

Translation

INDUSTRIAL & INFRASTRUCTURE FUND INVESTMENT CORPORATION SUMMARY OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2011

February 15, 2012

Name of issuer: Industrial & Infrastructure Fund Investment Corporation
("the Investment Corporation")
Stock exchange listing: Tokyo Stock Exchange
Securities code: 3249
Website: <http://www.iif-reit.com/>
Representative of the Investment Corporation: Yasuyuki Kuratsu, Executive Director
Name of asset manager: Mitsubishi Corp.-UBS Realty Inc.
Representative of the asset manager: Takuya Kuga, President & CEO
Contact: Yoshito Nishikawa, Head of Industrial Division
Tel: (03)5293-7091
Scheduled date for filing of securities report: March 29, 2012
Scheduled date for distributions payment: March 15, 2012

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

1. Financial results for the six months ended December 31, 2011 (July 1, 2011 to December 31, 2011)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ended December 31, 2011	3,526	7.0	1,834	13.1	1,159	11.7	1,158	13.4
June 30, 2011	3,295	11.3	1,622	18.9	1,038	29.9	1,022	28.1

	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	Yen	%	%	%
For the six months ended December 31, 2011	12,377	2.7	1.0	32.9
June 30, 2011	11,581	2.5	1.0	31.5

(2) Distributions

	Distributions (excluding distributions in excess of profit)		Distributions in excess of profit		Payout ratio	Ratio of distributions to net assets
	Per unit	Total	Per unit	Total		
For the six months ended December 31, 2011	Yen 12,377	Millions of yen 1,158	Yen 0	Millions of yen 0	% 100.0	% 2.7
June 30, 2011	10,919	1,022	0	0	100.0	2.4

(3) Financial position

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2011	112,947	43,400	38.4	463,517
June 30, 2011	113,262	43,263	38.2	462,059

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
For the six months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2011	1,652	(160)	(1,152)	4,358
June 30, 2011	1,417	(11,555)	7,489	4,019

2. Outlook for the six months ending June 30, 2012 (January 1, 2012 to June 30, 2012)

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ending June 30, 2012	4,402	24.8	2,383	29.9	1,699	46.6	1,779	53.6

	Net income per unit		Distributions per unit (excluding distributions in excess of profit)		Distributions in excess of profit per unit	
	Yen		Yen		Yen	
For the six months ending June 30, 2012	12,654		12,654		0	

3. Others

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

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

(2) Number of units issued

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

As of December 31, 2011 93,632 units

As of June 30, 2011 93,632 units

Number of treasury units at end of period:

As of December 31, 2011 0 unit

As of June 30, 2011 0 unit

Note: For the number of unit as a basis of calculation of net income per unit, please refer to per unit information on page 21.

Forward-looking Statements and Other Notes

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

For further information and assumptions regarding the forward-looking statements, please refer to “2. Management policy and results of operation, (2) State of operation, B. Outlook for the next period” on page 6-7.

1. Summary of related corporations of the Investment Corporation

There have been no significant changes to the “structure of the investment corporation” since the most recent financial report (submitted September 28, 2011), and hence, description of these matters is omitted.

2. Management policy and results of operation

(1) Management policies

There have been no significant changes to the “investment policies.” “investment targets” and “distribution policies” in the most recent financial report (submitted September 28, 2011), and hence, description of these matters is omitted.

(2) Operations

A Operations during the period

i 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%.

ii Funding

1) Debt finance

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.

2) Equity finance

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

iii 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.

B Outlook for the next period

i Outlook for the overall management and issues to be solved

As for the global economy, the US economy was on a recovery track supported by steady growth in the corporate sector, but in the euro zone, member countries seem likely to continue facing difficult economic conditions due to austerity programs. Even in China which has led the global economy, growth is expected to slow down as it is difficult to implement a drastic monetary easing policy due to the need to control inflation. In Japan, full-fledged reconstruction needs are expected to support the economy while being affected by the trends of the global economy.

As for logistics facilities, the business remained stable overall. In the market, a transaction of a large-scale portfolio was completed by bulk sale while for leasing, the occupancy rate remained at a high level due to the signing of new contracts despite expectations of a backlash against reconstruction needs. Since the logistics 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.

