



Acquisition Announcement Materials
for Haneda Airport Maintenance Center



Mitsubishi Corp UBS Realty



Anticipated Acquisition in 2nd Period: IIF Haneda Airport Maintenance Center

IIF Haneda Airport Maintenance Center



Note: Haneda Airport is a popular name of Tokyo International Airport

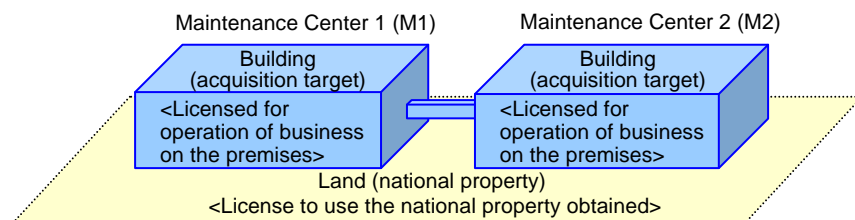
Maintenance Center 1 (M1)



Maintenance Center 2 (M2)



Summary and Stakeholders of the subject property



Note 1: Haneda Airport lies on national land; permission to use the subject land area for docks has been obtained from Director-General of Tokyo Regional Civil Aviation Bureau

Note 2: Permission to lease the subject land area for the purpose of operation of docks there has been obtained from Director-General of Tokyo Regional Civil Aviation Bureau

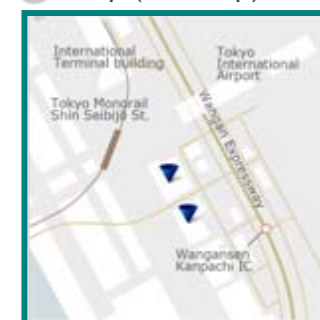
Key property selection criteria

- ▶ Domestic and international positioning of Haneda Airport
- ▶ Locational advantages of the subject property within the premises of Haneda Airport
- ▶ Importance of Haneda Airport and its hangars
- ▶ Competitive advantages of the subject property as a hangar

Map



Map (close up)



The property consists of two maintenance center buildings which are connected via an accessway; one is called Maintenance Center 1 (M1) and the other is called Maintenance Center 2 (M2)

Property information

Acquisition date	February 29, 2008 (scheduled)
Acquisition price	¥42,210mn (including taxes) (Note)
Location	Haneda Airport, Ota-ku, Tokyo
Total floor area	Maintenance Center 1 (main building): 49,823.52㎡ (attached building): 159.81㎡
	Maintenance Center 2 (main building): 31,940.32㎡ (attached building): 72.16㎡
Year constructed	June 1993
Tenant	Japan Airlines International Co, Ltd. (a wholly owned subsidiary of the holding company Japan Airlines)

Note: The acquisition price is the value listed on the sales contract

Key property selection criteria and Post-Acquisition Portfolio

Key property selection criteria

- ▶ Domestic and international positioning of Haneda Airport
- ▶ The property's locational advantages on the premises of Haneda Airport
- ▶ Importance of Haneda Airport and its hangars
- ▶ Competitive advantages of the subject property as a hangar
- ▶ Security of cash flow from infrastructure facilities
- ▶ Low-risk profile
- ▶ Cap rate determined based on risk-return characteristics of the property at the time of acquisition



Post-Acquisition Portfolio

- ▶ The subject property belongs to infrastructure category. After acquisition of the subject property, the proportion of infrastructure assets will increase from 26.3% to 53.1%, falling generally within the range targeted by this investment corporation.
- ▶ Area leased to Japan Airlines International Co., Ltd will account for 33.1% of the total leased area of the portfolio.

Financing

- ▶ Financing for the acquisition consists of self-financing and borrowings
- ▶ LTV after the borrowings is estimated at approximately 65%

Revised Earnings Forecast for the 2nd Period

	Revised forecast	Forecast as of December 21, 2007	Difference
Operating income	¥ 2,669mn	¥ 2,015mn	¥ 654mn
Net Income	¥ 953mn	¥ 771mn	¥ 182mn
Dividend per unit	¥ 12,063	¥ 9,755	¥ 2,308
FFO per unit (Note)	¥ 20,844	¥ 16,132	¥ 4,712
FFO payout ratio	57.9%	60.5%	-2.6%

Note: (Net Income + Current depreciation expense + Other property related depreciation) / the total number of investment units issued as of the end of the 2nd period

