



Investor Presentation of the Industrial & Infrastructure Fund
for the Dec. 2007 (1st) Period



Mitsubishi Corp UBS Realty



Outline

1. Operational highlights for the Dec. 2007 (1st) Period
2. Overview of the Industrial & Infrastructure Fund Investment Corporation (IIF)
3. Future growth strategy
4. Portfolio summary as of the end of Dec. 2007
5. Details of the results for the Dec. 2007 (1st) Period
6. Overview of IIF and the Asset Manager

Reference material

Overview of other portfolio properties

1. Operational highlights for the Dec. 2007 (1st) Period

Results Highlights

External growth

- ▶ After listing on Oct 18, 2007, IIF acquired 8 logistics facilities and 1 infrastructure facility (asset size: ¥72.9bn, acquisition price: ¥66.0bn)
- ▶ Planning to acquire IIF Haneda Airport Maintenance Center during June 2008 (2nd) Period

Financial strategy

- ▶ Availability of unsecured, low-interest finance following listing of the REIT by leveraging Asset Manager's experience

Financial summary

- ▶ **Financial results for the Dec. 2007 Period:**
Operating income ¥806mn, **Net income ¥183mn**, **Distribution per unit (DPU) ¥2,323**,
FFO per unit ¥5,582
(74 days in the fiscal period)

Results Highlights for the Dec. 2007 (1st) Period & Jun. 2008 (2nd) Period Forecast

	Dec. 2007 (1st) Period	Results forecast as of Dec 21, 2007	Difference	(Reference) Results forecast as of listing date (Oct 18, 2007)
Operating income	¥806mn	¥799mn	¥7mn	¥795mn
Operating Profit	¥382mn	¥376mn	¥6mn	¥376mn
Net income	¥183mn	¥177mn	¥6mn	¥106mn
Distribution per unit	¥2,323	¥2,239	¥84	¥1,318
FFO per unit ^(Note1)	¥5,582	¥5,504	¥78	¥4,490
FFO payout ratio	41.6%	40.7%	0.9%	29.4%

<Reference>

Distribution after property tax adjustments ^(Note2)	¥1,613
FFO after property tax adjustments ^{(Note1) (Note2)}	¥4,872
Capital Expenditure	—
Depreciation & Amortization	¥257mn

AUM (As of the end of Dec. 2007 Period)

# of properties	9 properties
Total assets	¥72,921mn
Total acquisition costs	¥66,000mn
Total appraisal value as of end of same period	¥71,180mn

Results forecast for Jun. 2008(2nd) Period

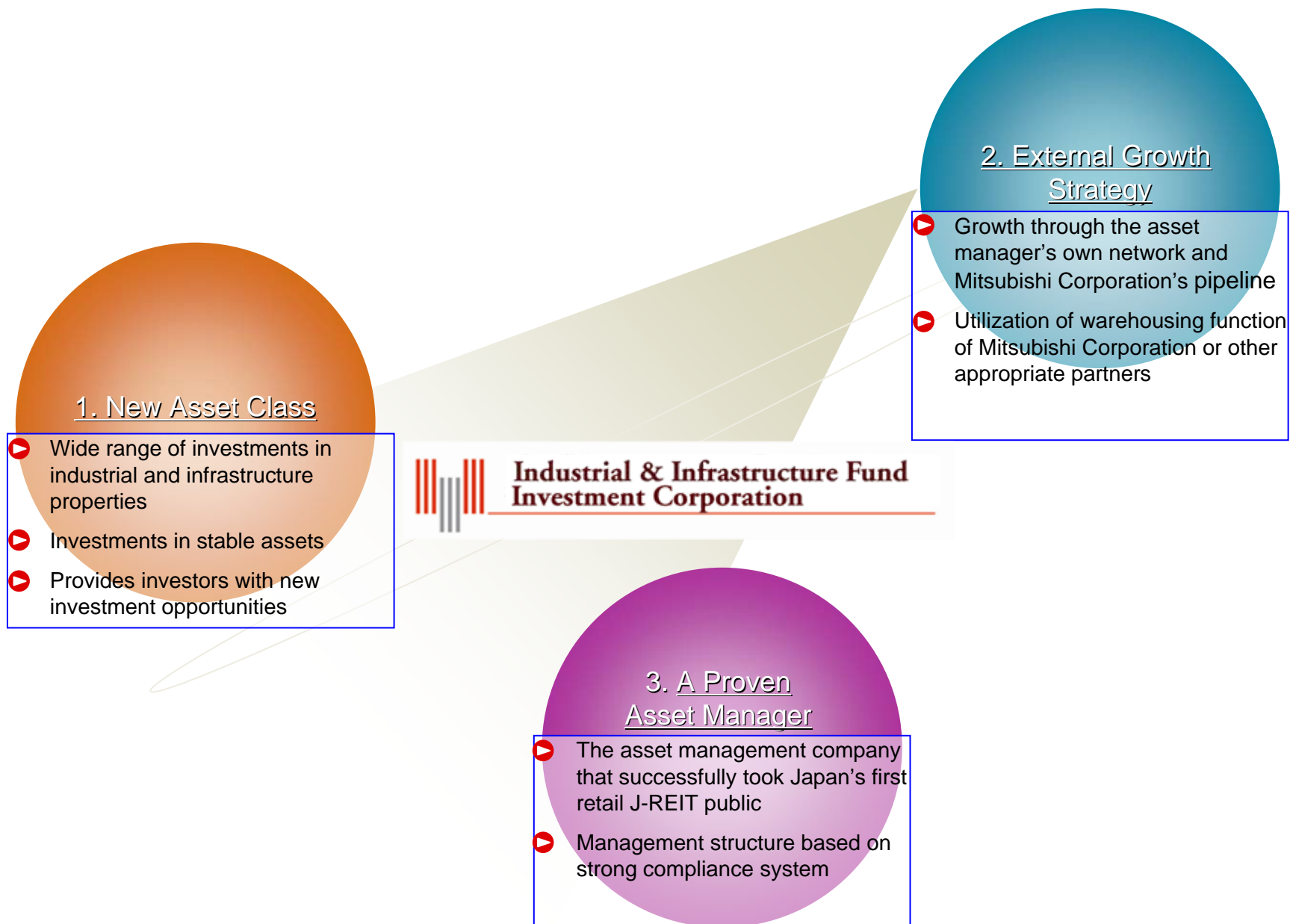
	Results forecast as of the Dec. 2007 Period	Results forecast as of Dec. 21, 2007	Difference
Operating income	¥2,669mn	¥2,015mn	¥654mn
Net income	¥953mn	¥771mn	¥182mn
Distribution per unit	¥12,063	¥9,755	¥2,308
FFO per unit ^(Note1)	¥20,844	¥16,132	¥4,712
FFO payout ratio	57.9%	60.5%	-2.6%