As for manufacturing and R&D facilities, consolidation and overseas transfer of plants became prominent due to the prolonged appreciation of the yen. Meanwhile, since there remain concerns about an outflow of technologies regarding building manufacturing and R&D facilities overseas, many companies maintain and build manufacturing and R&D facilities that handle their core technologies in Japan. For the R&D facilities IIF owns, stable and long-term usage by tenants can be expected, supported by long-term

lease contracts.

In addition, 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 signed a fixed-term building lease contract (longer than 10 years) for the infrastructure facilities it owns, and stable rent revenue can be expected.

IIF will continue to maintain a stable rent revenue, promote external growth and continuously reinforce its financial strength, aiming to sustainably increase distributions.

ii Prospects for results in the next period

1) Issuance of new investment units

At the board meeting held on February 15, 2012, the board members determined to issue new investment units as follows. Details such as the issue price per unit will be decided at the board meeting planned to be held in late February 2012.

[Issuance of new investment units by public offering]

< Offering in Japan and overseas including US and Europe (for the US, offering is limited to qualified institutional investors based on Rule 144A of the Securities Act of 1933) >

Number of units issued: 44,762 units (The number of units offered in Japan will be 22,381 units while 22,381 units will be offered overseas. However, the final number of units offered in Japan and overseas will be determined within the limit of 44,762 units on the date to decide issue price per unit after considering demand for such units.)

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

Number of units issued: 2,238 units

Allocated party: Nomura Securities Co., Ltd.

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

[Use of funds]

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

For details, please see the “Notice Regarding Issuance of New Investment Units and Offer of Investment Units” released on February 15, 2012.

2) Financial outlook

IIF expects to record operating revenue of 4,402 million yen, ordinary income of 1,699 million yen, net income of 1,779 million yen and distribution per unit of 12,654 yen for the 10th Period (January 1, 2012 to June 30, 2012). For details of the assumptions made in this forecast, please see “Assumptions for earnings forecast for the 10th Period (January 1, 2012 to June 30, 2012)” below.

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

Note 2. For details of the forecast for the 11th Period (July 1, 2012 to December 31, 2012), please see the “Notice Regarding Earnings Forecast for the Period Ending June 2012 (10th Period) and the Period Ending December 2012 (11th Period)” released on February 15, 2012.

Assumptions made in the earnings forecast for the 10th Period (January 1, 2012 to June 30, 2012)

Item	Assumptions
Calculation period	10th Period January 1, 2012 to June 30, 2012 (182 days)
Properties owned	<p>The forecast is based on the 16 properties IIF owned as of December 31, 2011 and six properties to be acquired. For the six properties, IIF has already concluded a sales agreement or a basic agreement for the real estate or real estate trust beneficiary right, whose delivery schedules are as follows.</p> <p>Properties planned to be delivered on March 7, 2012 IIF Atsugi Logistics Center III, IIF Shinonome R&D Center, IIF Kamata R&D Center, IIF Zama IT Solution Center, IIF Shinagawa Data Center</p> <p>Properties planned to be delivered on April 2, 2012 IIF Mitaka Card Center</p> <p>It is assumed that there will be no change in properties thereafter by the end of June 2012, but in reality, there may be some changes due to acquisition or disposal of other properties.</p>
Interest-bearing debt	<p>Interest-bearing debt as of December 31, 2011 amounted to 62,000 million yen, which consisted of long-term borrowings.</p> <p>There is no interest-bearing debt that reaches its repayment date during the 10th Period. IIF assumes it will obtain a long-term borrowing of 18,000 million yen in order to acquire the properties listed in the abovementioned "Properties owned."</p>
Operating revenue	<p>In the 10th Period, it is assumed that there will be no back rent or nonpayment by tenants based on the assumptions made for "Properties owned" above.</p>
Operating expense	<p>Property tax, urban planning tax and depreciable property tax of approximately 263 million yen and a repair cost of approximately 45 million yen are assumed. Property tax and urban planning tax that will be settled when acquiring a new property based on the number of days a former owner owns such property will not be recognized as expenses since they will be included in acquisition cost.</p> <p>Depreciation expense (including ancillary expenses, etc.) is calculated by the straight-line method, and its assumed amount is approximately 690 million yen.</p> <p>Outsourcing expense (property management fee and building management commission fee, etc.) is calculated based on past expenses.</p>
Non-operating expense	<p>Interest expense and other borrowing-related expenses of approximately 649 million yen are assumed based on the assumptions made in "Interest-bearing debt" above.</p> <p>The amortization expense for the issuance cost of new investment units is expected to be approximately 28 million yen. The issuance cost of new investment units is planned to be amortized by the straight-line method over 36 months.</p>
Extraordinary gain or loss	<p>We estimate JPY 81 million of extraordinary gain as a result of netting out the expected receipt of insurance payment and cost of repair in connection with the damage sustained from Typhoon No. 15 in September 2011 for 10th period.</p>
Issuance of investment units	<p>The forecast is based on the total outstanding units of 93,632 as of December 31, 2011 and the assumption that 47,000 units, consisting of 44,762 units to be newly issued by public offering and 2,238 units to be newly issued by allocation to a third party as determined by the board meeting held on February 15, 2012, will be issued in its entirety.</p>