Reference: AUM (as of the end of February 2008)

Number of properties	10 properties
Total acquisition price	¥ 107,110mn

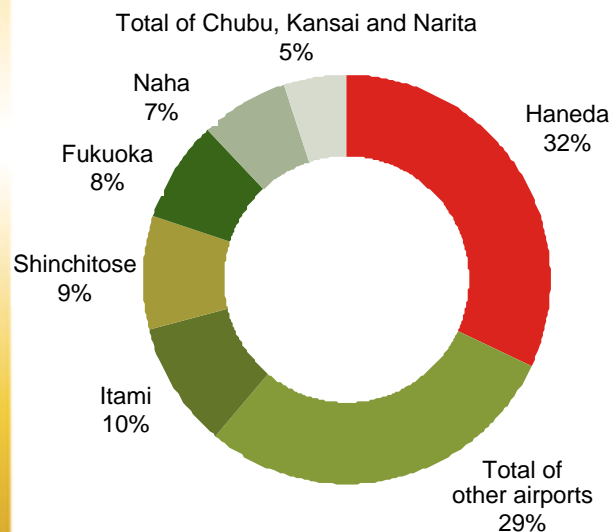


▶ After incorporating IIF Haneda Airport Maintenance Centers into the portfolio, **operating income is expected to increase by ¥654mn**, **Net Income by ¥182mn**, **distribution per unit by ¥2,308**, and **FFO per unit by ¥4,712**.

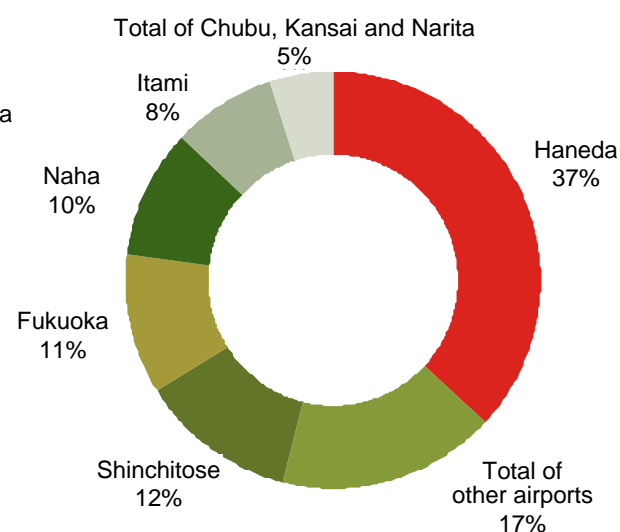
Domestic and International Positioning of Haneda Airport

- ▶ Haneda Airport is categorized as a Class 1 Airport under Airport Development Law.
- ▶ Haneda Airport ranks **4th among all major international airports** and **1st among all domestic airports** with respect to the number of incoming and outgoing passengers, and also ranks **1st among all domestic airports** with respect to the volume of freight
- ▶ The re-expansion project currently underway to add a fourth runway, an international passenger terminal and a freight terminal to Haneda Airport will help **further increase its importance** in both the domestic and international communities in the future

Breakdown of domestic air flight passengers by airport

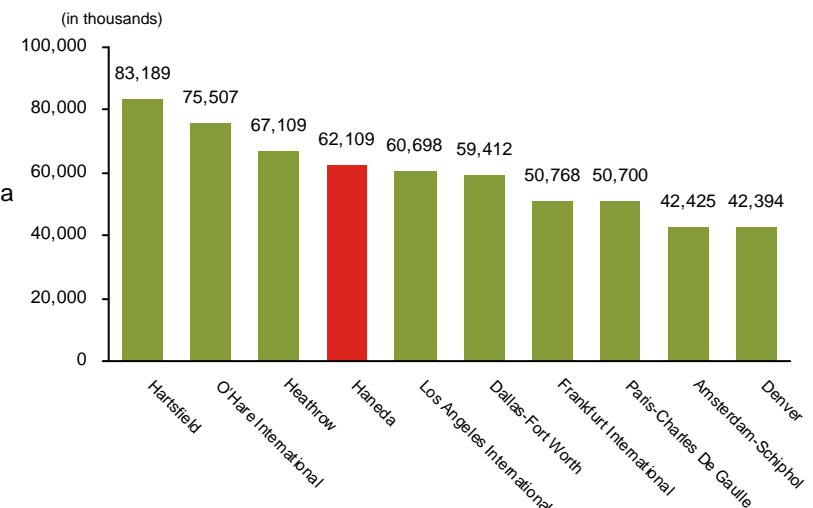


Breakdown of domestic air freight by airport



Source: Created by Nomura Research Institute based on "Suji-de-miru Koku (Aviation Viewed from a Figures Perspective)"

