

Industrial & Infrastructure Fund Investment Corporation

9th Asset Management Report

(Semi-Annual Report 9th)

July 1, 2011 – December 31, 2011

 **Industrial & Infrastructure Fund Investment Corporation**

Industrial & Infrastructure Fund Investment Corporation invests in properties that play a vital role in industrial activities, supports Japan's industries and contributes to society with high aspirations.

I greatly appreciate all the unitholders' continued courtesies.

Industrial & Infrastructure Fund Investment Corporation (IIF) increased its capital in the 8th Period (June 2011 Period) and acquired five properties. In the 9th Period (December 2011 Period), thanks to the full contribution of the properties acquired in the previous period, distribution per unit amounted to 12,377 yen, an increase of 13.4% from the preceding period. IIF is committed to conducting management that takes full advantage of the characteristics of industrial properties and securing a stable profit in the long term. I would like to explain the features of IIF that make these things possible.

Yasuyuki Kuratsu

Executive Director, Industrial & Infrastructure Fund Investment Corporation

1. Supporting Japan's industries and contributing to society

San (meaning "industry" in Japanese) is a keyword for IIF.

IIF invests in and manages industrial properties.

IIF invests in social infrastructure as a source of power for the Japanese economy and supports Japan's industrial activities from the perspective of real estate.

2. Investment policy rooted in the pioneer spirit

1. IIF specializes in industrial properties and establishes a new J-REIT sector.
2. IIF invests in distribution facilities, plants and research and development (R&D) facilities (industrial properties), and infrastructure facilities (infrastructure properties).
3. IIF aims to secure a stable profit and achieve steady growth of the properties owned.
4. IIF aims to continuously expand unitholder value.

3. Past strategies and future growth strategy

- IIF has maintained a stable distribution since its listing due to its solid portfolio.
- Distribution increased due to external growth brought about by a capital increase achieved through a public offering.

- IIF strengthened its financial stability by extending the terms of borrowings and increasing the fixed-rate debt ratio.
- IIF constructed a stable portfolio by acquiring prime properties and enhancing its financial standing.

4. Highlights of the 9th Period

- Major policies for the 9th Period
 1. Stable management of portfolio whose profitability and stability have been improved by the acquisition of the new five properties
 2. Financial strategy that consistently emphasizes improvement of financial stability and debt cost control; we aimed at lowering debt cost and extending its repayment period when we refinanced the subordinated investment corporation bond in advance of the due date with a new subordinated loan and long-term borrowing.
 3. Acquired AA- rating immediately after the end of the 9th Period, supported by our stable balance sheet and strong profitability

- Financial results for the 9th Period

| | 8 th Period (reference) | 9 th Period |
|-------------------------|------------------------------------|------------------------|
| Number of properties | 16 | 16 |
| Total acquisition price | 108.2 billion yen | 108.2 billion yen |
| Operating revenue | 3,295 million yen | 3,526 million yen |
| Net income | 1,022 million yen | 1,158 million yen |
| Distribution per unit | 10,919 yen | 12,377 yen |

IIF continued to improve and stabilize distribution with the full contribution of properties acquired in the 8th Period

Industrial & Infrastructure Fund Investment Corporation (IIF) increased its capital by additionally issuing new investment units and acquired five properties in the 8th Period (June 2011 Period). In the 9th Period (December 2011 Period), IIF achieved an external growth thanks to those properties fully contributing to the fund's performance and stabilization of its financial position by redeeming the first unsecured investment corporation bond (hereinafter referred to as "subordinated investment corporation bond" (see note)) prior to the due date and refinanced by subordinated loan (see note) and long-term borrowing, consistently improving and stabilizing distribution. I, Takuya Kuga, CEO of Mitsubishi Corp. – UBS Realty Inc., IIF's asset manager, would like to explain the activities in the 9th Period and future outlook.

Takuya Kuga
CEO, Mitsubishi Corp. – UBS Realty Inc.

In the 9th Period, IIF achieved external growth thanks to the full contribution of the five properties it acquired through public offering in March 2011 with enhanced profitability and stability of the portfolio. Finance-wise, IIF repaid the subordinated investment corporation bond in advance of the due date and refinanced with a subordinated loan and long-term borrowing to reduce the funding cost, which contributed to the improvement of distribution. As a result, distribution for the 9th Period amounted to 12,377 yen (10,919 yen in the 8th Period), showing a consistent increase.

IIF will continue seeking continuous distribution growth and will advance toward a new stage of growth by utilizing various methods including proposal-based property acquisition that responds to each company's CRE strategy (please refer to p.6 for details).

1. Achieved external growth with full-year contribution of the properties acquired in the 8th Period

IIF newly acquired five properties by additionally issuing new investment units in the 8th Period. Those five properties were acquired by proposing solutions in response to CRE strategies, which IIF's asset manager excels at. They were prime properties in terms of profitability, continuity and versatility.

The average NOI yield of these properties was 6.9%, higher than the 5.0% of the eleven properties the fund possessed at the end of the 7th Period. Since these properties fully contributed to the 9th Period's fund performance, profitability of the entire portfolio improved, pushing up the average NOI yield from 5.0% (end of the 7th Period) to 5.3% (end of the 9th Period).

In addition, these properties generated an unrealized gain of approximately 860 million yen against their appraisal value. The acquisition of the five properties also diversified tenants, leading to a more stable

management.

2. Strengthened financial stability by early redemption of subordinated investment corporation bond and refinance by new long-term borrowings

Next, I would like to explain our consistent financial strategy that emphasizes continuous improvement of financial stability and control of debt cost.

In the 9th Period, IIF redeemed a five-year subordinated investment corporation bond issued in February 2009 to Mitsubishi Corp. in advance of the due date in August 2011, and refinanced on the same date with (1) a five-year subordinated loan from the Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation and (2) a long-term borrowing for a five-year period from the Bank of Tokyo-Mitsubishi UFJ, Ltd. Furthermore, we fixed the interest rate by entering into an interest swap contract for second borrowing.

The refinance this time reduced the funding cost compared to the subordinated investment corporation bond, thereby helping to improve the distribution of profits.

In addition, the long-term debt ratio further increased from 98.2% at the end of the previous period to 100.0% at the end of the 9th Period, and the ratio of the fixed-rate debt to interest-bearing debt increased from 25.0% at the end of the 8th Period to 46.9% at the end of the 9th Period.

3. Achieved improvement and stabilization of distribution

As a result of these measures, distribution per unit increased by around 8%, from 10,102 yen in the 7th Period (December 2010 Period) to 10,919 yen in the 8th Period (June 2011 Period), and increased further to 12,377 yen in the 9th Period, exceeding the projection of 12,285 yen. This was because profit generated by the properties acquired in the 8th Period fully contributed to the fund's performance.

Future outlook: Promoting proposal-based acquisition activities that respond to CRE strategies

IIF, as the only J-REIT specializing in industrial properties, will aggressively promote proposal-based acquisition activities that respond to CRE strategies by utilizing an environment with limited competition and its know-how and network established as a pioneer in industrial properties.

IIF announced an additional issuance of new investment units in February 15, 2012, the second issuance following the previous year, and will acquire six properties after March.

IIF is committed to further increasing the distribution level by improving and stabilizing profit supported by the acquisition of prime properties. I would like to ask for all the unitholders' continued support in this regard.

What is a CRE strategy?

A CRE strategy is a corporate strategy regarding management and investment of corporate real estate (CRE). This strategy aims to increase corporate value by controlling a percentage of the real estate held, one form of a company's management resources (plants, stores and company buildings), and increasing the efficiency of real estate investment.

Acquired long-term senior debts rating of AA- (Stable) by improvement of financial position

IIF newly acquired a long-term senior debt rating of AA- (outlook: stable) from Japan Credit Rating Agency, Ltd., a designated rating agency, on January 18, 2012. The rating reflects the improvement of IIF's financial position after the public offering conducted in the 8th Period (June 2011 Period).

As a result of acquiring new properties in the 8th Period, the average NOI yield increased to 5.3% (end of the 9th Period) from 5.0% (end of the 7th Period), and the average remaining lease term rose to 13.2 years from 11.9 years as well, enhancing the stability and profitability of IIF's portfolio.

At the same time, IIF dramatically improved its financial position by continuing to implement a financial strategy that focuses on liability cost control, increasing its long-term debt ratio to 100.0% at the end of the 9th Period from 79.8% at the end of the 7th Period and 98.2% at the end of the 8th Period, and its fixed-rate debt ratio to 46.9% from 3.4% and 25.0% as well. A great improvement in the financial position supported by the said external growth and financial strategy led to the acquisition of IIF's AA- (stable) rating.