Distribution per unit	It is assumed that the entire unappropriated retained earnings for the current period excluding fractions (distribution per unit = amounts less than one yen) will be distributed.
Distribution of excess profit per unit	There is no plan at present to distribute excess profit (distribution of excess profit per unit).

Summary of six properties to be acquired in the 10th Period is as follows.

Name of Property To Be Acquired	Location (Note 1)	Type	Planned Acquisition Price (million yen)	Appraisal Value (Note 2) (million yen)
IIF Atsugi Logistics Center III	3000-7 Uenohara, Aza, Kamiechi, Atsugi-shi, Kanagawa	Logistics facility	2,290	2,540
IIF Mitaka Card Center	7-444-2 (and other) Shimorenjaku, Mitaka-shi, Tokyo	Manufacturing and R&D, and other non-logistics facility	8,700	9,110
IIF Shinonome R&D Center	1-14-5 Shinonome, Koto-ku, Tokyo	Manufacturing and R&D, and other non-logistics facility	8,800	10,700
IIF Kamata R&D Center	2-31-1 Minami-Kamata, Ota-ku, Tokyo	Manufacturing and R&D, and other non-logistics facility	7,200	7,510
IIF Zama IT Solution Center	5-5505-7 Higashihara, Zama-shi, Kanagawa	Infrastructure facility	5,384	5,600
IIF Shinagawa Data Center	2-521-1 (and other) Futaba, Shinagawa-ku, Tokyo	Infrastructure facility	4,900	6,300
		Total	37,274	41,760

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

Note 2. "Appraisal Value" represents the appraisal value calculated by a real estate consultant as of January 10, 2012.

Note 3. For details of six properties to be acquired in the 10th Period, please see the "Notice Regarding Acquisition of Domestic Real Estate and Real Estate Trust Beneficiary Rights" released on February 15, 2012.