Note 1: (Net income + Net depreciation + other property related amortization) / Total units outstanding

Note 2: Amount corresponding to property tax was not included in acquisition costs at acquisition of relevant property, but included in expenses in the respective periods and reflected in the DPU and FFO per unit (both on pro forma basis). Their values are not subject to audit

2. Overview of the Industrial & Infrastructure Fund Investment Corporation

Characteristics of the Investment Corporation



Target Property Categories (Industrial and Infrastructure Properties)

► IIF invests in industrial and infrastructure properties that are used in the mid and long term as the foundation of industrial activity

	Asset Type	Definition	Example ²
Industrial Properties	Logistics facilities	Facilities used to provide inter-company distribution and sale distribution services, including transportation and shipping, storage, stockpiling, cargo handling, packaging, sorting, distribution processing and information functions	<p>Hubs for home delivery and related services</p> <p>Consumer distribution centers</p> <p>Product and material storage facilities</p> <p>Import and export distribution facilities</p> <p>Temperature-controlled distribution centers (refrigerated warehouses, etc.)</p> <p>Self-storage and other storage facilities</p>
	Manufacturing and research and development	Facilities for research and development, raw material procurement, stockpiling, storage, manufacture, production, assembly and processing, recycling and other purposes	<p>Research and development facilities</p> <p>Food and beverage manufacturers</p> <p>Pulp and paper processing facilities</p> <p>Chemical manufacturers</p> <p>Oil and coal manufacturers</p> <p>Metal product manufacturers</p> <p>General and industrial machine manufacturers</p> <p>Transportation equipment manufacturers</p> <p>Electronic component manufacturers</p> <p>Printing facilities</p>
Infrastructure Properties	Infrastructure facilities ¹	Facilities developed as a base for industrial activity, such as transportation, communication, energy, water and public facilities	<p>Energy facilities</p> <p>Data center and communication facilities</p> <p>Airport and shipping-related facilities</p> <p>Rail-related facilities</p> <p>Road transportation facilities</p> <p>Water facilities</p> <p>Other public facilities</p>