I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

| Fiscal period | | | 5 th | 6 th | 7 th | 8 th | 9 th |
|---|---------|-------------------|----------------------|------------------|----------------------|------------------|----------------------|
| As of /for the six months ended | | | December 31, 2009 | June 30, 2010 | December 31, 2010 | June 30, 2011 | December 31, 2011 |
| Operating revenues | Note 1 | (Millions of yen) | 3,064 | 3,440 | 2,962 | 3,295 | 3,526 |
| (Rental revenues) | Note 1 | (Millions of yen) | (3,064) | (2,980) | (2,962) | (3,295) | (3,526) |
| Operating expenses | Note 1 | (Millions of yen) | 1,629 | 1,576 | 1,597 | 1,673 | 1,691 |
| (Rental expenses) | Note 1 | (Millions of yen) | (1,246) | (1,181) | (1,166) | (1,253) | (1,237) |
| Operating income | | (Millions of yen) | 1,434 | 1,863 | 1,364 | 1,622 | 1,834 |
| Ordinary income | | (Millions of yen) | 818 | 1,284 | 799 | 1,038 | 1,159 |
| Net income | (a) | (Millions of yen) | 817 | 1,283 | 798 | 1,022 | 1,158 |
| Net assets | (b) | (Millions of yen) | 37,346 | 37,812 | 37,327 | 43,263 | 43,400 |
| (Period-on-period change) | | (%) | (-0.2) | (+1.2) | (-1.3) | (+15.9) | (+0.3) |
| Total assets | (c) | (Millions of yen) | 103,869 | 104,632 | 104,060 | 113,262 | 112,947 |
| (Period-on-period change) | | (%) | (-0.4) | (+0.7) | (-0.5) | (+8.8) | (-0.3) |
| Unitholders' capital | | (Millions of yen) | 36,529 | 36,529 | 36,529 | 42,241 | 42,241 |
| (Period-on-period change) | | (%) | (0.0) | (0.0) | (0.0) | (+15.6) | (0.0) |
| Number of units issued and outstanding | (d) | (Units) | 79,035 | 79,035 | 79,035 | 93,632 | 93,632 |
| Net asset value per unit | (b)/(d) | (Yen) | 472,534 | 478,427 | 472,294 | 462,059 | 463,517 |
| Total distributions | (e) | (Millions of yen) | 817 | 1,283 | 798 | 1,022 | 1,158 |
| Distribution per unit | (e)/(d) | (Yen) | 10,342 | 16,235 | 10,102 | 10,919 | 12,377 |
| (Profit distribution per unit) | | (Yen) | (10,342) | (16,235) | (10,102) | (10,919) | (12,377) |
| (Distribution per unit in excess of profit) | | (Yen) | (—) | (—) | (—) | (—) | (—) |
| Ratio of ordinary income to total assets | Note 3 | (%) | 0.8 (1.6) | 1.2 (2.5) | 0.8 (1.5) | 1.0 (1.9) | 1.0 (2.0) |
| Return on unitholders' equity | Note 3 | (%) | 2.2 (4.3) | 3.4 (6.9) | 2.1 (4.2) | 2.5 (5.1) | 2.7 (5.3) |
| Ratio of net assets to total assets | (b)/(c) | (%) | 36.0 | 36.1 | 35.9 | 38.2 | 38.4 |
| (Period-on-period change) | | | (+0.1) | (+0.1) | (-0.2) | (+2.3) | (+0.2) |
| Payout ratio | (e)/(a) | (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Additional information: | | | | | | | |
| Rental net operating income (NOI) | Note 3 | (Millions of yen) | 2,500 | 2,423 | 2,362 | 2,617 | 2,875 |
| Net profit margin | Note 3 | (%) | 26.7 | 37.3 | 27.0 | 31.0 | 32.9 |
| Debt service coverage ratio | Note 3 | (Multiple) | 4.9 | 5.8 | 4.4 | 4.7 | 5.0 |
| Funds from operation (FFO) per unit | Note 3 | (Yen) | 18,973 | 18,311 | 17,276 | 17,062 | 18,636 |
| FFO multiples | Note 3 | (Multiple) | 6.5 | 8.6 | 11.5 | 11.6 | 10.3 |
| Distributable income per unit after adjustment for taxes on property, plant and equipment | Note 4 | (Yen) | 10,342 | 16,201 | 10,049 | 10,655 | 11,856 |
| FFO per unit after adjustment for taxes on property, plant and equipment | Note 4 | (Yen) | 18,973 | 18,277 | 17,223 | 16,798 | 18,115 |

Note 1 Consumption taxes are not included.

Note 2 Figures less than unit indicated in the above table are rounded down for amounts and rounded for ratio unless otherwise indicated.

Note 3 Figures are calculated as below formulas. Percentages in parentheses are annualized using 184, 181, 184, 181 and 184 days for 5th, 6th, 7th, 8th and 9th fiscal period, respectively. FFO multiples are unaudited.

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

Note 4 The figures indicate pro forma distributable income per unit and pro forma FFO per unit assuming that taxes on property, plant and equipment were not capitalized but charged to income in the periods in which were incurred. These figures are unaudited.

2. Outline of asset management operation

(1) Major developments and management performance of IIF

IIF was established on March 26, 2007 and became listed on the REIT securities market of the Tokyo Stock Exchange on October 18, 2007 (securities identification 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 in logistics facilities, manufacturing and research and development (R&D) facilities, and infrastructure facilities which play a vital role in various industrial activities and are expected to be utilized stably in the medium and long term. As the only listed J-REIT specializing in industrial properties, IIF aims to further improve and stabilize its distribution level by improving and stabilizing profit as a result of property acquisition that leverages an environment with limited competition.

In the current period, IIF had discussions with Osaka Gas Co., Ltd., the tenant of the IIF Kobe District Heating and Cooling Center, regarding a fixed-term building lease contract that will expire on June 6, 2012, and signed a new fixed-term building lease contract (12 years) for the period after June 7, 2012 on August 11, 2011. A contract with Mitsubishi Corporation LT, Inc., the tenant of the IIF Atsugi Logistics Center, ended on December 31, 2011 due to cancellation by Mitsubishi. Accordingly, IIF considered attracting a new tenant for this facility and newly signed a fixed-term building lease contract for the period from January 1, 2012 to June 30, 2012 with Stream Co., Ltd, which Mitsubishi Corporation LT, Inc. sublet the facility to.

As other management activities, IIF installed and activated a solar power system from July 1, 2011 at the IIF Koshigaya Logistics Center in cooperation with its tenant, Tsukasa Corporation, and worked on energy saving. As crisis measures that were formulated by trying to learn lessons from the Great East Japan Earthquake, IIF signed a basic agreement with Nikken Corporation to preferentially provide temporary bathrooms and small generators to tenants when a disaster strikes in order to secure a lifeline necessary for operations in the event of an emergency. Based on this agreement, IIF is working on activities to support business continuity plans (BCP) of tenants for all the properties owned, except for land with leasehold, such as installing portable storage batteries in order to secure a power source for communication in the event of an emergency.

The properties IIF owned as of December 31, 2011 consisted of 12 logistics facilities, two infrastructure facilities and two manufacturing and R&D facilities whose total acquisition price amounted to 108,240 million yen. The total leasable area as of December 31, 2011 was 358,773.32 m², and the average occupancy rate remained at 99.9%.

(2) Funding

a) 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.

For the current period, IIF implemented early redemption of the First Unsecured Investment Corporation Bond (subordinated bond and limited to qualified institutional investors) of 8,000 million yen issued on February 27, 2009 as of August 31, 2011. In addition, IIF newly obtained a subordinated loan (5,900 million yen) and a

long-term borrowing (2,000 million yen) as of August 31, 2011 and used the funds raised plus 100 million yen of cash on hand for the early redemption of this subordinated investment corporation bond. Securing this subordinated loan from commercial banks, the first among J-REITs, reduced the financing cost and helped improve the distribution. For the long-term borrowing (2,000 million yen), IIF concluded a five-year interest rate swap agreement in order to fix the interest rate until the repayment date and hedge the interest rate risk.

IIF refinanced borrowings by 1) obtaining a new long-term borrowing (11,600 million yen) on September 30, 2011, 2) repaying a long-term borrowing (10,500 million yen, repayment date: October 19, 2012) ahead of schedule as of the same date and 3) repaying a short-term borrowing (1,100 million yen, repayment date: September 30, 2011). For the new long-term borrowing in 1), IIF concluded a six-year interest rate swap agreement in order to fix the interest rate until the repayment date and hedge the interest rate risk.

As a result, IIF's interest-bearing debt as of December 31, 2011 consisted of long-term borrowings of 62,000 million yen.

b) Equity finance

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

(3) Overview of financial results and distribution

As a result of the abovementioned management activities, IIF recorded operating revenue of 3,526 million yen, operating income of 1,834 million yen, ordinary income of 1,159 million yen and net income of 1,158 million yen for the current period. For distributions, 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 (distribution per unit = fractions less than one yen). Therefore, the distribution per unit was 12,377 yen.

3. Changes in unitholders' capital

There was no change in unitholders' capital for the six months ended December 31, 2011. 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 |
| March 8, 2011 | Public offering | 14,200 | 93,235 | 5,556 | 42,085 | Note 4 |
| March 24, 2011 | Allocation of investment units to a third party | 397 | 93,632 | 155 | 42,241 | Note 5 |

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 New investment units were issued at a price of ¥405,945 per unit (subscription price of ¥391,297 per unit) through a public offering in order to raise funds for acquiring new real property.
- Note 5 New investment units were issued at a price of ¥391,297 per unit through the allocation of investment units to a third-party in order to raise funds for acquiring new real property.
- Note 6 All investment units are common investment units.

Fluctuation in market price of the investment securities:

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

(Yen)

| Fiscal period | 5 th | 6 th | 7 th | 8 th | 9 th |
|---------------------------------|----------------------|------------------|----------------------|------------------|----------------------|
| As of /for the six months ended | December 31, 2009 | June 30, 2010 | December 31, 2010 | June 30, 2011 | December 31, 2011 |
| Highest price | 273,900 | 383,000 | 414,000 | 438,500 | 435,500 |
| Lowest price | 228,000 | 223,300 | 300,000 | 321,000 | 361,000 |
| Closing price at end of period | 245,400 | 319,000 | 393,500 | 399,000 | 379,500 |

4. Distributions

The Investment Corporation intends to distribute all of unappropriated retained earnings at the end of the period, except for fractional distribution per unit less than one yen, to be treated the distributions as a tax allowable deduction as defined in Article 67-15 of the Special Taxation Measures Act of Japan. As a result, cash distribution per unit for the six months ended December 31, 2011 amounted to ¥12,377.

| Fiscal period | 5 th | 6 th | 7 th | 8 th | 9 th |
|--|-------------------|-----------------|-------------------|-----------------|-------------------|
| As of /for the six months ended | December 31, 2009 | June 30, 2010 | December 31, 2010 | June 30, 2011 | December 31, 2011 |
| Net income (Thousands of yen) | 817,332 | 1,283,146 | 798,412 | 1,022,368 | 1,158,903 |
| Retained earnings carried forward (Thousands of yen) | 0 | 13 | 15 | 15 | 35 |
| Total cash distributions (Thousands of yen) | 817,379 | 1,283,133 | 798,411 | 1,022,367 | 1,158,883 |
| (Cash distribution per unit) (Yen) | (10,342) | (16,235) | (10,102) | (10,919) | (12,377) |
| Profit distributions (Thousands of yen) | 817,379 | 1,283,133 | 798,411 | 1,022,367 | 1,158,883 |
| (Profit distribution per unit) (Yen) | (10,342) | (16,235) | (10,102) | (10,919) | (12,377) |
| Unitcapital refunds (Thousands of yen) | - | - | - | - | - |
| (Unitcapital refund per unit) (Yen) | (-) | (-) | (-) | (-) | (-) |