Passenger-based global airport ranking



Rank	Name of airport	Country	City
1	Hartsfield	US	Atlanta
2	O'Hare International	US	Chicago
3	Heathrow	UK	London
4	Haneda	Japan	Tokyo
5	Los Angeles International	US	Los Angeles
6	Dallas-Fort Worth	US	Dallas/Fort Worth
7	Frankfurt International	Germany	Frankfurt
8	Paris-Charles De Gaulle	France	Paris
9	Amsterdam-Schiphol	Holland	Amsterdam
10	Denver	US	Denver

Source: ICAO Annual Report of the Council 2003

Locational advantages of the subject property on the premises of Haneda Airport

- ▶ The subject property is located in the “New-maintenance center area” **outside the re-expansion project areas** on the premises of Haneda Airport and **bounded by three runways serving the airport**
- ▶ The location will continue to retain its utility value because it has a distinguished locational advantage in that it allows **airplanes to move to and from the hangars without crossing a runway**. Furthermore, **vicinity to the terminal building allows time savings when moving airplanes after completion of maintenance services**
- ▶ The zone is to be **bounded by four runways** after planned completion of the fourth runway in 2010, which we expect will further increase its locational value



Note: The international terminal area comprises the international passenger flight and freight terminals planned to be opened in 2009

Prospective changes in the number of flights to/from Haneda Airport

	Present		After expansion
Per year	296,000 flights	➡	407,000 flights
Per day	405 flights	➡	557 flights
Per hour	30 flights	➡	40 flights

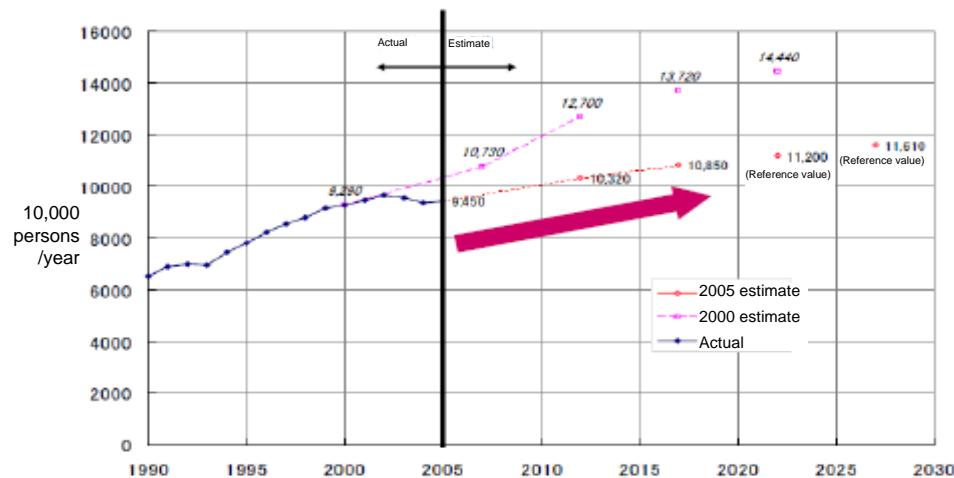
Source: Materials for 9th subcommittee meeting on aviation, Council for Transport Policy



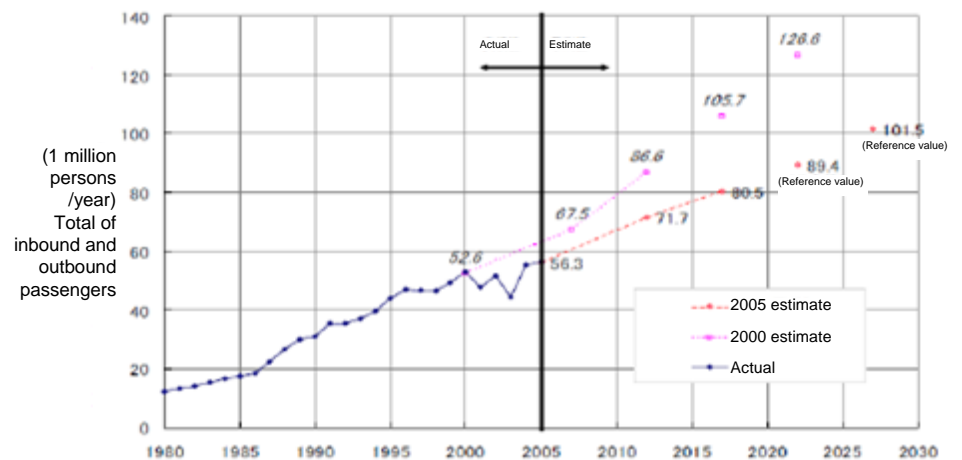
Changes in Passengers and Freight Volume