3. Financial information

(1) Balance sheets

	As of		Increase (Decrease)	
	June 30, 2011	December 31, 2011	Thousands of yen	Period-on-period change (%)
	Thousands of yen	Thousands of yen	Thousands of yen	
ASSETS				
Current assets:				
Cash and bank deposits	2,647,904	2,955,105	307,200	
Cash and bank deposits in trust	1,371,266	1,403,403	32,136	
Rental receivables	3,314	3,536	221	
Prepaid expenses	606,757	315,500	(291,257)	
Deferred tax assets	19	19	0	
Consumption taxes refundable	108,416	—	(108,416)	
Other	45	121	76	
Total current assets	4,737,725	4,677,686	(60,038)	(1.3)
Noncurrent assets:				
Property, plant and equipment:				
Buildings, at cost	25,201,524	25,238,297	36,773	
Less: Accumulated depreciation	(1,778,202)	(2,031,468)	(253,266)	
Buildings, net	23,423,321	23,206,828	(216,493)	
Structures, at cost	1,650	26,882	25,232	
Less: Accumulated depreciation	(2)	(90)	(87)	
Structures, net	1,647	26,792	25,144	
Tools, furniture and fixtures, at cost	—	388	388	
Less: Accumulated depreciation	—	(4)	(4)	
Tools, furniture and fixtures, net	—	383	383	
Land	4,839,720	4,850,847	11,127	
Buildings in trust, at cost	22,840,014	22,892,201	52,187	
Less: Accumulated depreciation	(2,146,060)	(2,457,295)	(311,235)	
Buildings in trust, net	20,693,954	20,434,905	(259,048)	
Structures in trust, at cost	331,598	379,815	48,216	
Less: Accumulated depreciation	(149,669)	(170,690)	(21,021)	
Structures in trust, net	181,929	209,124	27,195	
Tools, furniture and fixtures in trust, at cost	3,306	3,306	—	
Less: Accumulated depreciation	(495)	(931)	(435)	
Tools, furniture and fixtures in trust, net	2,810	2,374	(435)	
Land in trust	39,026,479	39,026,479	—	
Total net property, plant and equipment	88,169,862	87,757,736	(412,126)	(0.5)
Intangible assets:				
Leasehold right (Note 3)	19,833,966	19,833,966	—	
Total intangible assets	19,833,966	19,833,966	—	0.0
Investments and other assets:				
Lease and guarantee deposits	10,000	10,000	—	
Long-term prepaid expenses	448,763	629,595	180,832	
Total investments and other assets	458,763	639,595	180,832	39.4
Total noncurrent assets	108,462,592	108,231,298	(231,293)	(0.2)
Deferred assets:				
Investment unit issuance costs	47,328	38,454	(8,874)	
Investment corporation bond issuance costs	14,609	—	(14,609)	
Total deferred assets	61,937	38,454	(23,483)	(37.9)
TOTAL ASSETS	113,262,254	112,947,439	(314,815)	(0.3)

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

	As of		Increase (Decrease)	
	June 30, 2011	December 31, 2011	Thousands of yen	Period-on-period change (%)
	Thousands of yen	Thousands of yen		
LIABILITIES				
Current liabilities:				
Operating accounts payable	43,554	79,045	35,491	
Short-term loans payable	1,100,000	—	(1,100,000)	
Accounts payable – other	271,162	246,264	(24,898)	
Accrued expenses	82,182	11,337	(70,844)	
Income taxes payable	803	901	97	
Accrued consumption taxes	—	108,211	108,211	
Advances received	898,440	569,230	(329,210)	
Other	7,798	20,419	12,621	
Total current liabilities	2,403,942	1,035,410	(1,368,532)	(56.9)
Noncurrent liabilities:				
Investment corporation bond – unsecured	8,000,000	—	(8,000,000)	
Long-term loans payable	53,000,000	62,000,000	9,000,000	
Tenant leasehold and security deposits	1,297,470	1,297,470	—	
Tenant leasehold and security deposits in trust	5,199,100	5,124,423	(74,677)	
Other	98,225	90,083	(8,141)	
Total noncurrent liabilities	67,594,796	68,511,977	917,180	1.4
TOTAL LIABILITIES	69,998,739	69,547,388	(451,351)	(0.6)
NET ASSETS				
Unitholders' equity:				
Unitholders' capital	42,241,132	42,241,132	—	0.0
Surplus:				
Retained earnings	1,022,383	1,158,918	136,535	
Total surplus	1,022,383	1,158,918	136,535	13.4
Total unitholders' equity	43,263,515	43,400,051	136,535	0.3
TOTAL NET ASSETS (Note 4)	43,263,515	43,400,051	136,535	0.3
TOTAL LIABILITIES AND NET ASSETS	113,262,254	112,947,439	(314,815)	(0.3)