5. Management policies and issues

(1) Outlook for the overall management

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 in the medium and long term. IIF will aim to continuously expand unitholder value by securing stable profit and achieving steady growth of the properties owned.

a. Maintenance of buildings

IIF will prepare management plans for maintaining and improving the functionality, safety and comfort of buildings and implement daily management based on such plans. IIF will formulate and implement a medium- and long-term repair plan in order to improve the functionality of buildings and deal with aged deterioration.

b. Relationship-building with tenants

IIF will aim to secure profit in the medium and long term by having continuous and close communication with tenants, accurately understanding the trend and needs of tenants, making proposals to tenants and increasing tenants' satisfaction. Therefore, based on a fundamental policy to conclude medium- and long-term lease contracts, IIF will set various terms such as an adequate level of rent and a contract period based on credit status of tenants when revising lease contracts, considering contract terms of the overall portfolio.

c. Diversification of tenants

IIF will assess various lease terms such as creditworthiness of tenants, tenants' competitiveness and positions in the market, prospect for continuous use and rent level and diversify tenants. For lease contracts with tenants, although IIF focuses on medium- and long-term contracts, IIF will also consider incorporating a variable rent (e.g. GDP-linked rent).

d. Floor expansion, extension and renovation

IIF will work on formulating and implementing plans for floor expansion and extension of properties with

excess floor area ratio in order to improve value of properties held and plans for renovation for improvement of long-term profitability.

(2) Issues to be solved

Since the distribution facilities IIF owns have high versatility and are in excellent locations, their usage in the medium and long term is expected as an important base of tenants. For the R&D facilities IIF owns, stable and long-term usage can be expected, supported by long-term lease contracts. Moreover, 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 dividend, maintenance of stable rent revenue, promotion of external growth and continuous reinforcement of the financial strength.

6. Subsequent events

Issuance of new investment units

The Board of Directors of the Company, at its meeting held on February 15 2012, resolved to issue new investment units as follows:

(a) Issuance of new investment units through public offering

Investment units shall be offered through a public offering in Japan (“Domestic Public Offering”) and in overseas markets, consisting mainly of the U.S. and European markets (provided, however, that offering in the U.S. market shall be restricted to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933) (referred to as “Overseas Offering” and collectively with the Domestic Public Offering, the “Offerings”).

(i) Number of new investment units to be offered:

44,762 investment units, out of which 22,381 new units to be offered through the Domestic Public Offering and 22,381 new units to be offered through the Overseas Offering, although the breakdown of the number of new investment units to be offered shall be finally determined within 44,762 investment units considering demand and other factors at the Board of Directors Meeting to be held on late in February (hereinafter called “Determination Date of Issue Price”).

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

(i) Number of new investment units: 2,238 investment units

(ii) Allottee: Nomura Securities Co., Ltd.

There may be cases where there will be no subscription for the investment units offered in the third-party allotment in whole or in part, and the final number of investment units placed under the third-party allotment may accordingly decrease to that extent due to forfeiture, or such allotment itself may not take place at all.

(c) Use of proceeds

The Company will use the net proceeds from the Offerings and the third-party allotment for acquisition of additional specified assets.

The issue price of the new investment units through the Offerings and the third-party allotment shall be determined at the Board of Directors Meeting to be held on Determination Date of Issue Price.

Outline of the Investment Corporation

1. Investment unit

| Fiscal period | 5 th | 6 th | 7 th | 8 th | 9 th |
|--|-------------------|-----------------|-------------------|-----------------|-------------------|
| As of | December 31, 2009 | June 30, 2010 | December 31, 2010 | June 30, 2011 | December 31, 2011 |
| Number of units authorized (Units) | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| Number of units issued and outstanding (Units) | 79,035 | 79,035 | 79,035 | 93,632 | 93,632 |
| Number of unitholders (People) | 4,173 | 4,830 | 4,398 | 4,926 | 4,728 |

2. Unitholders

Major unitholders as of December 31, 2011 were as follows:

| Name | Address | Number of units owned (Units) | Ratio of number of units owned to total number of units issued (Note 1) (%) |
|--|--|----------------------------------|--|
| Japan Trustee Services Bank, Ltd. Trust Account | 8-11, Harumi 1-chome, Chuo-ku, Tokyo | 14,043 | 14.99 |
| Mitsubishi Corporation | 3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo | 9,600 | 10.25 |
| Trust & Custody Services Bank, Ltd. Trust Account | Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo | 7,541 | 8.05 |
| The Nomura Trust and Banking Co., Ltd. Trust Account | 2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo | 5,879 | 6.27 |
| UBS AG LONDON JAPAN SEED CAPITAL FUNDING | 100 LIVERPOOL STREET, LONDON, EC2M 2RH UNITED KINGDOM | 5,200 | 5.55 |
| Development Bank of Japan Inc. | 9-1, Otemachi 1-chome, Chiyoda-ku, Tokyo | 5,000 | 5.34 |
| The Master Trust Bank of Japan, Ltd. Trust Account | 11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo | 4,014 | 4.28 |
| North Pacific Bank, Ltd. | 11, Odori-nishi 3-chome, Chuo-ku, Sapporo-shi, Hokkaido | 2,235 | 2.38 |
| The Tokushima Bank, Ltd. | 16, Tomitahama 1-chome, Tokushima-shi, Tokushima | 1,492 | 1.59 |
| The Taiko Bank, Ltd. | 5-6, Otedori 1-chome, Ngagaoka-shi, Niigata | 1,480 | 1.58 |
| Total | | 56,484 | 60.32 |

Note 1 Ratio of number of units owned to total number of units issued is calculated by rounding down to second decimal place.

3. Officers

(1) Directors and independent auditor

| Post | Name | Major additional post | Compensation or fee for the six months ended December 31, 2011 (Thousands of yen) |
|----------------------------------|-----------------------------|---|--|
| Executive Director (Note 1) | Yasuyuki Kuratsu | CEO of Research and Pricing Technologies Inc. | 2,580 |
| Supervisory Director (Note 1) | Katsuaki Takiguchi | Chief of Katsuaki Takiguchi CPA Office | 1,620 |
| | Kumi Honda | Attorney of The Tokyo-Marunouchi Law Offices | 1,620 |
| Independent auditor | Ernst & Young ShinNihon LLC | — | (Note 2) 15,000 |

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

Note 2 Audit fees for the financial statements prepared in English language are included.

(2) Changes in officers

None

(3) Policy for dismissal of independent auditor

The Board of Directors shall decide taking various factors into consideration.

4. Name of asset manager and other administrator

| Classification | Name |
|--|--|
| Asset manager | Mitsubishi Corp.-UBS Realty Inc. |
| Custodian | The Sumitomo Trust and Banking Co., Ltd. |
| Agency for unit investment securities transference and special account administrator | Mitsubishi UFJ Trust and Banking Corporation |
| General administrator (regarding book keeping) | The Sumitomo Trust and Banking Co., Ltd. |
| General administrator (regarding investment corporation bonds) (Note 1) | The Bank of Tokyo-Mitsubishi UFJ, Ltd. |
| General administrator (regarding income and other taxes) | Ernst & Young Shinnihon Tax |

Note 1 The general administrator regarding investment corporation bonds has not been applicable at the end of 9th fiscal period because the financial agent agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd. was terminated on August 31, 2011 due to the early redemption of investment corporation bonds.

Condition of investment assets

1. Composition of assets

| Classification of assets | Asset category | Location category (Note 1) | Region | As of June 30, 2011 | | As of December 31, 2011 | |
|--|---|---|-------------------------------------|--|---|--|---|
| | | | | 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 | 5,688 | 5.0 | 5,697 | 5.1 |
| | | | Osaka and Nagoya metropolitan areas | 1,084 | 1.0 | 1,102 | 1.0 |
| | | | 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 | 41,326 | 36.5 | 41,118 | 36.4 |
| | | | 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 | 40,827 | 36.1 | 40,710 | 36.0 |
| | | | Osaka and Nagoya metropolitan areas | 1,249 | 1.1 | 1,257 | 1.1 |
| | | | 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 | 17,828 | 15.7 | 17,705 | 15.7 |
| | | | Other area | — | — | — | — |
| | | Other | Tokyo metropolitan area | — | — | — | — |
| | | | Osaka and Nagoya metropolitan areas | — | — | — | — |
| | | | Other area | — | — | — | — |
| Sub-total | | | | 108,003 | 95.4 | 107,591 | 95.3 |
| Bank deposits and other assets | | | | 5,258 | 4.6 | 5,355 | 4.7 |
| Total assets | | | | 113,262 | 100.0 | 112,947 | 100.0 |

Note 1 “Location category” is classified as bellow.

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

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

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

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

2. Major property

The principal properties (top ten properties in net book value) as of December 31, 2011 were as follows:

| Name of property | Net book value (Millions of yen) | Leasable area (Note 1) (m ²) | Leased area (Note 2) (m ²) | Occupancy ratio (Note 3) (%) | Ratio of rental revenue to total rental revenues (Note 3) (%) | Major use |
|--|-------------------------------------|--|--|------------------------------------|--|--------------------------------------|
| IIF Haneda Airport Maintenance Center | 41,118 | 81,995.81 | 81,995.81 | 100.0 | 38.2 | Infrastructure facility |
| IIF Kobe District Heating and Cooling Center | 17,705 | 11,189.36 | 10,909.23 | 97.5 | 10.7 | Infrastructure facility |
| IIF Shinonome Logistics Center (Note 4) | 13,494 | 27,493.29 | 27,493.29 | 100.0 | 11.3 | Logistics facility |
| IIF Noda Logistics Center | 6,071 | 38,828.10 | 38,828.10 | 100.0 | 6.8 | Logistics facility |
| IIF Shinsuna Logistics Center | 5,325 | 5,741.75 | 5,741.75 | 100.0 | 4.8 | Logistics facility |
| IIF Totsuka Technology Center (land with leasehold interest) | 4,553 | 31,442.47 | 31,442.47 | 100.0 | 4.4 | Manufacturing and R&D facility, etc. |
| IIF Narashino Logistics Center II (land with leasehold interest) | 3,435 | 58,070.00 | 58,070.00 | 100.0 | 3.3 | Logistics facility |
| IIF Atsugi Logistics Center II (Note 5) | 3,284 | 20,661.13 | 20,661.13 | 100.0 | — | Logistics facility |
| IIF Yokohama Tsuzuki Logistics Center (Note 5) | 2,433 | 9,464.03 | 9,464.03 | 100.0 | — | Logistics facility |
| IIF Koshigaya Logistics Center | 1,995 | 10,113.50 | 10,113.50 | 100.0 | 2.1 | Logistics facility |
| Total | 99,416 | 294,999.44 | 294,719.31 | 99.9 | 88.0 | |

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.