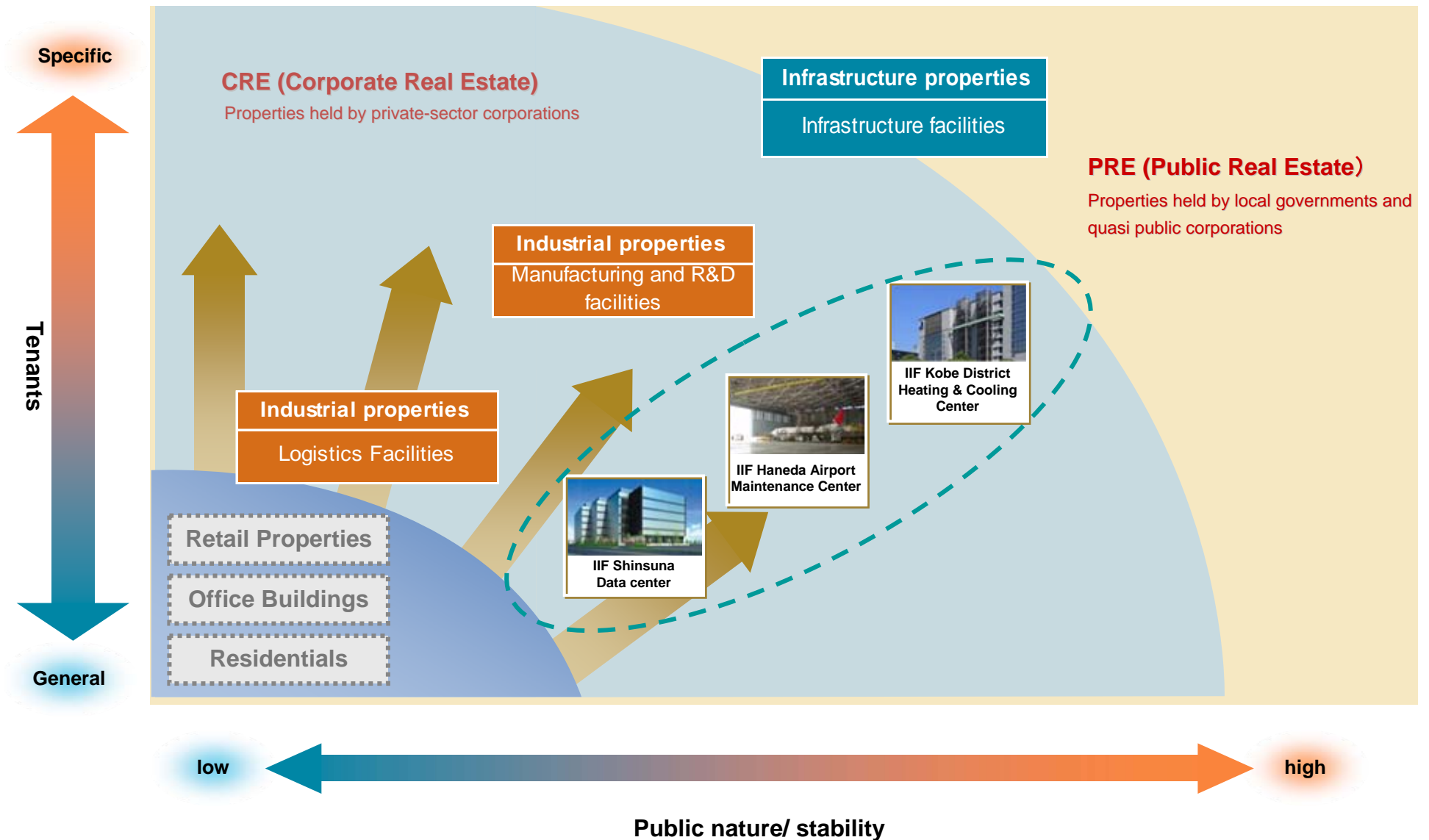


Note 1: The examples of infrastructure properties include those that we may acquire in the future but would be difficult to do so currently due to various regulatory restrictions

Note 2: Properties that are highlighted in red are properties that IIF has acquired/intends to acquire

Focus Area of investment property

- ▶ IIF focuses on investment in industrial and infrastructure properties that were overlooked by traditional J-REITs



Property Selection Policy and Location

Property Selection Policy

	Focus of Selection Policy		
Long-term usability	Future viability of the tenant's industry	Future viability of tenant's business	Long-term usability of the facility
Versatility	Suitability of the location for industrial or infrastructure facilities		General versatility of the location

Location

Location Category	Description
Urban and suburban properties	Properties located in Japan's three major urban areas ¹ , cities designated by government ordinance or similar areas
Industrial-area properties	Generally, properties located in industrial zones ² 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.

Note 1: 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.

Note 2: Industrial zones are defined in METI's Report of Industry Statistics.

Target Portfolio

Asset type	Location	Lease Term
Logistics, manufacturing and research and development facilities 50 ~ 80%	Urban, suburban and industrial area properties 80% or more	Less than 2 years 0 ~ 20%
Infrastructure facilities 20 ~ 50% (based on appraised value)	Other properties 20% or less (based on appraised value)	2 to 10 years 20 ~ 40%
		10 years or more 40 ~ 80% (based on rental revenue)
IIF also intends that at least 80% of its portfolio (based on appraised value) should consist of properties in operation.		