- Both domestic and international flight passengers/air freight are expected to grow steadily in the future

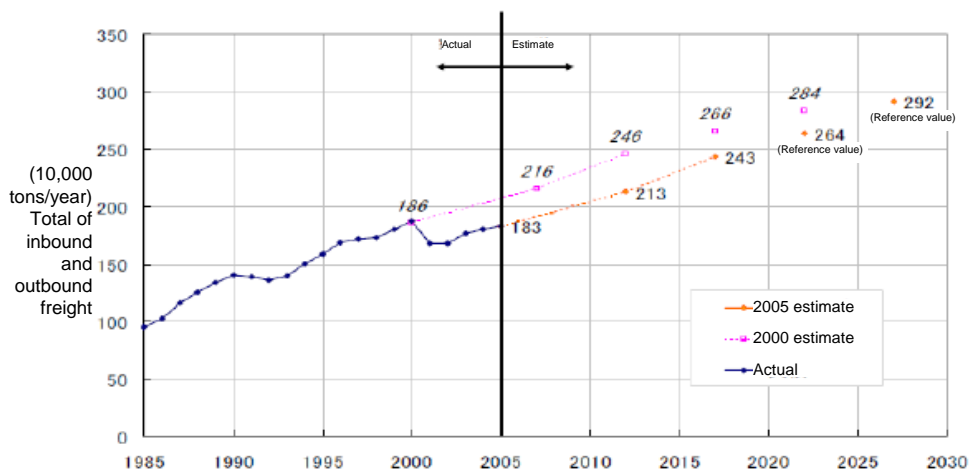
Actual and estimated growth in the number of domestic flight passengers



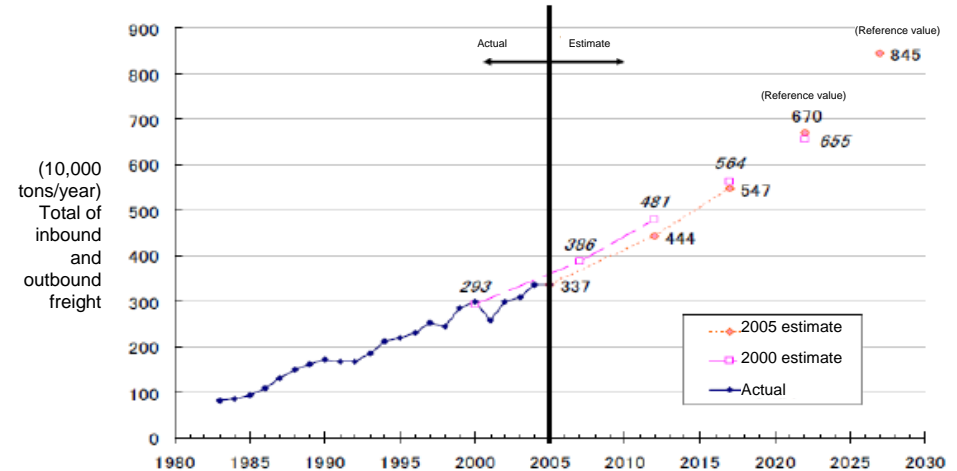
Actual and estimated growth in the number of international flight passengers