3. Details of property

The details of logistics facilities, manufacturing and R&D facilities, etc. or infrastructure facilities held by the Investment Corporation as of December 31, 2011 were as follows:

| Name of property | Location (Note 1) | Form of ownership | Leasable area (Note 2) (m ²) | 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 | 14,600 | 13,494 |
| IIF Noda Logistics Center | 340-13, Aza Tamedai, Nishi-sangao, Noda-shi, Chiba | Trust beneficial interest | 38,828.10 | 6,840 | 6,071 |
| IIF Shinsuna Logistics Center | 5-15, Shinsuna 3-chome, Koto-ku, Tokyo | Trust beneficial interest | 5,741.75 | 5,800 | 5,325 |
| IIF Atsugi Logistics Center | 19, Aza Ikoda, Hase 6-chome, Atsugi-shi, Kanagawa | Trust beneficial interest | 10,959.68 | 2,170 | 1,858 |
| IIF Koshigaya Logistics Center | 1-1, Ryutsudanchi 4-chome, Koshigaya-shi, Saitama | Trust beneficial interest | 10,113.50 | 2,280 | 1,995 |
| IIF Nishinomiya Logistics Center | 2, Nishinomiyahama 1-chome, Nishinomiya-shi, Hyogo | Trust beneficial interest | 10,608.00 | 1,470 | 1,257 |
| IIF Narashino Logistics Center (land with leasehold interest) | 34-9, Akanehama 3-chome, Narashino-shi, Chiba | Real property | 19,834.71 | 2,010 | 1,223 |
| IIF Narashino Logistics Center II (land with leasehold interest) | 34-1, Akanehama 3-chome, Narashino-shi, Chiba | Trust beneficial interest | 58,070.00 | 3,890 | 3,435 |
| IIF Atsugi Logistics Center II | 602-9, Aza Kitaya, Funako, Atsugi-shi, Kanagawa | Real property | 20,661.13 | 3,250 | 3,284 |
| IIF Yokohama Tsuzuki Logistics Center | 747-1, Aza Minamikochi, Kawamukou-cho, Tsuzuki-ku Yokohama-shi, Kanagawa | Trust beneficial interest | 9,464.03 | 2,670 | 2,433 |
| IIF Saitama Logistics Center | 398-3, Yoshino-cho 1-chome, Kita-ku, Saitama-shi, Saitama | Trust beneficial interest | 8,995.00 | 1,720 | 1,542 |
| IIF Nagoya Logistics Center | 27, Yanagida-cho 2-chome, Nakagawa-ku, Nagoya-shi, Aichi | Real property | 8,721.01 | 1,130 | 1,102 |
| IIF Totsuka Technology Center (land with leasehold interest) | 334-1, Uchikune, Nase-cho, Totsuka-ku, Yokohama-shi, Kanagawa | Trust beneficial interest | 31,442.47 | 4,760 | 4,553 |
| IIF Yokohama Tsuzuki Technology Center | 25-2, Kitayamada 4-chome, Tsuzuki-ku, Yokohama-shi, Kanagawa | Real property | 4,655.48 | 1,250 | 1,189 |
| IIF Kobe District Heating and Cooling Center | 8-2, Higashikawasaki-cho 1-chome, Chuo-ku, Kobe-shi, Hyogo | Trust beneficial interest | 11,189.36 | 14,300 | 17,705 |
| IIF Haneda Airport Maintenance Center | 5-1 and 2, Haneda Airport 3-chome, Ota-ku, Tokyo | Real property | 81,995.81 | 39,500 | 41,118 |
| Total | | | 358,773.32 | 107,640 | 107,591 |

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, 2011 and December 31, 2011 were as follows:

| Name of property | For the six months ended | | | | | | | |
|--|-------------------------------|---------------------------------|--------------------------------------|--|-------------------------------|---------------------------------|--------------------------------------|--|
| | June 30, 2011 | | | | December 31, 2011 | | | |
| | 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 | 397 | 12.1 | 1 | 100.0 | 397 | 11.3 |
| IIF Noda Logistics Center | 2 | 100.0 | 239 | 7.3 | 2 | 100.0 | 240 | 6.8 |
| IIF Shinsuna Logistics Center | 1 | 100.0 | 168 | 5.1 | 1 | 100.0 | 168 | 4.8 |
| IIF Atsugi Logistics Center | 1 | 100.0 | 74 | 2.3 | 1 | 100.0 | 149 | 4.2 |
| IIF Koshigaya Logistics Center | 1 | 100.0 | 75 | 2.3 | 1 | 100.0 | 75 | 2.1 |
| IIF Nishinomiya Logistics Center | 1 | 100.0 | 59 | 1.8 | 1 | 100.0 | 59 | 1.7 |
| IIF Narashino Logistics Center (land with leasehold interest) (Note 3) | 1 | 100.0 | — | — | 1 | 100.0 | — | — |
| IIF Narashino Logistics Center II (land with leasehold interest) | 1 | 100.0 | 40 | 1.2 | 1 | 100.0 | 115 | 3.3 |
| IIF Atsugi Logistics Center II (Note 3) | 1 | 100.0 | — | — | 1 | 100.0 | — | — |
| IIF Yokohama Tsuzuki Logistics Center (Note 3) | 1 | 100.0 | — | — | 1 | 100.0 | — | — |
| IIF Saitama Logistics Center | 1 | 100.0 | 36 | 1.1 | 1 | 100.0 | 66 | 1.9 |
| IIF Nagoya Logistics Center | 1 | 100.0 | 28 | 0.9 | 1 | 100.0 | 48 | 1.4 |
| IIF Totsuka Technology Center (land with leasehold interest) | 1 | 100.0 | 146 | 4.4 | 1 | 100.0 | 155 | 4.4 |
| IIF Yokohama Tsuzuki Technology Center | 1 | 100.0 | 56 | 1.7 | 1 | 100.0 | 57 | 1.6 |
| IIF Kobe District Heating and Cooling Center | 1 | 97.5 | 378 | 11.5 | 1 | 97.5 | 378 | 10.7 |
| IIF Haneda Airport Maintenance Center | 1 | 100.0 | 1,424 | 43.2 | 1 | 100.0 | 1,345 | 38.2 |
| Total (Note 4) | 17 | 99.9 | 3,295 | 100.0 | 17 | 99.9 | 3,526 | 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 “Ratio of rental revenue to total rental revenues” is undisclosed because the consent from the tenant has not been acquired.

Note 4 The total column of “Occupancy ratio” shows percentage of total leased area against total leasable area at the end of accounting period. Figures are rounded to the nearest first decimal place.

4. Details of specified transaction

The details of specified transaction as of December 31, 2011 were as follows:

| Classification | Transaction | Notional contract amount (Millions of yen) | | Fair value (Note 1) (Millions of yen) |
|------------------|---|---|-------------|---|
| | | | Over 1 year | |
| Over-the-counter | Interest rate swaps (Floating-rate to fixed-rate interest) | 22,100 | 22,100 | (303) |
| Total | | 22,100 | 22,100 | (303) |

Note 1 The fair value is estimated by a counter party of the interest rate swap contracts using market interest rates and other assumptions.

Note 2 The interest rate swaps are not measured at fair value in the balance sheets because all interest rate swaps qualify for hedging accounting and meet specific criteria in accordance with the Accounting Standard Board of Japan Statement No.10, "Accounting Standard for Financial Instruments" revised on March 10, 2008.

5. Other assets

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

There was no other significant specified asset as of December 31, 2011.

Capital expenditures for property

1. Schedule of capital expenditures

The significant plan for capital expenditures on property maintenance as of December 31, 2011 was as below. The amounts of estimated cost shown in the below table are including expenses which will be charged to income.

| Name of property | Location | Purpose | Scheduled term for construction or maintenance | Estimated cost (Millions of yen) | | |
|---------------------------------------|----------------------|---|--|----------------------------------|--|---------------------------|
| | | | | Total | Payment for the six months ended December 31, 2011 | Total of advanced payment |
| IIF Haneda Airport Maintenance Center | Ota-ku, Tokyo | Strengthening construction of roof at M1 and M2 buildings | March 2012 | 2 | — | — |
| IIF Atsugi Logistics Center | Atsugi-shi, Kanagawa | Construction of berth area | June 2012 | 45 | — | — |
| IIF Haneda Airport Maintenance Center | Ota-ku, Tokyo | Renewal construction of suction pump at M1 building | June 2012 | 6 | — | — |

2. Capital expenditures for the six months ended December 31, 2011

Maintenance expenditures on property for the six months ended December 31, 2011 were totaling to ¥159 million consisting of ¥127 million of capital expenditures stated as below and ¥32 million of repair and maintenance expenses charged to income.

| Name of property | Location | Purpose | Term for construction or maintenance | Capital expenditures (Millions of yen) |
|---------------------------------------|------------------------|-----------------------------|--------------------------------------|--|
| IIF Shinonome Logistics Center | Koto-ku, Tokyo | Repair of shore protect | April 2011 to July 2011 | 43 |
| IIF Koshigaya Logistics Center | Koshigaya-shi, Saitama | Painting of outer wall | August 2011 | 29 |
| IIF Nishinomiya Logistics Center | Nishinomiya-shi, Hyogo | Repair of outer wall | October 2011 to December 2011 | 19 |
| IIF Haneda Airport Maintenance Center | Ota-ku, Tokyo | Repair of connecting bridge | December 2011 | 25 |
| Other | — | — | — | 10 |
| Total | | | | 127 |