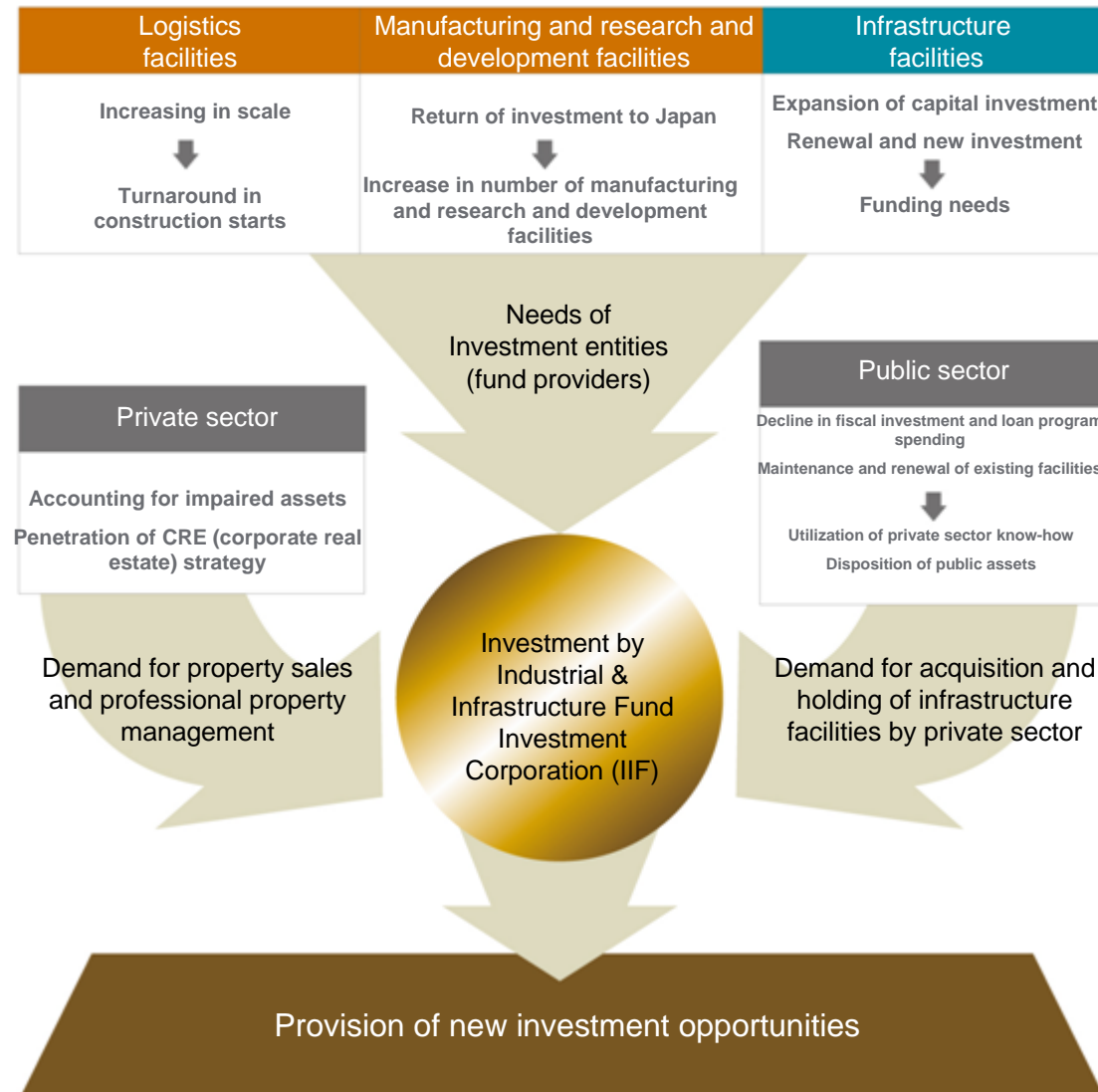
(Reference) Industrial zones that generate more than ¥1 trillion in shipments of manufactured products

▶ As of December 31, 2004, there were 236 industrial zones in Japan, of which 74 generated more than ¥1 trillion in shipments of manufactured products. The distribution of these 74 zones is as follows.



3. Future growth strategy

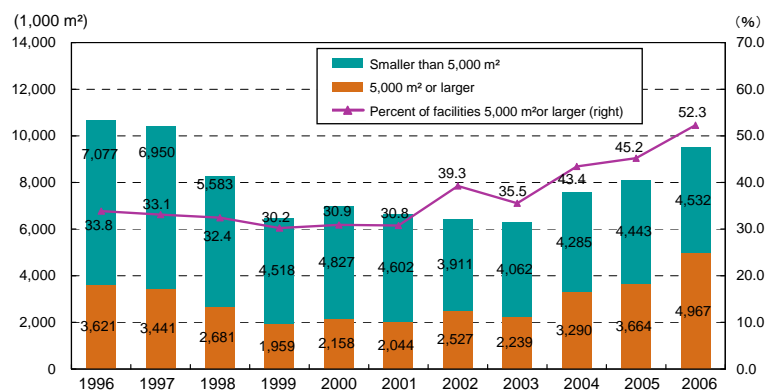
Market Opportunity in Industrial and Infrastructure Properties