Actual and estimated growth in the volume of domestic air freight



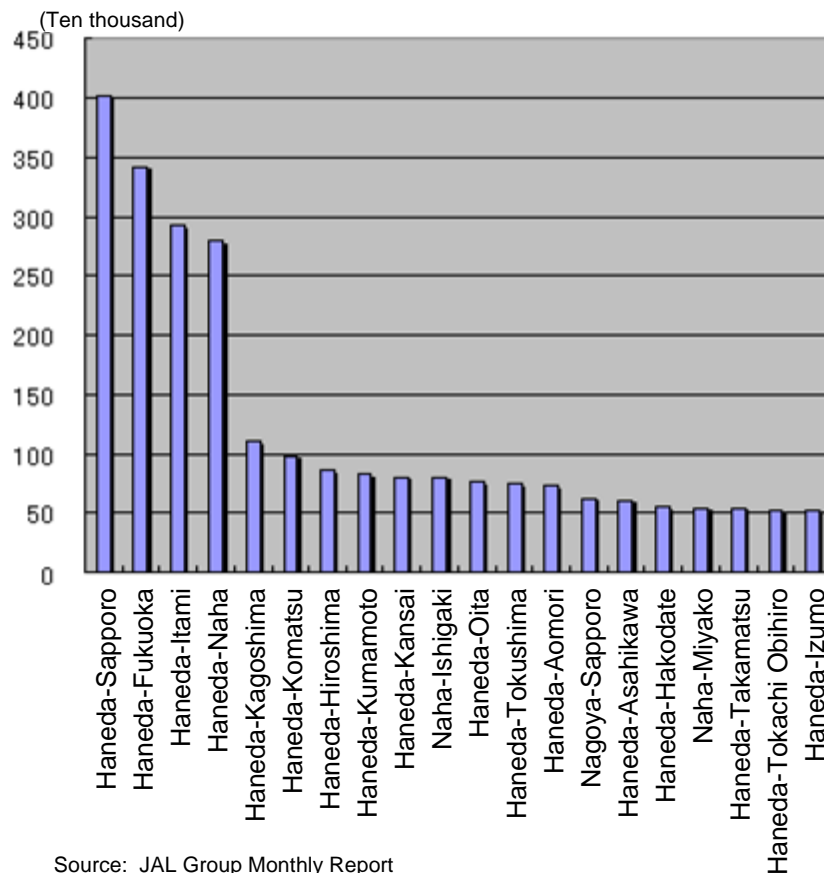
Actual and estimated growth in the volume of international air freight



Importance of Haneda Airport for JAL Group

- ▶ 17 out of the top 20 routes in terms of the number of passengers are Haneda routes, implying that Haneda is the core airport for the domestic air flight network
- ▶ Also, only four airports, namely Haneda, Narita, Itami and Kansai International Airports, comprise maintenance centers for JAL Group, and Haneda Airport has played a main role in terms of human resources and the level of maintenance

Domestic network of JAL Group (Top 20 routes)



Source: JAL Group Monthly Report

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Composition of JAL Group's passengers by route



Source: Created by Nomura Research Institute based on actual flight operations of Japan Airlines

Advantages as a Maintenance Center

- ▶ The maintenance center is an **infrastructure facility used for the maintenance of airplanes** and other relevant tasks that are indispensable for safe operation of airplanes
- ▶ The property is allowed to undertake the maintenance of airplanes of foreign carriers in addition to airplanes of Japan Airlines
- ▶ M1 has been used primarily for maintenance for airplanes (M-type maintenance), and M2 has been used primarily for daily maintenance of equipment (A-type, C-type maintenance). Both facilities operate 24 hours a day
- ▶ M1 is capable of **accommodating and servicing two airplanes at the same time (currently, 777, 767, A300, etc.)** and is the **only hangar owned by JAL that has the structural capacity to provide M-type maintenance for two airplanes at the same time**
- ▶ M2 is capable of **accommodating and servicing five airplanes at the same time (currently, 777, 767, A300, MD90, etc.)**

▶ M-type maintenance work at M2



▶ View of M1



▶ A-type maintenance work at M2



▶ View of M2



Maintenance of airplanes

Types of regular maintenance for aircrafts (e.g. Boeing 777)