3. Reserved funds for long-term maintenance plan

The Investment Corporation has reserved funds as below to appropriate for future expenditures on large-scale maintenance based on a long-term maintenance plan.

| (Millions of yen) | | | | | |
|---------------------------------------|-------------------|-----------------|-------------------|-----------------|-------------------|
| Fiscal period | 5 th | 6 th | 7 th | 8 th | 9 th |
| As of /for the six months ended | December 31, 2009 | June 30, 2010 | December 31, 2010 | June 30, 2011 | December 31, 2011 |
| Reserved funds at beginning of period | 144 | 224 | 249 | 305 | 523 |
| Increase | 88 | 80 | 227 | 265 | 265 |
| Decrease | 8 | 55 | 172 | 47 | 159 |
| Reserved funds at end of period | 224 | 249 | 305 | 523 | 629 |

Condition of expenses and liabilities

1. Details of asset management expenses

(Thousands of yen)

| Item | 8 th | 9 th |
|---------------------------------|---|---|
| | For the six months ended June 30, 2011 | For the six months ended December 31, 2011 |
| (a) Asset management fee | 335,201 | 342,103 |
| (b) Asset custody fee | 5,499 | 5,648 |
| (c) Administrative service fees | 21,740 | 22,302 |
| (d) Directors' compensation | 5,820 | 5,820 |
| (e) Other operating expenses | 51,554 | 78,681 |
| Total | 419,815 | 454,555 |

2. Loans payable

Loans payable as of December 31, 2011 were as follows:

| Classification | Name of lender | Borrowing date | Balance as of | | Average interest rate (%) (Note 1) | Due date | Repayment method | Use | Remarks |
|--------------------------|--|--------------------|------------------------------------|--|---------------------------------------|------------------------------|----------------------|---------------|--|
| | | | June 30, 2010 (Millions of yen) | December 31, 2011 (Millions of yen) | | | | | |
| Short-term loans payable | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | June 30, 2011 | 413 | — | 0.8 | September 30, 2011 | Lump sum (Note 2) | Note 3 | Unsecured and unguaranteed |
| | Mitsubishi UFJ Trust and Banking Corporation | | 382 | — | | | | | |
| | The Sumitomo Trust and Banking Co., Ltd. | | 305 | — | | | | | |
| | Sub-total | | 1,100 | — | | | | | |
| Long-term loans payable | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | October 20, 2009 | 4,050 | — | 1.6 | October 19, 2012 (Note 4) | Lump sum (Note 2) | Note 3 | Unsecured and unguaranteed |
| | Mitsubishi UFJ Trust and Banking Corporation | | 3,675 | — | | | | | |
| | The Sumitomo Trust and Banking Co., Ltd. | | 2,775 | — | | | | | |
| | American Life Insurance Company | December 25, 2009 | 2,000 | 2,000 | 1.7 | December 25, 2014 | Lump sum (Note 2) | Note 3 | Unsecured and unguaranteed |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | February 26, 2010 | 3,765 | 3,765 | 1.1 | February 28, 2013 | Lump sum (Note 2) | Note 3 | Unsecured and unguaranteed |
| | Mitsubishi UFJ Trust and Banking Corporation | | 3,471 | 3,471 | | | | | |
| | The Sumitomo Trust and Banking Co., Ltd. | | 2,764 | 2,764 | | | | | |
| | The Sumitomo Trust and Banking Co., Ltd. | September 30, 2010 | 2,500 | 2,500 | 0.9 | September 30, 2013 | Lump sum (Note 2) | Note 3 | Unsecured and unguaranteed |
| | The Nomura Trust and Banking Co., Ltd. | | 2,000 | 2,000 | | | | | |
| | Resona Bank, Limited. | | 2,000 | 2,000 | | | | | |
| | The Yamaguchi Bank, Ltd. | | 1,000 | 1,000 | | | | | |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | October 19, 2010 | 3,900 | 3,900 | 0.9 | October 18, 2013 | Lump sum (Note 2) | Note 3 | Unsecured and unguaranteed |
| | Mitsubishi UFJ Trust and Banking Corporation | | 3,600 | 3,600 | | | | | |
| | Sumitomo Mitsui Banking Corporation | December 30, 2010 | 2,000 | 2,000 | 1.0 | December 30, 2014 | Lump sum (Note 2) | Note 3 | Unsecured and unguaranteed |
| | Development Bank of Japan Inc. | February 28, 2011 | 5,000 | 5,000 | 1.7 | February 27, 2018 | Lump sum (Note 2) | Note 3 | Unsecured and unguaranteed |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | March 11, 2011 | 3,200 | 3,200 | 1.8 (Note 5) | March 9, 2018 | Lump sum (Note 2) | Notes 3 and 6 | Unsecured and unguaranteed |
| | Mitsubishi UFJ Trust and Banking Corporation | | 2,950 | 2,950 | | | | | |
| | The Sumitomo Trust and Banking Co., Ltd. | | 2,350 | 2,350 | | | | | |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | August 31, 2011 | — | 3,440 | 1.7 | August 31, 2016 | Notes 2 and 7 | Note 8 | Unsecured and unguaranteed Subordinated loan |
| | Sumitomo Mitsui Banking Corporation | | — | 2,460 | | | | | |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | August 31, 2011 | — | 2,000 | 1.2 (Note 5) | August 31, 2016 | Lump sum (Note 2) | Note 8 | Unsecured and unguaranteed |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | September 30, 2011 | — | 4,463 | 1.3 (Note 5) | September 29, 2017 | Lump sum (Note 2) | Note 3 | Unsecured and unguaranteed |
| | Mitsubishi UFJ Trust and Banking Corporation | | — | 4,057 | | | | | |
| | The Sumitomo Trust and Banking Co., Ltd. | | — | 3,080 | | | | | |
| | Sub-total | | 53,000 | 62,000 | | | | | |
| Total | | | 54,100 | 62,000 | | | | | |

- Note 1 The average interest rate indicates a weighted average of interest rates for the period, rounded to the first decimal place.
- Note 2 The Investment Corporation may repay all or part of principal of the loans payable on interest payment date.
- Note 3 The funds were mainly appropriated to repayment of outstanding loans payable.
- Note 4 All of the principal were repaid on September 30, 2011 in advance of the maturity date.
- Note 5 These long-term loans payable were hedged by interest rate swap contracts. The average interest rates reflect the effectiveness of those hedging instruments.
- Note 6 The funds were mainly appropriated to purchasing real property, etc.
- Note 7 The principal is repaid on each interest payment date from March 31, 2014 at an amount of ¥70 million for each interest payment date and the remaining balance (¥5,200 million) is repaid on due date.
- Note 8 The funds were appropriated to redemption of outstanding investment corporation bond.

3. Investment corporation bonds

| Name of bonds | Issuance date | Balance as of | | Interest rate (Note 1) | Maturity date | Repayment method (Note 3) | Use | Remarks |
|--|-------------------|------------------------------------|--|---------------------------|-------------------------------|------------------------------|--------|----------------------------|
| | | June 30, 2011 (Millions of yen) | December 31, 2011 (Millions of yen) | | | | | |
| First Unsecured Subordinated Corporate Bond (subordinated and exclusively for qualified institutional investors) | February 27, 2009 | 8,000 | — | 2.8 | February 27, 2014 (Note 2) | Lump sum (Note 3) | Note 4 | Unsecured and unguaranteed |
| Total | | 8,000 | — | | | | | |

- Note 1 The interest rate indicates a weighted average of interest rates for the period, rounded to the first decimal place.
- Note 2 The Investment Corporation redeemed all investment corporation bonds on August 31, 2011 in advance of the maturity date.
- Note 3 The Investment Corporation may repay all or part of principal of the investment corporation bond on interest payment date. The Investment Corporation may also repurchase the investment corporation bond at any time on or after the next day of issuance except for the case that transferring term is otherwise limited.
- Note 4 The funds were appropriated to repayment of outstanding loans payable or working capital.

4. Short-term investment corporation bonds

None

Condition of investment transactions

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

None

2. Transactions of other assets

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

3. Research for specified assets value, etc.

(1) Property

None

(2) Other transaction

For the six months ended December 31, 2011, the Investment Corporation entered into two interest rate swap contracts which were subject to the research in accordance with Article 201 of the Act on Investment Trusts and Investment Corporation of Japan. Terms and conditions of the interest rate swap contracts, such as name of counter party, contracted amounts and term, etc., were researched and reported by Ernst & Young ShinNihon LLC.

4. Transactions with interested parties or major shareholders

(1) Outline of specified assets transactions

None

(2) Amounts of fees paid and other expenses

There were no fees or other expenses paid to interested parties or major shareholders other than interest expenses on investment corporation bonds paid to Mitsubishi Corporation amounting to ¥39,215 thousand for the six months ended December 31, 2011.

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

None

Financial information

1. Financial position and operating results

Please refer to the accompanying balance sheets, statements of income and retained earnings, statement of changes in net assets, notes to financial information and statements of cash distributions.