Market Data for Industrial and Infrastructure Property

Floor Area of New Warehouse Construction

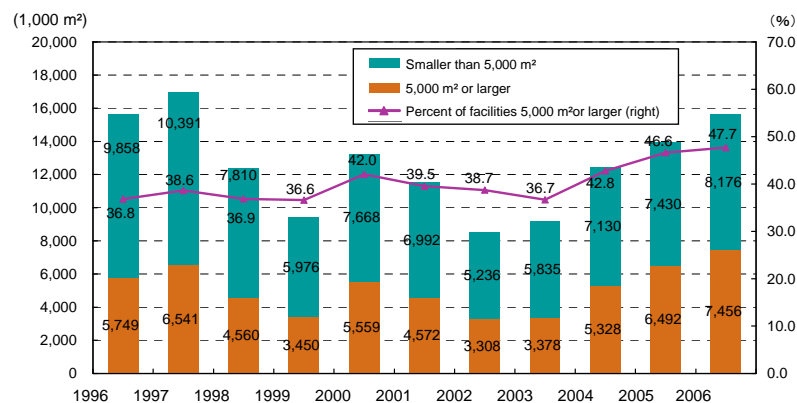
- Supported by the recovering economy, the floor area of warehouses constructed since 2003 has been increasing.



Source: Annual Report of Building Construction 2007, Ministry of Land, Infrastructure and Transport.

Floor Area of New Manufacturing Facility Construction

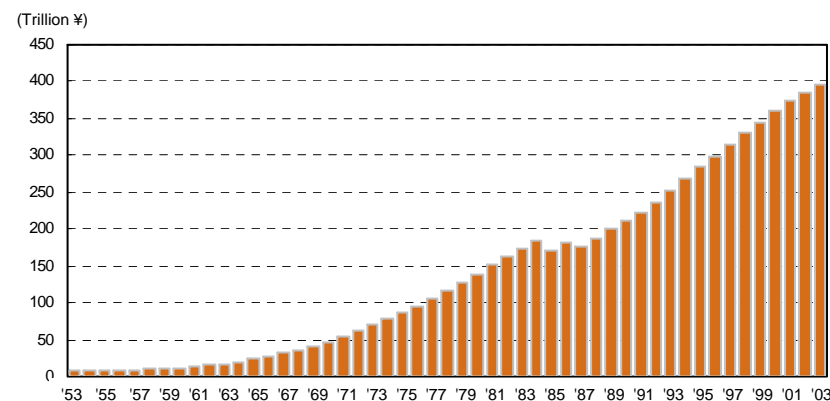
- The floor area of manufacturing facilities size by floor area constructed since 2002 has also been increasing with a growing proportion of facilities with a floor area of 5,000m² or larger.



Source: Annual Report of Building Construction 2007, Ministry of Land, Infrastructure and Transport.

Changes in Public Capital Stock

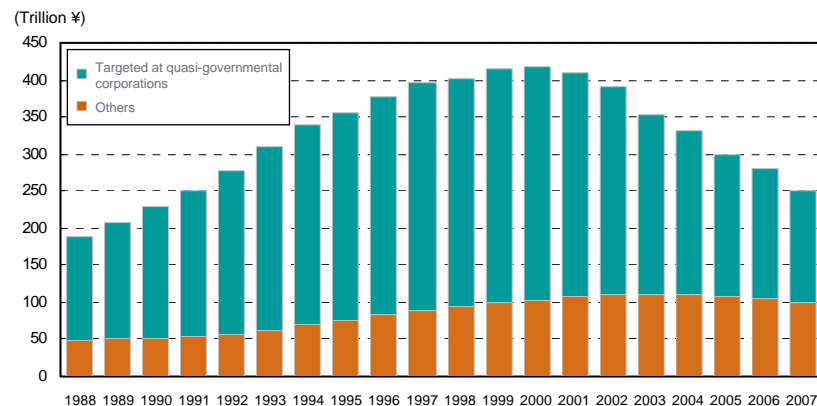
- According to an estimate by Japan's Cabinet Office, the amount of public capital stock in Japan has been steadily increasing and has reached a level slightly less than ¥400 trillion.



Source: Social Capital in Japan 2007, Director-General for Policy Planning, Cabinet Office.

Changes in Amount of Fiscal Investment and Loan Program Spending

- The balance and planned amount of the Japanese government's investment and loan program is trending downward, in line with the progress in reforms to the program that were implemented in 2001



Source: Fiscal Investment and Loan Program Report 2006, Finance Bureau, Ministry of Finance.

