, at its meeting held on February 21, 2011, resolved to issue new investment units as bellow. The issue price shall be determined at the Board of Directors Meeting to be held in early part of March 2011.

#### ***(a) Issuance of new investment units through public offering***

Number of investment units to be offered: 14,200 investment units

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

Number of investment units to be offered: 1,400 investment units

Allottee: Nomura Securities Co., Ltd.

The number of new investment units to be offered through third-party allotment indicates the maximum number of units to be offered. Depending on demand and other factors, the number of units may be reduced, or the issuance through third-party allotment itself may not be conducted.

#### ***(c) Use of proceeds***

The Investment Corporation will use the net proceeds from the public offering and third-party allotment for acquisition of additional specified assets.

*[Omission of disclosure]*

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



## (7) Changes in unit issued and outstanding

There was no change in unitholders' capital for the six months ended December 31, 2010. The outline of changes in unitholders' capital for the previous periods was as follows:

Date	Capital transaction	Number of units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
March 26, 2007	Private placement for incorporation	400	400	200	200	Note 1
October 17, 2007	Public offering	76,000	76,400	35,112	35,312	Note 2
November 19, 2007	Allocation of investment units to a third party	2,635	79,035	1,217	36,529	Note 3

Note 1 The Investment Corporation was incorporated through private placement at a price of ¥500,000 per unit.

Note 2 New investment units were issued at a price of ¥480,000 per unit (subscription price of ¥462,000 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 3 New investment units were issued at a price of ¥462,000 per unit through the allocation of investment units to a third-party in order to raise funds for acquiring new real property.

Note 4 All investment units are common investment units.

#### 4. Changes in officers

Changes in officers had been otherwise disclosed under the rule of timely disclosure.

#### 5. Additional information

##### (1) Composition of assets

Classification of assets	Asset category	Location category (Note 1)	Region	As of June 30, 2010		As of December 31, 2010	
				Total of net book value (Millions of yen)	Composition ratio (Note 2) (%)	Total of net book value (Millions of yen)	Composition ratio (Note 2) (%)
Real property	Logistics facilities or Manufacturing and R&D facilities, etc. (Industrial properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	1,215	1.2	2,389	2.3
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	—	—	—	—
		Other	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	—	—	—	—
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	41,826	40.0	41,564	39.9
			Osaka and Nagoya metropolitan areas	—	—	—	—
			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	33,612	32.1	33,538	32.2
			Osaka and Nagoya metropolitan areas	1,271	1.2	1,260	1.2
			Other area	—	—	—	—
		Other	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	—	—	—	—
	Infrastructure facilities (Infrastructure properties)	Urban and suburban or Industrial-area	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	18,076	17.3	17,952	17.3
			Other area	—	—	—	—
		Other	Tokyo metropolitan area	—	—	—	—
			Osaka and Nagoya metropolitan areas	—	—	—	—
			Other area	—	—	—	—
Sub-total				96,001	91.8	96,704	92.9
Bank deposits and other assets				8,630	8.2	7,356	7.1
Total assets				104,632	100.0	104,060	100.0
Total liabilities				66,819	63.9	66,733	64.1
Total net assets				37,812	36.1	37,327	35.9

Note 1 “Location category” is classified as below.

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

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

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

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

## (2) Outline of portfolio properties

The principal properties as of December 31, 2010 were as follows:

Name of property	Net book value (Millions of yen)	Leasable area (Note 1) (m <sup>2</sup> )	Leased area (Note 2) (m <sup>2</sup> )	Occupancy ratio (Note 3) (%)	Ratio of rental revenue to total rental revenues (Note 3) (%)	Major use
IIF Haneda Airport Maintenance Center	41,564	81,995.81	81,995.81	100.0	45.3	Infrastructure facility
IIF Kobe District Heating and Cooling Center	17,952	11,189.36	10,909.23	97.5	12.8	Infrastructure facility
IIF Shinonome Logistics Center (Note 4)	13,539	27,493.29	27,493.29	100.0	13.4	Logistics facility
IIF Noda Logistics Center	6,189	38,828.10	38,828.10	100.0	8.2	Logistics facility
IIF Shinsuna Logistics Center	5,344	5,741.75	5,741.75	100.0	5.7	Logistics facility
IIF Totsuka Technology Center (land with leasehold interest)	4,553	31,442.47	31,442.47	100.0	4.7	Manufacturing and R&D facility, etc.
IIF Koshigaya Logistics Center	1,989	10,113.50	10,113.50	100.0	3.9	Logistics facility
IIF Atsugi Logistics Center	1,922	10,959.68	10,959.68	100.0	2.5	Logistics facility
IIF Nishinomiya Logistics Center	1,260	10,608.00	10,608.00	100.0	2.0	Logistics facility
IIF Narashino Logistics Center (land with leasehold interest) (Note 5)	1,223	19,834.71	19,834.71	100.0	—	Logistics facility
IIF Yokohama Tsuzuki Technology Center	1,165	4,655.48	4,655.48	100.0	0.1	Manufacturing and R&D facility, etc.
Total	96,704	252,862.15	252,582.02	99.9	100.0	

Note 1 “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.