2. Changes in depreciation method

None

3. Changes in valuation method of real property

None

Other information

1. Investment units held by the asset manager

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

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

| Date | Number of units purchased (Units) | Number of units sold (Units) | Number of units held (Units) |
|--------------------|--------------------------------------|---------------------------------|---------------------------------|
| March 26, 2007 | 400 | — | 400 |
| October 17, 2007 | 200 | — | 600 |
| Accumulated number | 600 | — | 600 |

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

| | Number of units held at end of period (Units) | Aggregated value of units held at end of period (Note 1) (Thousands of yen) | Ratio of number of units held to number of units issued and outstanding |
|--|---|---|---|
| The 1 st fiscal period (March 26, 2007 to December 31, 2007) | 600 | 276,600 | 0.8% |
| The 2 nd fiscal period (January 1, 2008 to June 30, 2008) | 600 | 199,200 | 0.8% |
| The 3 rd fiscal period (July 1, 2008 to December 31, 2008) | 600 | 168,540 | 0.8% |
| The 4 th fiscal period (January 1, 2009 to June 30, 2009) | 600 | 159,000 | 0.8% |
| The 5 th fiscal period (July 1, 2009 to December 31, 2009) | 600 | 147,240 | 0.8% |
| The 6 th fiscal period (January 1, 2010 to June 30, 2010) | 600 | 191,400 | 0.8% |
| The 7 th fiscal period (July 1, 2010 to December 31, 2010) | 600 | 236,100 | 0.8% |
| The 8 th fiscal period (January 1, 2011 to June 30, 2011) | 600 | 239,400 | 0.6% |
| The 9 th fiscal period (July 1, 2011 to December 31, 2011) | 600 | 227,700 | 0.6% |

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

2. Notice

None

3. Other

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

II. Balance sheets

(Thousands of yen)

| | As of | |
|--|--------------------|--------------------|
| | June 30, 2011 | December 31, 2011 |
| ASSETS | | |
| Current assets: | | |
| Cash and bank deposits | 2,647,904 | 2,955,105 |
| Cash and bank deposits in trust | 1,371,266 | 1,403,403 |
| Rental receivables..... | 3,314 | 3,536 |
| Prepaid expenses | 606,757 | 315,500 |
| Deferred tax assets..... | 19 | 19 |
| Consumption taxes refundable | 108,416 | — |
| Other..... | 45 | 121 |
| Total current assets..... | 4,737,725 | 4,677,686 |
| Noncurrent assets: | | |
| Property, plant and equipment: | | |
| Buildings, at cost..... | 25,201,524 | 25,238,297 |
| Less: Accumulated depreciation | (1,778,202) | (2,031,468) |
| Buildings, net..... | 23,423,321 | 23,206,828 |
| Structures, at cost..... | 1,650 | 26,882 |
| Less: Accumulated depreciation | (2) | (90) |
| Structures, net..... | 1,647 | 26,792 |
| Tools, furniture and fixtures, at cost..... | — | 388 |
| Less: Accumulated depreciation | — | (4) |
| Tools, furniture and fixtures, net..... | — | 383 |
| Land..... | 4,839,720 | 4,850,847 |
| Buildings in trust, at cost | 22,840,014 | 22,892,201 |
| Less: Accumulated depreciation | (2,146,060) | (2,457,295) |
| Buildings in trust, net..... | 20,693,954 | 20,434,905 |
| Structures in trust, at cost..... | 331,598 | 379,815 |
| Less: Accumulated depreciation | (149,669) | (170,690) |
| Structures in trust, net..... | 181,929 | 209,124 |
| Tools, furniture and fixtures in trust, at cost..... | 3,306 | 3,306 |
| Less: Accumulated depreciation | (495) | (931) |
| Tools, furniture and fixtures in trust, net..... | 2,810 | 2,374 |
| Land in trust..... | 39,026,479 | 39,026,479 |
| Total net property, plant and equipment | 88,169,862 | 87,757,736 |
| Intangible assets: | | |
| Leasehold right (Note 2) | 19,833,966 | 19,833,966 |
| Total intangible assets..... | 19,833,966 | 19,833,966 |
| Investments and other assets: | | |
| Lease and guarantee deposits | 10,000 | 10,000 |
| Long-term prepaid expenses | 448,763 | 629,595 |
| Total investments and other assets..... | 458,763 | 639,595 |
| Total noncurrent assets | 108,462,592 | 108,231,298 |
| Deferred assets: | | |
| Investment unit issuance costs..... | 47,328 | 38,454 |
| Investment corporation bond issuance costs..... | 14,609 | — |
| Total deferred assets..... | 61,937 | 38,454 |
| TOTAL ASSETS..... | 113,262,254 | 112,947,439 |

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

(Thousands of yen)

| | As of | |
|---|--------------------|--------------------|
| | June 30, 2011 | December 31, 2011 |
| LIABILITIES | | |
| Current liabilities: | | |
| Operating accounts payable | 43,554 | 79,045 |
| Short-term loans payable | 1,100,000 | — |
| Accounts payable – other | 271,162 | 246,264 |
| Accrued expenses | 82,182 | 11,337 |
| Income taxes payable | 803 | 901 |
| Accrued consumption taxes | — | 108,211 |
| Advances received | 898,440 | 569,230 |
| Other | 7,798 | 20,419 |
| Total current liabilities | 2,403,942 | 1,035,410 |
| Noncurrent liabilities: | | |
| Investment corporation bond – unsecured | 8,000,000 | — |
| Long-term loans payable | 53,000,000 | 62,000,000 |
| Tenant leasehold and security deposits | 1,297,470 | 1,297,470 |
| Tenant leasehold and security deposits in trust | 5,199,100 | 5,124,423 |
| Other | 98,225 | 90,083 |
| Total noncurrent liabilities | 67,594,796 | 68,511,977 |
| TOTAL LIABILITIES | 69,998,739 | 69,547,388 |
| NET ASSETS | | |
| Unitholders' equity: | | |
| Unitholders' capital | 42,241,132 | 42,241,132 |
| Surplus: | | |
| Retained earnings | 1,022,383 | 1,158,918 |
| Total surplus | 1,022,383 | 1,158,918 |
| Total unitholders' equity | 43,263,515 | 43,400,051 |
| TOTAL NET ASSETS (Note 3) | 43,263,515 | 43,400,051 |
| TOTAL LIABILITIES AND NET ASSETS | 113,262,254 | 112,947,439 |

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

III. Statements of income and retained earnings

(Thousands of yen)

| | For the six months ended | |
|---|--------------------------|-------------------|
| | June 30, 2011 | December 31, 2011 |
| Operating revenue | | |
| Rental revenue—real estate (Note 4)..... | 3,295,735 | 3,526,495 |
| Total operating revenue | 3,295,735 | 3,526,495 |
| Operating expenses | | |
| Expenses related to rent business (Note 4) | 1,253,190 | 1,237,395 |
| Asset management fee | 335,201 | 342,103 |
| Directors' compensations..... | 5,820 | 5,820 |
| Asset custody fee | 5,499 | 5,648 |
| Administrative service fees | 21,740 | 22,302 |
| Other..... | 51,554 | 78,681 |
| Total operating expenses | 1,673,005 | 1,691,951 |
| Operating income | 1,622,730 | 1,834,544 |
| Non-operating income | | |
| Interest income | 964 | 544 |
| Interest on refund..... | 2,099 | 1,148 |
| Other..... | 445 | 901 |
| Total non-operating income | 3,509 | 2,594 |
| Non-operating expenses | | |
| Interest expenses..... | 313,528 | 400,006 |
| Interest expenses on investment corporation bonds (Note 5)..... | 115,678 | 39,215 |
| Amortization of investment corporation bond issuance costs..... | 2,739 | 14,609 |
| Borrowing related expenses..... | 144,446 | 209,699 |
| Amortization of investment unit issuance costs..... | 5,916 | 8,874 |
| Other..... | 5,359 | 4,821 |
| Total non-operating expenses | 587,669 | 677,225 |
| Ordinary income | 1,038,570 | 1,159,912 |
| Extraordinary loss | | |
| Loss on disaster (Note 5)..... | 15,205 | — |
| Total extraordinary loss | 15,205 | — |
| Income before income taxes | 1,023,364 | 1,159,912 |
| Income taxes | | |
| Current..... | 996 | 1,009 |
| Deferred..... | — | (0) |
| Total income taxes | 996 | 1,009 |
| Net income | 1,022,368 | 1,158,903 |
| Retained earnings brought forward | 15 | 15 |
| Unappropriated retained earnings | 1,022,383 | 1,158,918 |

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

IV. Statements of changes in net assets

(Thousands of yen)

For the six months ended June 30, 2011

| | Unitholders' equity | | | | |
|--|----------------------------------|-------------------|---------------|---------------------------|------------------|
| | Unitholders' capital (Note 3) | Surplus | | Total unitholders' equity | Total net assets |
| | | Retained earnings | Total surplus | | |
| Balance as of December 31, 2010 | 36,529,370 | 798,426 | 798,426 | 37,327,796 | 37,327,796 |
| <u>Changes during the period</u> | | | | | |
| Issuance of new investment units | 5,711,762 | — | — | 5,711,762 | 5,711,762 |
| Dividends from surplus | — | (798,411) | (798,411) | (798,411) | (798,411) |
| Net income | — | 1,022,368 | 1,022,368 | 1,022,368 | 1,022,368 |
| <u>Total changes during the period</u> | 5,711,762 | 223,956 | 223,956 | 5,935,719 | 5,935,719 |
| Balance as of June 30, 2011 | 42,241,132 | 1,022,383 | 1,022,383 | 43,263,515 | 43,263,515 |

For the six months ended December 31, 2011

| | Unitholders' equity | | | | |
|--|----------------------------------|-------------------|---------------|---------------------------|------------------|
| | Unitholders' capital (Note 3) | Surplus | | Total unitholders' equity | Total net assets |
| | | Retained earnings | Total surplus | | |
| Balance as of June 30, 2011 | 42,241,132 | 1,022,383 | 1,022,383 | 43,263,515 | 43,263,515 |
| <u>Changes during the period</u> | | | | | |
| Dividends from surplus | — | (1,022,367) | (1,022,367) | (1,022,367) | (1,022,367) |
| Net income | — | 1,158,903 | 1,158,903 | 1,158,903 | 1,158,903 |
| <u>Total changes during the period</u> | — | 136,535 | 136,535 | 136,535 | 136,535 |
| Balance as of December 31, 2011 | 42,241,132 | 1,158,918 | 1,158,918 | 43,400,051 | 43,400,051 |

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

V. Notes to financial information

Note 1 – 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, 2011 | December 31, 2011 |
| Buildings | 13-63 years | 13-63 years |
| Structures | 7-20 years | 7-20 years |
| Tools, furniture and fixtures | 6-10 years | 6-15 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 ¥73,520 thousand for the six months ended June 30, 2011. For the six months ended December 31, 2011, no taxes on property, plant and equipment were capitalized.