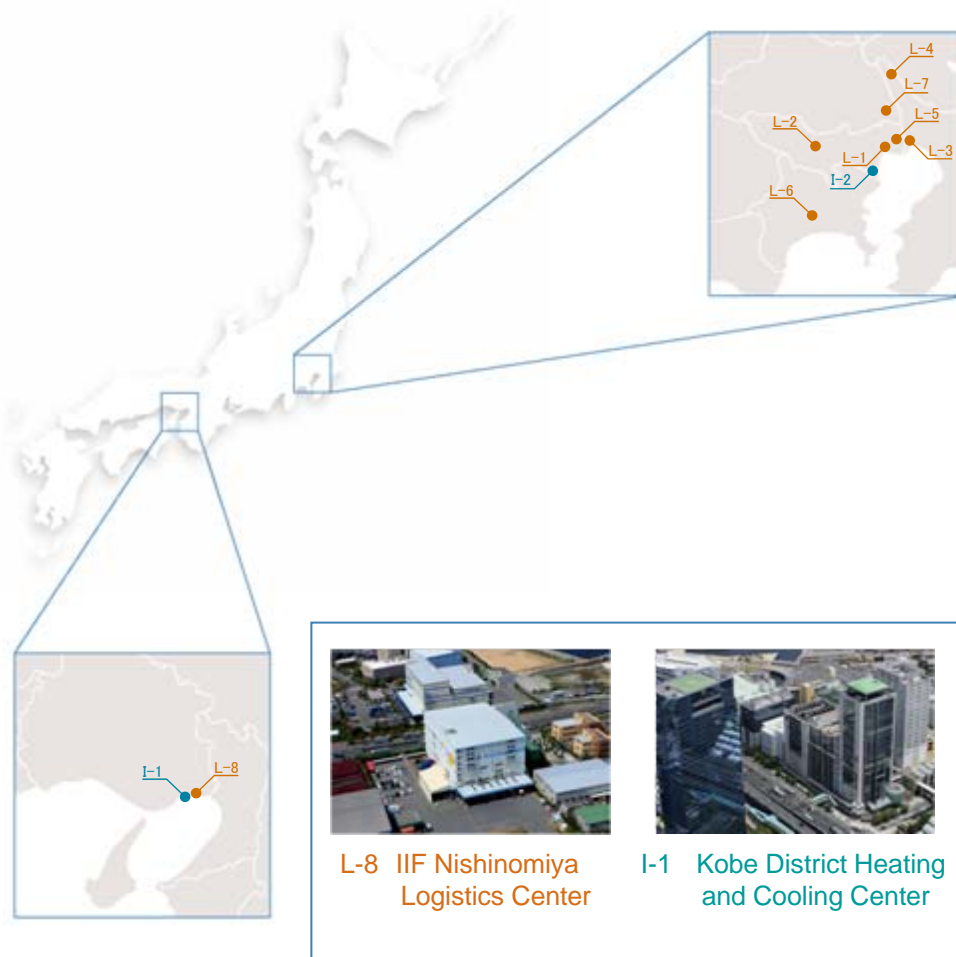
- ▶ The Aviation Law requires carriers to perform the following types of services

Type of maintenance service	Inspection criteria	Time required for servicing	Outline of the inspection
A-type service	After 500 flight hours	8 hours	The engine, wings, and nose-gear legs of an aircraft used for the last flight are inspected so that the aircraft can be ready for the first flight on the next day
C-type service	After 6,000 flight hours	7 days	Panels and other parts are removed as needed to inspect details and ensure all systems are working properly
M-type service	After 3,000 days or 16,000 flight hours (whichever is shorter)	25 days	Complete inspection ranging from structural inspection to replacement of parts, repair and repainting as appropriate

Source: Japan Airlines International Co., Ltd

Appendix

Portfolio Map (including anticipated acquisitions after the 2nd Period)



L-1 IIF Shinonome Logistics Center



L-2 IIF Musashi Murayama Logistics Center



L-3 IIF Funabashi Logistics Center



L-4 IIF Noda Logistics Center



L-5 IIF Shinsuna Logistics Center



L-6 IIF Atsugi Logistics Center



L-7 IIF Koshigaya Logistics Center



I-2 IIF Haneda Airport Maintenance Center



IIF Shinsuna Data Center(Note)

Note: IIF Shinsuna Data Center is currently under construction and, thus we expect to acquire the property after completion of the construction in the 3rd period or later. The above is a rendering and may differ from the actual building

Portfolio Overview (including anticipated acquisition in the 2nd Period)