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

(2) Statements of income and retained earnings

	For the six months ended		Increase	
	June 30, 2011	December 31, 2011	(Decrease)	
	Thousands of yen	Thousands of yen	Thousands of yen	Period-on-period change (%)
Operating revenue				
Rental revenue—real estate (Note 5)	3,295,735	3,526,495	230,759	
Total operating revenue	3,295,735	3,526,495	230,759	7.0
Operating expenses				
Expenses related to rent business (Note 5)	1,253,190	1,237,395	(15,794)	
Asset management fee	335,201	342,103	6,901	
Directors' compensations	5,820	5,820	—	
Asset custody fee	5,499	5,648	149	
Administrative service fees	21,740	22,302	562	
Other	51,554	78,681	27,127	
Total operating expenses	1,673,005	1,691,951	18,945	1.1
Operating income	1,622,730	1,834,544	211,814	13.1
Non-operating income				
Interest income	964	544	(419)	
Interest on refund	2,099	1,148	(951)	
Other	445	901	456	
Total non-operating income	3,509	2,594	(915)	(26.1)
Non-operating expenses				
Interest expenses	313,528	400,006	86,477	
Interest expenses on investment corporation bonds (Note 6)	115,678	39,215	(76,463)	
Amortization of investment corporation bond issuance costs	2,739	14,609	11,870	
Borrowing related expenses	144,446	209,699	65,252	
Amortization of investment unit issuance costs	5,916	8,874	2,958	
Other	5,359	4,821	(538)	
Total non-operating expenses	587,669	677,225	89,556	15.2
Ordinary income	1,038,570	1,159,912	121,341	11.7
Extraordinary loss				
Loss on disaster (Note 6)	15,205	—	(15,205)	
Total extraordinary loss	15,205	—	(15,205)	(100.0)
Income before income taxes	1,023,364	1,159,912	136,547	13.3
Income taxes				
Current	996	1,009	13	
Deferred	—	(0)	(0)	
Total income taxes	996	1,009	12	1.3
Net income	1,022,368	1,158,903	136,534	13.4
Retained earnings brought forward	15	15	0	
Unappropriated retained earnings	1,022,383	1,158,918	136,535	

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

(3) Statements of changes in net assets

(Thousands of yen)

For the six months ended June 30, 2011

	Unitholders' equity				Total net assets
	Unitholders' capital (Note 4)	Surplus		Total unitholders' equity	
		Retained earnings	Total surplus		
Balance as of December 31, 2010	36,529,370	798,426	798,426	37,327,796	37,327,796
Changes during the period					
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
Total changes during the period	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				Total net assets
	Unitholders' capital (Note 4)	Surplus		Total unitholders' equity	
		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
Changes during the period					
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
Total changes during the period	—	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 "(6) Notes to financial information" are an integral part of these statements.

(4) Statements of cash distributions

(Yen)

	For the six months ended	
	June 30, 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.

(5) Statements of cash flows

	For the six months ended		(Thousands of yen)
	June 30, 2011	December 31, 2011	Increase (Decrease)
Net cash provided by (used in) operating activities:			
Income before income taxes	1,023,364	1,159,912	136,547
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	575,245	586,051	10,806
Amortization of investment corporation bond issuance costs	2,739	14,609	11,870
Amortization of investment unit issuance costs	5,916	8,874	2,958
Interest income	(964)	(544)	419
Interest expenses	429,207	439,221	10,014
Loss on disaster	15,205	—	(15,205)
Changes in assets and liabilities:			
Increase in operating accounts receivable	(337)	(221)	116
Decrease (increase) in consumption taxes refundable	(6,609)	106,913	113,523
Decrease (increase) in prepaid expenses	(347,298)	291,257	638,556
Increase in long-term prepaid expenses	(154,796)	(180,832)	(26,036)
Increase (decrease) in operating accounts payable	(58,779)	12,366	71,146
Increase in accounts payable - other	2,280	27,583	25,303
Increase in accrued expenses	4,891	4,096	(795)
Increase in accrued consumption taxes	—	110,464	110,464
Increase (decrease) in advances received	412,769	(329,210)	(741,979)
Decrease in other noncurrent liabilities	(8,149)	(8,141)	7
Other, net	(41,573)	(62,588)	(21,014)
Subtotal	1,853,110	2,179,813	326,702
Interest income received	964	544	(419)
Interest expenses paid	(433,292)	(514,162)	(80,870)
Payments for loss on disaster	(2,215)	(12,990)	(10,775)
Income taxes paid	(858)	(912)	(54)
Net cash provided by operating activities	1,417,709	1,652,291	234,581
Net cash provided by (used in) investing activities:			
Purchases of property, plant and equipment	(4,409,978)	(49,613)	4,360,365
Purchases of property, plant and equipment in trust	(7,523,916)	(111,369)	7,412,547
Proceeds from tenant leasehold and security deposits	189,860	—	(189,860)
Proceeds from tenant leasehold and security deposits in trust	265,925	318	(265,607)
Payments of tenant leasehold and security deposits in trust	(77,260)	—	77,260
Net cash used in investing activities	(11,555,369)	(160,664)	11,394,705
Net cash provided by (used in) financing activities:			
Increase in short-term loans payable	9,200,000	—	(9,200,000)
Decrease in short-term loans payable	(20,100,000)	(1,100,000)	19,000,000
Proceeds from long-term loans payable	13,500,000	19,500,000	6,000,000
Repayments of long-term loans payable	—	(10,500,000)	(10,500,000)
Redemption of investment corporation bonds	—	(8,000,000)	(8,000,000)
Proceeds from issuance of investment units	5,688,577	—	(5,688,577)
Payments for investment unit issuance expenses	—	(30,059)	(30,059)
Dividends paid	(798,981)	(1,022,229)	(223,248)
Net cash provided by (used in) financing activities	7,489,596	(1,152,289)	(8,641,886)
Net change in cash and cash equivalents	(2,648,062)	339,337	2,987,400
Cash and cash equivalents at beginning of period	6,667,234	4,019,171	(2,648,062)
Cash and cash equivalents at end of period (Note 7)	4,019,171	4,358,508	339,337