Social background of public infrastructure facilities

■ Organization for Revitalization of Regional Capabilities (Cabinet Office)

- ▶ Organization that the Cabinet Office aims to establish during FY2008 to support the business reorganization of medium-sized companies and quasi public corporations
- ▶ Capital contribution by the Japanese and municipal governments and by financial institutions
- ▶ The organization will acquire debt from financial institutions and dispatch staff with ample experience in company reorganization pre-conditional to a reorganization within 3 years

■ Law for Fiscal Revitalization of Local Governments (Ministry of Internal Affairs and Communications)

- ▶ Promulgated in June 2007 with the aim to establish a benchmark for financial health of local governments and ensure their thorough disclosure of information
- ▶ Mandatory examination of the ratios of required financial recovery and financial deficit of local governments and quasi public corporations by the audit committee and mandatory reporting of such results to the local assemblies
- ▶ If any of the relevant ratios of local governments/quasi public corporations should be below set benchmark, local assembly will order local government/quasi public corporation to draft a financial revitalization plan and check/report progress status every year

**May accelerate the sale of
loss making quasi public corporations**

**Potential asset sale by
local governments for voluntary improvement
of their financial position**

**Increased acquisition/ownership of public
infrastructure facilities by
private sector corporations**

Increased investment opportunities for IIF

External growth targets

- ▶ The total value of assets under management by this investment corporation is estimated to reach ¥107.1bn (based on the acquisition prices) as of the end of February 2008 and the target is to grow to ¥200bn after 3 years and ¥400bn after 5 years
- ▶ The cumulative number of deals brought to IIF through December 2007 reached approximately 250

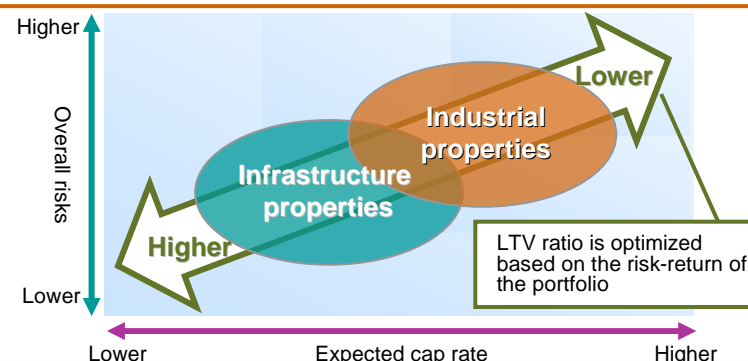


Financial strategy

Leverage strategy

- ▶ IIF comprehensively evaluates the LTV ratio of the overall portfolio^(note) by identifying the risk/return profile of the property to be acquired based on an analysis of the tenants' attributes (public nature, stability), details of leasing contracts, and category of location

Note : LTV ratio is the proportion of the liabilities to the value of total assets for the investment corporation; such liabilities consist of the amount of loans payable, the total amount of debt securities issued and the amount of security deposits or guarantee deposits received by this investment corporation (and/or incorporated into the trust property that is the source of the beneficiary rights this investment corporation currently holds)



Debt finance plan

- ▶ Early acquisition of credit rating to achieve favorable leasing terms
- ▶ Arrangement of versatile financing methods including issuing corporate bonds and CP
- ▶ Capital raising from mainly major domestic financial institutions
- ▶ If depreciation becomes large use cash retained after dividend payment on internal and external growth
- ▶ Effective use of tenant deposits

Details of loans

Type	Loan providers	Loan amount	Interest rate	Borrowing date	Repayment date	Loan/Repayment method
Short-term loans	Bk. of Tokyo MUFJ Mitsubishi UFJ T&B Sumitomo T&B Aozora Bank Chuo Mitsui T&B	¥15,000 mn	1.171670% ^(note)	Oct 19, 2007	Oct 20, 2008	Unsecured, un-guaranteed, bullet payment
Long-term loans	Bk. of Tokyo MUFJ Mitsubishi UFJ T&B Sumitomo T&B Aozora Bank	¥15,000 mn	1.211670% ^(note)	Oct 19, 2007	Oct 19, 2010	Unsecured, un-guaranteed, bullet payment

Note: Dec 29, 2007- Mar 31, 2008. Interest applicable from Apr 1, 2008 on will be decided on Mar 27, 2008

Sponsors' support

- ▶ Various types of support for external growth by Mitsubishi Corporation and other sponsors including warehousing

Internal growth strategy

Growth Strategy and Action Plan

Growth Strategy	<ul style="list-style-type: none"> ▶ Develop growth strategies based on characteristics of each asset category ▶ Work closely with each tenant to ensure its needs are being met
Action Plan	<ul style="list-style-type: none"> ▶ Expanding and refurbishing properties ▶ Maintain and improve both the rental income and occupancy rate of entire portfolio ▶ Efficient management and occasional revision of management costs

Measures for maintaining/improving rents

IIF Funabashi Logistics Center	Rent revision in Aug 2010 and every 3 years after that based on CPI fluctuations
IIF Noda Logistics Center	For this building, 3 fixed-term building lease contracts with the following 3 riders are signed ① Rent revision in Mar 2009. Revision to be based on nominal GDP fluctuations ② Rent revision in Apr 2011 and every 5 years after that based on nominal GDP fluctuations
IIF Atsugi Logistics Center	Rent revision due in Dec 2011. Revised rent will be determined based on CPI change