Asset Category	Property Number ¹	Property Name	Location	Year Constructed ²	Acquisition Price (million yen)	Acquisition Price as Percentage of Total Portfolio (%)	NOI Cap Rate ³ (%)	Appraisal Value ⁴ (million yen)	Appraisal Value as Percentage of Total Portfolio (%)	Leasable Area ⁵ (m ²)	Occupancy Rate ⁶ (%)	PML ⁷ (%)	Major Tenants
Industrial Property	L-1	IIF Shinonome Logistics Center ⁸	Koto Ward, Tokyo	Feb, 2006	13,700	12.8	5.3	15,000	13.3	27,493.29	100.0	4.6	Sagawa Express Co., Ltd.
	L-2	IIF Musashi Murayama Logistics Center	Musashi Murayama, Tokyo	Jul, 2003	8,000	7.5	6.1	8,580	7.6	40,884.25	100.0	4.1	Vantec Corporation
	L-3	IIF Funabashi Logistics Center	Funabashi, Chiba	Jul, 2007	9,000	8.4	6.3	10,400	9.2	42,336.00	100.0	5.2	Sagawa Global Logistics Co., Ltd. Mitsubishi Corporation LT, Inc.
	L-4	IIF Noda Logistics Center	Noda, Chiba	Mar, 2006	6,500	6.1	6.0	7,110	6.3	38,828.10	100.0	0.3	Mitsubishi Corporation LT, Inc. Mitsubishi Electric Logistics Corporation
	L-5	IIF Shinsuna Logistics Center	Koto Ward, Tokyo	Jun, 1998	5,300	4.9	5.5	5,790	5.1	5,741.75	100.0	6.4	Sagawa Express Co., Ltd.
	L-6	IIF Atsugi Logistics Center	Atsugi, Kanagawa	Jan, 2005	2,100	2.0	6.2	2,300	2.0	10,959.68	100.0	8.7	Mitsubishi Corporation LT, Inc.
	L-7	IIF Koshigasya Logistics Center	Koshigaya, Saitama	Sep, 1985	2,000	1.9	6.7	2,190	1.9	10,113.50	100.0	2.6	Logione Co., Ltd.
	L-8	IIF Nishinomiya Logistics Center	Nishinomiya, Hyogo	May, 1997	1,300	1.2	7.4	1,510	1.3	10,608.00	100.0	9.1	Suzuyo & Co., Ltd.
Sub Total of Industrial Properties					47,900	44.7	5.9	52,880	46.9	186,964.57	100.0	—	
Infrastructure Property	I-1	IIF Kobe District Heating and Cooling Center	Kobe, Hyogo	Apr, 1990	18,100	16.9	3.8	18,300	16.2	11,189.36	97.7	4.2	Osaka Gas Co., Ltd.
	I-2	IIF Haneda Airport Maintenance Center	Ota Ward, Tokyo	Jun, 1993	41,100	38.4	4.7	41,500	36.8	81,995.81	100.0	8.4, 8.2	Japan Airlines International Co., Ltd
Sub Total of Infrastructure Properties					59,210	55.3	4.4	59,800	53.1	93,185.17	99.3	—	
Total					107,110	100.0	5.1	112,680	100.0	280,149.74	99.9	—	

Note1: Prefix indicates the property category (L for logistics facilities, F for manufacturing and research and development facilities and I for infrastructure facilities)

Note2: As described in the property register

Note3: "NOI cap rate" is calculated by dividing the net operating value (calculated through direct capitalization method as stated in the appraisal report created at acquisition of the property) by the acquisition price

Note4: Appraisals are as of Dec. 31, 2007. For IIF Haneda Airport Maintenance Center, the appraisal value is as of Feb. 1, 2008

Note5: Leasable area as described in the relevant lease agreements

Note6: Occupancy rate is expressed as a percentage of the total leasable area that will actually be occupied, rounded to the nearest tenth

Note7: PML values as of April 2007. However, For Funabashi Logistics Center and IIF Kobe District Heating and Cooling Center, the values are as of July 2007; for IIF Haneda Airport Maintenance Center as of Sep 2007. For IIF Haneda Airport Maintenance Center, the PML values are for M1 and M2 respectively

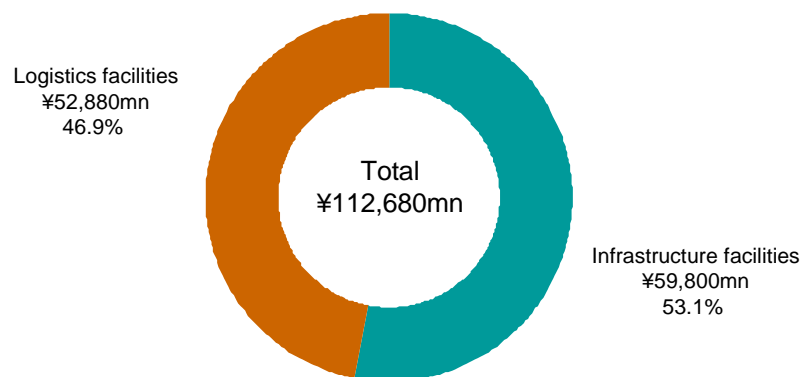
Note8: IIF calculated the leasable area by taking 53% (the percentage of its joint trust beneficiary interest) of the total, as described in relevant lease agreements and, in the case of the leasable areas, by rounding to the nearest hundredth of a square meter.