(f) 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 prescribed in the Investment Corporation's articles of incorporation. The Investment Corporation hedges fluctuations in interest rates of loans payable by interest rate swaps as hedging instruments. The interest rate swaps which qualify for hedge accounting and meet specific criteria are not measured at fair value and interests received or paid under the interest rate swap contracts are recognized on an accrual basis.

(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.

(Additional information)

The new accounting standard for accounting changes and error corrections

Effective for the six-month period ended December 31, 2011, the Investment Corporation adopted the Accounting Standard for Accounting Changes and Error Corrections (the Accounting Standards Board of Japan (the "ASBJ") Statement No.24, December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No.24, December 4, 2009).

This new accounting standard requires that accounting changes and corrections of prior period errors which are made after the beginning of the fiscal year beginning on or after April 1, 2011, should be adopted or corrected retrospectively.

Note 2 – 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 3 – Unitholders' equity

(1) Number of units

| | As of | |
|------------------------|-----------------|-------------------|
| | June 30, 2011 | December 31, 2011 |
| Authorized | 4,000,000 units | 4,000,000 units |
| Issued and outstanding | 93,632 units | 93,632 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 4 – 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, 2011 and December 31, 2011 consist of the following:

| | (Thousands of yen) | |
|--|--------------------------|-------------------|
| | For the six months ended | |
| | June 30, 2011 | December 31, 2011 |
| Rental revenue—real estate: | | |
| Rental and parking revenue | 3,277,884 | 3,430,645 |
| Common area charges | 10,890 | 12,964 |
| Other | 6,960 | 82,885 |
| Total rental revenue—real estate | 3,295,735 | 3,526,495 |
| Expenses related to rent business: | | |
| Property management fees | 10,993 | 12,883 |
| Facility management fees | 15,904 | 20,664 |
| Utilities | 12,364 | 15,081 |
| Property-related taxes | 225,825 | 239,807 |
| Insurance | 8,617 | 9,173 |
| Repair and maintenance | 4,894 | 32,076 |
| Depreciation | 575,245 | 586,051 |
| Trust fees | 7,478 | 8,080 |
| Leasehold rents | 391,539 | 313,231 |
| Other | 327 | 344 |
| Total expenses related to rent business | 1,253,190 | 1,237,395 |
| Operating income from property leasing activities | 2,042,545 | 2,289,099 |

Note 5 – Transaction with major unitholder

The Investment Corporation paid interest expenses on investment corporation bonds to a major unitholder totaling of ¥115,678 thousand and ¥39,215 thousand for the six months ended June 30, 2011 and December 31, 2011, respectively. In addition, the Investment Corporation made payment for loss on disaster to the major unitholder amounting to ¥2,175 thousand for the six months ended June 30, 2011.

Note 6 – Income taxes

Deferred tax assets consist of the following:

| | (Thousands of yen) | |
|-------------------------|--------------------|-------------------|
| | As of | |
| | June 30, 2011 | December 31, 2011 |
| 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, 2011 | December 31, 2011 |
| Statutory tax rate | 39.33% | 39.33% |
| Deductible cash distributions | (39.29) | (39.29) |
| Other | 0.06 | 0.05 |
| Effective tax rate | 0.10% | 0.09% |

Note 7 – 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.

(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. In addition, a certain portion of loans payable with floating interest rates is hedged by derivative instruments (interest rate swaps) as hedging instruments. The assessment of hedge effectiveness is omitted when the interest rate swaps meet specific criteria indicating a high correlation between the hedged items and hedging instruments. 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 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, 2011 and December 31, 2011.

(Thousands of yen)

| | As of | | | | | |
|---|------------------|------------|------------|-------------------|------------|------------|
| | June 30, 2011 | | | December 31, 2011 | | |
| | Carrying amounts | Fair value | Difference | Carrying amounts | Fair value | Difference |
| (1) Cash and bank deposits | 2,647,904 | 2,647,904 | - | 2,955,105 | 2,955,105 | - |
| (2) Cash and bank deposits in trust | 1,371,266 | 1,371,266 | - | 1,403,403 | 1,403,403 | - |
| Total assets | 4,019,171 | 4,019,171 | - | 4,358,508 | 4,358,508 | - |
| (1) Short-term loans payable | 1,100,000 | 1,100,000 | - | - | - | - |
| (2) Investment corporation bond—unsecured | 8,000,000 | 8,000,000 | - | - | - | - |
| (3) Long-term loans payable | 53,000,000 | 53,273,120 | 273,120 | 62,000,000 | 62,600,442 | 600,442 |
| (4) Tenant leasehold and security deposits in trust | 1,064,966 | 903,656 | (161,310) | 1,424,070 | 1,281,032 | (143,038) |
| Total liabilities | 63,164,966 | 63,276,776 | 111,810 | 63,424,070 | 63,881,474 | 457,404 |
| Derivative instruments | - | - | - | - | - | - |

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) *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.

(3) *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. 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.

(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.

Derivative instruments

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

| As of June 30, 2011 | | | | | (Thousands of yen) | |
|---|--|-------------------------|--|-------------|--------------------|------------------------------------|
| Method of hedge accounting | Derivative instruments | Hedged item | Notional contract amount of derivative instruments | | Fair value | Method used to estimate fair value |
| | | | | Over 1 year | | |
| Special treatment for hedge accounting of interest rate swaps | Interest rate swaps (Floating-rate to fixed-rate interest) | Long-term loans payable | 8,500,000 | 8,500,000 | Note (a) | - |

| As of December 31, 2011 | | | | | (Thousands of yen) | |
|---|--|-------------------------|--|-------------|--------------------|------------------------------------|
| Method of hedge accounting | Derivative instruments | Hedged item | Notional contract amount of derivative instruments | | Fair value | Method used to estimate fair value |
| | | | | Over 1 year | | |
| Special treatment for hedge accounting of interest rate swaps | Interest rate swaps (Floating-rate to fixed-rate interest) | Long-term loans payable | 22,100,000 | 22,100,000 | Note (a) | - |

Note:

- (a) The interest rate swaps which qualify for hedging accounting and meet specific criteria are not measured at fair value and interests received or paid under the interest rate swap contracts are recognized on an accrual basis. The fair value of the hedging interest rate swaps is included in the fair value of hedged long-term loans payable. Please refer to above footnote ("Liabilities, (3) Long-term loans payable").

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

| | As of | | (Thousands of yen) | |
|---|---------------|-------------------|--------------------|--|
| | June 30, 2011 | December 31, 2011 | | |
| Tenant leasehold and security deposits | 1,297,470 | 1,297,470 | | |
| Tenant leasehold and security deposits in trust | 4,134,134 | 3,700,353 | | |
| Total | 5,431,604 | 4,997,823 | | |

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

| As of June 30, 2011 | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years | (Thousands of yen) |
|---------------------------------|--------------|-----------|-----------|-----------|-----------|--------------|--------------------|
| Cash and bank deposits | 2,647,904 | - | - | - | - | - | |
| Cash and bank deposits in trust | 1,371,266 | - | - | - | - | - | |
| Total | 4,019,171 | - | - | - | - | - | |

| As of December 31, 2011 | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years | (Thousands of yen) |
|---------------------------------|--------------|-----------|-----------|-----------|-----------|--------------|--------------------|
| Cash and bank deposits | 2,955,105 | - | - | - | - | - | |
| Cash and bank deposits in trust | 1,403,403 | - | - | - | - | - | |
| Total | 4,358,508 | - | - | - | - | - | |

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

| As of June 30, 2011 | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years | (Thousands of yen) |
|---|--------------|------------|------------|-----------|-----------|--------------|--------------------|
| Short-term loans payable | 1,100,000 | - | - | - | - | - | |
| Investment corporation bond – unsecured | - | - | 8,000,000 | - | - | - | |
| Long-term loans payable | - | 20,500,000 | 15,000,000 | 4,000,000 | - | 13,500,000 | |
| Total | 1,100,000 | 20,500,000 | 23,000,000 | 4,000,000 | - | 13,500,000 | |

| As of December 31, 2011 | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years | (Thousands of yen) |
|-------------------------|--------------|------------|-----------|-----------|-----------|--------------|--------------------|
| Long-term loans payable | - | 25,000,000 | 4,280,000 | 280,000 | 7,340,000 | 25,100,000 | |
| Total | - | 25,000,000 | 4,280,000 | 280,000 | 7,340,000 | 25,100,000 | |

Note 8 – 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, 2011 and December 31, 2011.

| | As of / For the six months ended | | (Thousands of yen) | |
|---|----------------------------------|-------------------|--------------------|--|
| | June 30, 2011 | December 31, 2011 | | |
| Net book value⁽ⁱ⁾ | | | | |
| Balance at the beginning of the period | 96,704,507 | 108,003,829 | | |
| Net increase (decrease) during the period ⁽ⁱⁱ⁾ | 11,299,321 | (412,126) | | |
| Balance at the end of the period | 108,003,829 | 107,591,702 | | |
| Fair value⁽ⁱⁱⁱ⁾ | 106,090,000 | 107,640,000 | | |

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, 2011:</i> | Acquisitions: | IIF Nagoya Logistics Center | 1,084,313 |
| | | IIF Yokohama Tsuzuki Logistics Center | 2,454,584 |
| | | IIF Atsugi Logistics Center II | 3,279,364 |
| | | IIF Saitama Logistics Center | 1,558,843 |
| | | IIF Narashino Logistics Center II (land with leasehold interest) | 3,435,557 |

- (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, 2011 and December 31, 2011, please refer to “Note 4 - Rent revenue—real estate and expenses related to rent business.”