Expansion of facilities

- ▶ Many of IIF's properties have some room for internal growth through expansion as buildings are built below designated floor area ratio

Case study of IIF Nishinomiya Logistics Center



Design assumes further expansion going forward

4. Portfolio summary as of the end of Dec. 2007

Portfolio Map (as of the end of Dec. 2007)



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-8 IIF Nishinomiya Logistics Center



I-1 Kobe District Heating and Cooling Center



L-7 IIF Koshigaya Logistics Center

Initial Portfolio Overview (as of the end of Dec. 2007)

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 (㎡)	Occupancy Rate ⁶ (%)	PML ⁷ (%)	Major Tenants
Industrial Property	L-1	IIF Shinonome Logistics Center*	Koto Ward, Tokyo	Feb, 2006	13,700	20.8	5.3	15,000	21.1	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	12.1	6.1	8,580	12.1	40,884.25	100.0	4.1	Vantec Corporation
	L-3	IIF Funabashi Logistics Center	Funabashi, Chiba	Jul, 2007	9,000	13.6	6.3	10,400	14.6	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	9.8	6.0	7,110	10.0	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	8.0	5.5	5,790	8.1	5,741.75	100.0	6.4	Sagawa Express Co., Ltd.
	L-6	IIF Atsugi Logistics Center	Atsugi, Kanagawa	Jan, 2005	2,100	3.2	6.2	2,300	3.2	10,959.68	100.0	8.7	Mitsubishi Corporation LT, Inc.
	L-7	IIF Koshigasya Logistics Center	Koshigaya, Saitama	Sep, 1985	2,000	3.0	6.7	2,190	3.1	10,113.50	100.0	2.6	Logione Co., Ltd.
	L-8	IIF Nishinomiya Logistics Center	Nishinomiya, Hyogo	May, 1997	1,300	2.0	7.4	1,510	2.1	10,608.00	100.0	9.1	Suzuyo & Co., Ltd.
Sub Total of Industrial Properties					47,900	72.6	5.9	52,880	74.3	186,964.57	100.0	—	
Infrastructure Property	I-1	IIF Kobe District Heating and Cooling Center	Kobe, Hyogo	Apr, 1990	18,100	27.4	3.8	18,300	25.7	11,189.36	97.7	4.2	Osaka Gas Co., Ltd.
	Sub Total of Infrastructure Properties					18,100	27.4	3.8	18,300	25.7	11,189.36	97.7	—
Total					66,000	100.0	5.3	71,180	100.0	198,153.93	99.9	—	

1: Prefix indicates the property category (L for logistics facilities, F for manufacturing and research and development facilities and I for infrastructure facilities). Each category is numbered accordingly.

2: As described in the property register.

3: "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.

4: Appraisals are as of Dec 31, 2007.

5: Leasable area as described in the relevant lease agreements.

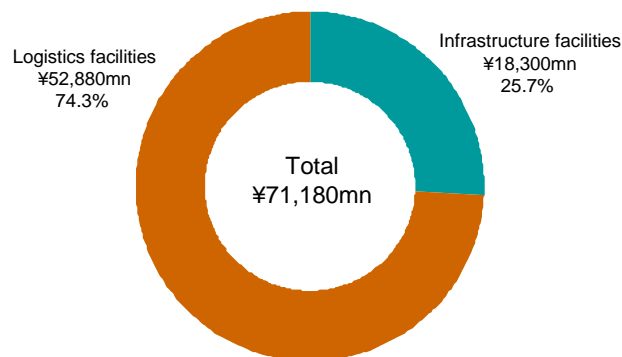
6: Occupancy rate is expressed as a percentage of the total leasable area that will actually be occupied, rounded to the nearest tenth.

7: 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

8: 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.

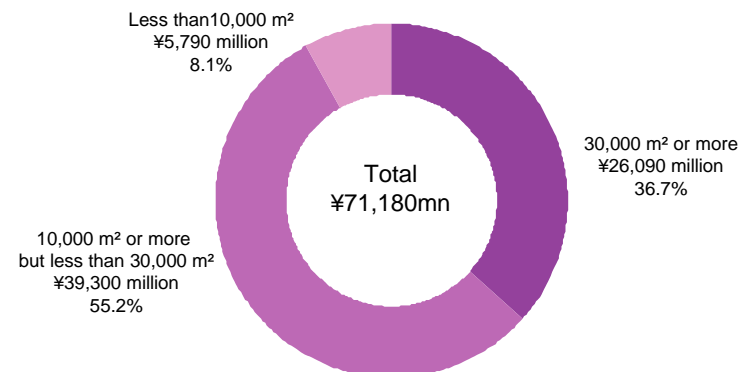
Portfolio Diversification (as of the end of Dec. 2007)