Note 2 “Leased area” means the leased area of the building or land of each property indicated in the lease agreement, except for IIF Shinsuna Logistics Center of which leased area shows a total area of the building indicated in the registry book.

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

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

Note 5 “Ratio of rental revenue to total rental revenues” is undisclosed because the consent from the tenant has not been acquired.

The details of logistics facilities, manufacturing and R&D facilities, etc. or infrastructure facilities held by the Investment Corporation as of December 31, 2010 were as follows:

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m <sup>2</sup> )	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
IIF Shinonome Logistics Center (Note 4)	13-32, Shinonome 2-chome, Koto-ku, Tokyo	Trust beneficial interest	27,493.29	14,000	13,539
IIF Noda Logistics Center	340-13, Aza Tamedai, Nishi-sangao, Noda-shi, Chiba	Trust beneficial interest	38,828.10	6,570	6,189
IIF Shinsuna Logistics Center	5-15, Shinsuna 3-chome, Koto-ku, Tokyo	Trust beneficial interest	5,741.75	5,720	5,344
IIF Atsugi Logistics Center	19, Aza Ikoda, Hase 6-chome, Atsugi-shi, Kanagawa	Trust beneficial interest	10,959.68	2,140	1,922
IIF Koshigaya Logistics Center	1-1, Ryutsudanchi 4-chome, Koshigaya-shi, Saitama	Trust beneficial interest	10,113.50	2,160	1,989
IIF Nishinomiya Logistics Center	2, Nishinomiyahama 1-chome, Nishinomiya-shi, Hyogo	Trust beneficial interest	10,608.00	1,430	1,260
IIF Narashino Logistics Center (land with leasehold interest)	34-9, Akanehama 3-chome, Narashino-shi, Chiba	Real property	19,834.71	1,960	1,223
IIF Totsuka Technology Center (land with leasehold interest)	334-1, Uchikune, Nase-cho, Totsuka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	31,442.47	4,750	4,553
IIF Yokohama Tsuzuki Technology Center	25-2, Kitayamada 4-chome, Tsuzuki-ku, Yokohama-shi, Kanagawa	Real property	4,655.48	1,240	1,165
IIF Kobe District Heating and Cooling Center	8-2, Higashikawasaki-cho 1-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	11,189.36	16,000	17,952
IIF Haneda Airport Maintenance Center	5-1 and 2, Haneda Airport 3-chome, Ota-ku, Tokyo	Real property	81,995.81	38,000	41,564
Total			252,862.15	93,970	96,704

Note 1 “Location” means the residence indication or the location indicated in the land registry book.

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.

Note 3 “Appraisal value at end of period” shows the value appraised or researched 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 Investment Corporation owns 53% of the trust beneficial interest in the property. The leasable area of the property shows 53% of the total leasable area as the share of quasi-co-ownership.

Operating results of each property for the six months ended June 30, 2010 and December 31, 2010 were as follows:

Name of property	For the six months ended							
	June 30, 2010				December 31, 2010			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)
IIF Shinonome Logistics Center	1	100.0	399	13.4	1	100.0	397	13.4
IIF Funabashi Logistics Center (Note 3)	—	—	145	4.9	—	—	—	—
IIF Noda Logistics Center	2	100.0	240	8.1	2	100.0	243	8.2
IIF Shinsuna Logistics Center	1	100.0	163	5.5	1	100.0	168	5.7
IIF Atsugi Logistics Center	1	100.0	74	2.5	1	100.0	74	2.5
IIF Koshigaya Logistics Center	1	100.0	74	2.5	1	100.0	114	3.9
IIF Nishinomiya Logistics Center	1	100.0	59	2.0	1	100.0	59	2.0
IIF Narashino Logistics Center (land with leasehold interest) (Note 4)	1	100.0	—	—	1	100.0	—	—
IIF Totsuka Technology Center (land with leasehold interest)	1	100.0	69	2.3	1	100.0	138	4.7
IIF Yokohama Tsuzuki Technology Center	—	—	—	—	1	100.0	3	0.1
IIF Kobe District Heating and Cooling Center	1	97.5	378	12.7	1	97.5	378	12.8
IIF Haneda Airport Maintenance Center	1	100.0	1,342	45.1	1	100.0	1,342	45.3
Total (Note 5)	11	99.9	2,980	100.0	12	99.9	2,962	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 “Ratio of rental revenue to total rental revenues” are calculated by rounding to the nearest first decimal place.

Note 3 The Investment Corporation entered into disposal agreement of IIF Funabashi Logistics Center on March 9, 2010 and sold the property on March 19, 2010.

Note 4 “Ratio of rental revenue to total rental revenues” is undisclosed because the consent from the tenant has not been acquired.

Note 5 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.