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

(6) Notes to financial information

Note 1 – Note rerating to going concern assumption

Nothing to be noted.

Note 2 – Summary of significant accounting policies

(a) Property, plant and equipment

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

Buildings	13-63 years
Structures.....	7-20 years
Tools, furniture and fixtures	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) Cash and cash equivalents

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

(h) 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.

(i) 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 3 – Leasehold right

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

Note 4 – Unitholders' equity

(1) Number of units

	As of	
	June 30, 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 5 – Rent revenue—real estate and expenses related to rent business

Rent revenue—real estate and expenses related to rent business for the six months ended June 30, 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 6 – 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 7 – Cash and cash equivalents

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

(Thousands of yen)

	As of	
	June 30, 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	<u>4,019,171</u>	<u>4,358,508</u>

Note 8 – Lease rental revenues

The Investment Corporation leases its properties mainly to corporate tenants. Future minimum rental revenues pursuant to existing rental contracts as of June 30, 2011 and December 31, 2011 scheduled to be received are summarized as follows:

(Thousands of yen)

	As of	
	June 30, 2011	December 31, 2011
Due within one year	5,954,979	6,108,033
Due after one year	56,677,224	60,172,161
Total	<u>62,632,204</u>	<u>66,280,194</u>

Note 9 – 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

Please refer to “Note 10 - Derivative instruments.”

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

(Thousands of yen)

	As of	
	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

(Thousands of yen)

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

(Thousands of yen)

As of December 31, 2011	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
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

(Thousands of yen)

As of June 30, 2011	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
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

(Thousands of yen)

As of December 31, 2011	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
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 10 – 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	Over 1 year		
Special treatment for hedge accounting of interest rate swaps (Note (i))	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term loans payable	8,500,000	8,500,000	Note (i)	-

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	Over 1 year		
Special treatment for hedge accounting of interest rate swaps (Note (i))	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term loans payable	22,100,000	22,100,000	Note (i)	-

Note:

- (i) 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 Note (i) in "Note 9 - Financial instruments (b) Quantitative information for financial instruments."

Note 11 – Related-party transactions

The following tables show related-party transactions for the six months ended June 30, 2011 and December 31, 2011.