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Portfolio Diversification

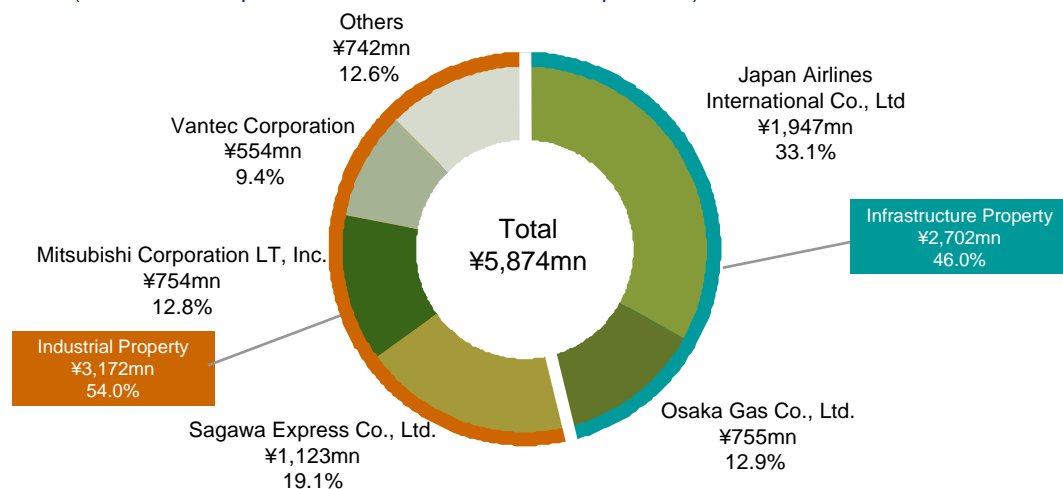
Portfolio Composition based on Asset Category (based on appraisal value)



Note: Percentage is expressed as a percentage of the aggregate appraisal value of the portfolio, rounded to the nearest tenth.

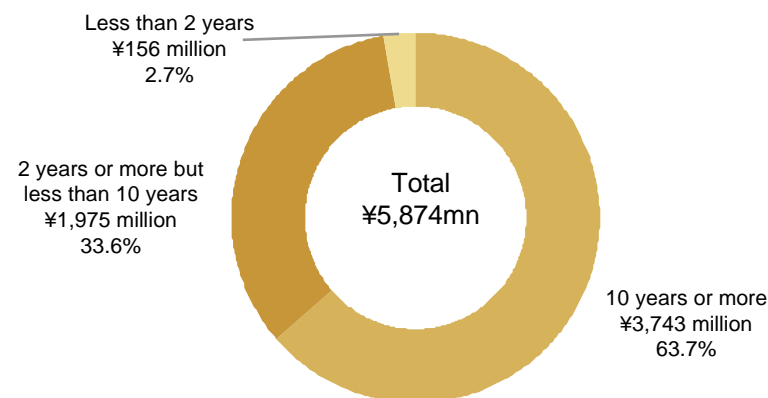
- ▶ Addition of infrastructure facilities, which ensures stable cash flows, and long-term lease contracts have increased the stability of the portfolio
- ▶ The increased stability of the portfolio has also significantly improved its risk-return profile.

Portfolio Composition based on Key Tenants (based on anticipated annual rent¹ before consumption tax)



Note1: Calculated as aggregate anticipated monthly rent multiplied by twelve and rounded to the nearest million yen
 Note2: Percentages indicate anticipated annual rent expressed as a percentages of the aggregate anticipated annual rent of all tenants, rounded to the nearest tenth.

Portfolio Composition based on Lease Term Remaining¹ (based on anticipated annual rent² before consumption tax)



Note1: Lease term remaining from February 29, 2008.
 Note2: Calculated as the aggregate anticipated monthly rent multiplied by twelve and rounded to the nearest million yen.
 Note3: Percentages indicate anticipated annual rent of the relevant properties expressed as a percentage of the aggregate anticipated annual rent of the portfolio, rounded to the nearest tenth.

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