Note 9 – 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 10 – Related-party transactions

For the six months ended June 30, 2011:

| Type of related-party | Company name | Business | Voting interest in 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) |
| Interested party and major unitholder | Mitsubishi Corporation | Trade and general business | Directly 10.25% Indirectly 0.64% | — | — | Investment corporation bond—unsecured | 8,000,000 |
| | | | | Interest expenses on investment corporation bond ⁽ⁱ⁾ | 115,678 | Accrued expenses | 77,165 |
| Interested party | Godo Kaisha Industrial Akanehama | Real estate rental | — | Acquisition of trust beneficiary interests in real estate trust ⁽ⁱⁱ⁾ | 3,350,000 | — | — |
| Custodian | The Sumitomo Trust and Banking Co., Ltd. | Banking | — | Drawing of short-term loans payable ⁽ⁱⁱⁱ⁾ | 2,550,000 | Short-term loans payable | 305,000 |
| | | | | Repayment of short-term loans payable | 5,563,000 | | |
| | | | | Drawing of long-term loans payable ⁽ⁱⁱⁱ⁾ | 2,350,000 | Long-term loans payable | 10,389,000 |
| | | | | Interest expenses ⁽ⁱⁱⁱ⁾ | 62,530 | Accrued expenses | 6 |

For the six months ended December 31, 2011:

| Type of related-party | Company name | Business | Voting interest in 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) |
| Interested party and major unitholder | Mitsubishi Corporation | Trade and general business | Directly 10.25% Indirectly 0.64% | Redemption of investment corporation bond | 8,000,000 | — | — |
| | | | | Interest expenses on investment corporation bond ⁽ⁱ⁾ | 39,215 | — | — |
| Custodian | The Sumitomo Trust and Banking Co., Ltd. | Banking | — | Repayment of short-term loans payable | 305,000 | — | — |
| | | | | Drawing of long-term loans payable ⁽ⁱⁱ⁾ | 3,080,000 | Long-term loans payable | 10,694,000 |
| | | | | Repayment of long-term loans payable | 2,775,000 | | |
| | | | | Interest expenses ⁽ⁱⁱ⁾ | 58,966 | Accrued expenses | 294 |

Notes:

- (i) 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.
- (ii) The acquisition amount was decided through negotiation with the seller based on an appraisal value by a real estate appraiser.
- (iii) The interest rates of the loans payable have been decided similarly as other banks of the syndicate. All of the loans payable were unsecured.

Note 11 – Per unit information

The net asset value per unit as of June 30, 2011 and December 31, 2011 was ¥462,059 and ¥463,517, respectively. Net income per unit for the six months ended June 30, 2011 and December 31, 2011 was ¥11,581 and ¥12,377, 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, 2011 | December 31, 2011 |
| Net income | 1,022,368 | 1,158,903 |
| Effect of dilutive unit | - | - |
| Net income available to common unitholders | 1,022,368 | 1,158,903 |
| Weighted-average number of units outstanding for the period | 88,274 units | 93,632 units |

Note 12 – Subsequent events

For the six months ended June 30, 2011:

Early Redemption of Investment Corporation Bond

The Board of Directors of the Investment Corporation, at its meeting held on August 10, 2011, resolved to redeem all investment corporation bond in advance of the due date from Mitsubishi Corporation at a price of ¥8,000,000 thousand (par value) by raising funds through new loans payable, and the Investment Corporation has completed this early redemption of investment corporation bond on August 31, 2011.

As a result of the early redemption of investment corporation bond, the Investment Corporation estimates that interest expenses for the six months ending December 31, 2011 will decrease by approximately ¥8 million after offsetting incremental interest expenses on the new loans payable.

For the six months ended December 31, 2011:

Issuance of new investment units

The Board of Directors of the Company, at its meeting held on February 15 2012, resolved to issue new investment units as follows:

(a) Issuance of new investment units through public offering

Investment units shall be offered through a public offering in Japan (“Domestic Public Offering”) and in overseas markets, consisting mainly of the U.S. and European markets (provided, however, that offering in the U.S. market shall be restricted to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933) (referred to as “Overseas Offering” and collectively with the Domestic Public Offering, the “Offerings”).

(i) Number of new investment units to be offered:

44,762 investment units, out of which 22,381 new units to be offered through the Domestic Public Offering and 22,381 new units to be offered through the Overseas Offering, although the breakdown of the number of new investment units to be offered shall be finally determined within 44,762 investment units considering demand and other factors at the Board of Directors Meeting to be held on late in February (hereinafter called “Determination Date of Issue Price”).

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

(i) Number of new investment units: 2,238 investment units

(ii) Allottee: Nomura Securities Co., Ltd.

There may be cases where there will be no subscription for the investment units offered in the third-party allotment in whole or in part, and the final number of investment units placed under the third-party allotment may accordingly decrease to that extent due to forfeiture, or such allotment itself may not take place at all.

(c) Use of proceeds

The Company will use the net proceeds from the Offerings and the third-party allotment for acquisition of additional specified assets.

The issue price of the new investment units through the Offerings and the third-party allotment shall be determined at the Board of Directors Meeting to be held on Determination Date of Issue Price.

VI. Statements of cash distributions

(Yen)

| | For the six months ended | |
|--|--------------------------|-------------------|
| | June 30, 2011 | December 31, 2011 |
| Unappropriated retained earnings | 1,022,383,415 | 1,158,918,861 |
| Cash distribution declared | 1,022,367,808 | 1,158,883,264 |
| <i>(Cash distribution declared per unit)</i> | <i>(10,919)</i> | <i>(12,377)</i> |
| Retained earnings carried forward | 15,607 | 35,597 |

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, 2011 and December 31, 2011 were ¥1,022,367,808 and ¥1,158,883,264, 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.

Note

Accompanying English financial information, comprising of balance sheets, statements of income and retained earnings, statements of changes in net assets, notes to financial information and statements of cash distributions, have been translated from the Japanese financial statements of the Investment Corporation prepared in accordance with the Act on Investment Trusts and Investment Corporations of Japan.

Under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended December 31, 2011 have been audited by Ernst & Young ShinNihon LLC, in accordance with auditing standards generally accepted in Japan. But, English translation of the Japanese language report of independent auditors is not attached herein because the accompanying English translation of balance sheets, statements of income and retained earnings, statement of changes in net assets, notes to financial information and statements of cash distributions are unaudited.

VII. Statements of cash flows (additional information)

| | (Thousands of yen) | |
|---|--------------------------|-------------------|
| | For the six months ended | |
| | June 30, 2011 | December 31, 2011 |
| Net cash provided by (used in) operating activities: | | |
| Income before income taxes | 1,023,364 | 1,159,912 |
| Adjustments to reconcile income before income taxes to net cash provided by operating activities: | | |
| Depreciation and amortization..... | 575,245 | 586,051 |
| Amortization of investment corporation bond issuance costs..... | 2,739 | 14,609 |
| Amortization of investment unit issuance costs | 5,916 | 8,874 |
| Interest income..... | (964) | (544) |
| Interest expenses | 429,207 | 439,221 |
| Loss on disaster | 15,205 | — |
| Changes in assets and liabilities: | | |
| Increase in operating accounts receivable | (337) | (221) |
| Decrease (increase) in consumption taxes refundable | (6,609) | 106,913 |
| Decrease (increase) in prepaid expenses | (347,298) | 291,257 |
| Increase in long-term prepaid expenses..... | (154,796) | (180,832) |
| Increase (decrease) in operating accounts payable..... | (58,779) | 12,366 |
| Increase in accounts payable – other | 2,280 | 27,583 |
| Increase in accrued expenses | 4,891 | 4,096 |
| Increase in accrued consumption taxes | — | 110,464 |
| Increase (decrease) in advances received | 412,769 | (329,210) |
| Decrease in other noncurrent liabilities | (8,149) | (8,141) |
| Other, net | (41,573) | (62,588) |
| Subtotal | 1,853,110 | 2,179,813 |
| Interest income received | 964 | 544 |
| Interest expenses paid | (433,292) | (514,162) |
| Payments for loss on disaster | (2,215) | (12,990) |
| Income taxes paid | (858) | (912) |
| Net cash provided by operating activities..... | 1,417,709 | 1,652,291 |
| Net cash provided by (used in) investing activities: | | |
| Purchases of property, plant and equipment | (4,409,978) | (49,613) |
| Purchases of property, plant and equipment in trust | (7,523,916) | (111,369) |
| Proceeds from tenant leasehold and security deposits..... | 189,860 | — |
| Proceeds from tenant leasehold and security deposits in trust | 265,925 | 318 |
| Payments of tenant leasehold and security deposits in trust..... | (77,260) | — |
| Net cash used in investing activities..... | (11,555,369) | (160,664) |
| Net cash provided by (used in) financing activities: | | |
| Increase in short-term loans payable..... | 9,200,000 | — |
| Decrease in short-term loans payable | (20,100,000) | (1,100,000) |
| Proceeds from long-term loans payable..... | 13,500,000 | 19,500,000 |
| Repayments of long-term loans payable | — | (10,500,000) |
| Redemption of investment corporation bonds | — | (8,000,000) |
| Proceeds from issuance of investment units | 5,688,577 | — |
| Payments for investment unit issuance expenses | — | (30,059) |
| Dividends paid..... | (798,981) | (1,022,229) |
| Net cash provided by (used in) financing activities | 7,489,596 | (1,152,289) |
| Net change in cash and cash equivalents | (2,648,062) | 339,337 |
| Cash and cash equivalents at beginning of period..... | 6,667,234 | 4,019,171 |
| Cash and cash equivalents at end of period ⁽ⁱⁱ⁾ | 4,019,171 | 4,358,508 |

Note:

- (i) The statements of cash flows are unaudited because the statements are out of scope of independent audit under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan.
- (ii) 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. Cash and cash equivalents shown in the statements of cash flows consist of the following balance sheet items:

| | As of | |
|---------------------------------------|---------------|-------------------|
| | June 30, 2011 | December 31, 2011 |
| Cash and bank deposits | 2,647,904 | 2,955,105 |
| Cash and bank deposits in trust | 1,371,266 | 1,403,403 |
| Cash and cash equivalents | 4,019,171 | 4,358,508 |

Other Information

Japanese version of the Asset Management Report contains other information not included in this English version. You can access most of those information in English by referring to our website.

IIF Website

- Portfolio Management: <http://www.iif-reit.com/english/portfolio/data.html>
- Portfolio Overview: <http://www.iif-reit.com/english/portfolio/list.html>

Contact

Asset Manager

For IR schedule and other IR-related information, please contact our asset management company, Mitsubishi Corp. - UBS Realty Inc. at +81-3-5293-7090.

Transfer Agent

Regarding the custody arrangement and other investment units-related information, please contact our general administrator, Mitsubishi UFJ Trust and Banking Corporation at 0120-232-711 (Free dial, but in domestic only).

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