For the six months ended June 30, 2011:

Type of related-party	Company name	Location	Share capital (Thousands of yen)	Business	Voting interest in the Investment Corporation	Relation with the Investment Corporation	Transactions for the period		Balance at end of the period	
							Type of transaction	Amounts (Thousands of yen)	Balance sheet account	Amounts (Thousands of yen)
Major unitholder	Mitsubishi Corporation	Chiyoda-ku, Tokyo	204,446,667	Trade and general business	Directly 10.25% Indirectly 0.64%	Underwriter of investment corporation bond	-	-	Investment corporation bond—unsecured	8,000,000
							Interest expenses on investment corporation bond ⁽ⁱⁱⁱ⁾	115,678	Accrued expenses	77,165
Subsidiary of major unitholder	Mitsubishi Corp.-UBS Realty Inc. ⁽ⁱ⁾	Chiyoda-ku, Tokyo	500,000	Asset management	Directly 0.64%	The asset manager	Asset management fee ^{(iii)(iv)}	335,201	Accounts payable—other ^(iv)	177,899
	Godo Kaisha Industrial Akanehama ⁽ⁱ⁾	Chuo-ku, Tokyo	100	Real estate rental	-	-	Acquisition of trust beneficiary interests in real estate trust ^(v)	3,350,000	-	-

For the six months ended December 31, 2011:

Type of related-party	Company name	Location	Share capital (Thousands of yen)	Business	Voting interest in the Investment Corporation	Relation with the Investment Corporation	Transactions for the period		Balance at end of the period	
							Type of transaction	Amounts (Thousands of yen)	Balance sheet account	Amounts (Thousands of yen)
Major unitholder	Mitsubishi Corporation	Chiyoda-ku, Tokyo	204,446,667	Trade and general business	Directly 10.25% Indirectly 0.64%	Underwriter of investment corporation bond	Redemption of investment corporation bond	8,000,000	—	—
							Interest expenses on investment corporation bond ⁽ⁱⁱ⁾	39,215	—	—
Subsidiary of major unitholder	Mitsubishi Corp.-UBS Realty Inc. ⁽ⁱ⁾	Chiyoda-ku, Tokyo	500,000	Asset management	Directly 0.64%	The asset manager	Asset management fee ^{(iii)(iv)}	342,103	Accounts payable — other ^(iv)	179,354

Notes:

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

Note 12 – 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 13 – Asset retirement obligations

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

Note 14 – Fair value of investment and rental property

The Investment Corporation has mainly industrial and infrastructure facilities as investment and rental properties which are located mainly in three major metropolitan areas in Japan. The following table shows the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended June 30, 2011 and December 31, 2011.

	(Thousands of yen)	
	As of / For the six months ended	
	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):

<i>For the six months ended June 30, 2011:</i>	Acquisitions:	Increase (decrease) in net book value (Thousands of yen)
	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 5 - Rent revenue — real estate and expenses related to rent business.”

Note 15 – Segment information

Segment information for the six months ended June 30, 2011 and December 31, 2011 is as follows:

(a) Operating segment information

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

(b) Enterprise-wide disclosures

(i) Information about products and services

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

(ii) Information about geographic areas

Revenues from overseas customers:

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

Tangible fixed assets:

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

(c) Information about major customers

(Thousands of yen)

Name of customer	Revenues for the six months ended		Relating segment
	June 30, 2011	December 31, 2011	
Japan Airlines Co., Ltd. ⁽ⁱ⁾	1,423,690	1,345,077	Property rental business
Sagawa Express Co., Ltd.	566,285	566,285	Property rental business
Osaka Gas Co., Ltd.	378,090	378,090	Property rental business

Note:

(i) The company name was changed from Japan Airlines International Co., Ltd. on April 1, 2011.

Note 16 – 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 17 – Subsequent events

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.

[Omission of disclosure]

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

(7) Changes in unit issued and outstanding

There was no change in unitholders' capital for the six months ended December 31, 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.

4. Changes in officers

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

5. Additional information

(1) Composition of assets

Classification of assets	Asset category	Location category (Note 1)	Region	As of June 30, 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
Total liabilities				69,998	61.8	69,547	61.6
Total net assets				43,263	38.2	43,400	38.4

Note 1 “Location category” is classified as below.

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) Outline of portfolio properties

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	Leased area	Occupancy ratio	Ratio of rental revenue to total rental revenues	Major use
		(Note 1) (m ²)	(Note 2) (m ²)	(Note 3) (%)	(Note 3) (%)	
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.

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)	Researched 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 "Researched value at end of period" shows the value 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.