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



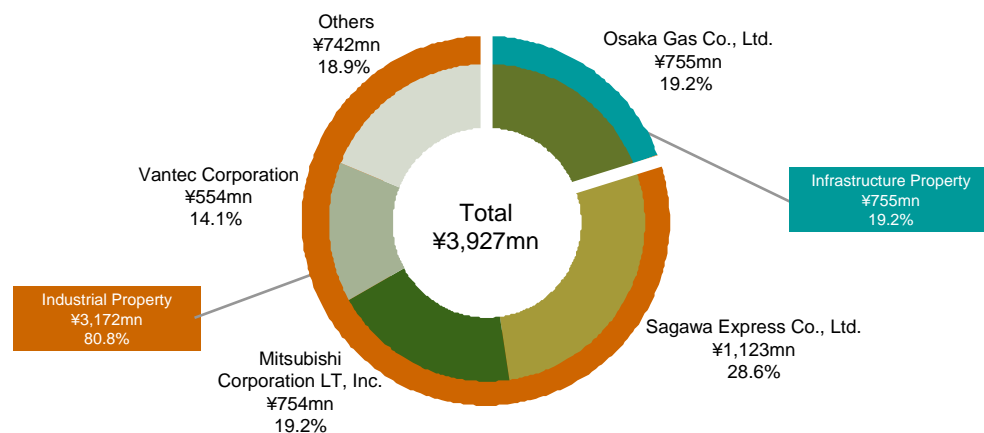
Note: Percentage is expressed as a percentage of the aggregate appraised value of the initial portfolio, rounded to the nearest tenth.

Portfolio Composition based on Leasable Area (based on appraised value)



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

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

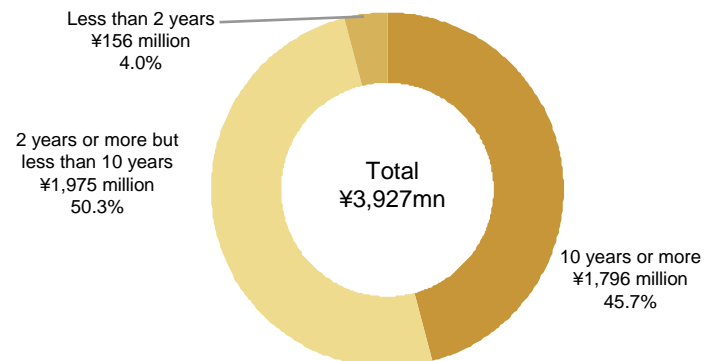


Note 1: Calculated as aggregate anticipated monthly rent multiplied by twelve and rounded to the nearest million yen

Note 2: 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)



Note 1: Lease term remaining from December 31, 2007.

Note 2: Calculated as the aggregate anticipated monthly rent multiplied by twelve and rounded to the nearest million yen.

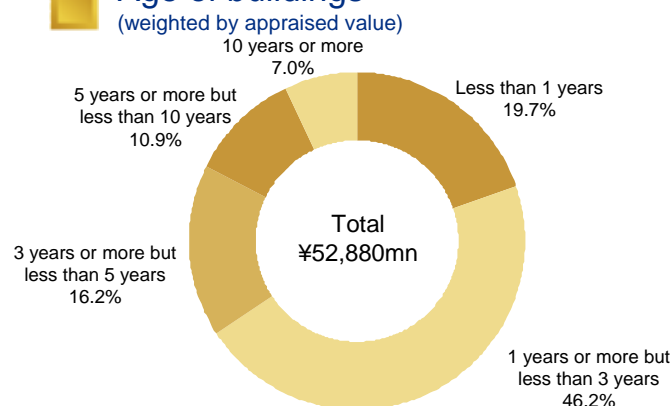
Note 3: Percentages indicate anticipated annual rent of the relevant properties expressed as a percentage of the aggregate anticipated annual rent of the initial portfolio, rounded to the nearest tenth.

Competitive advantages of the Logistics property portfolio

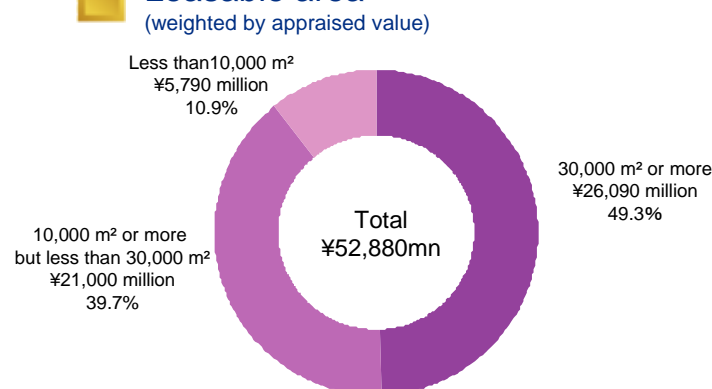
Competitive advantages of the logistics property portfolio

- For logistics properties, location is the most critical factor. IIF's properties are of high competitive advantage as they are located near major roads and their interchanges, and areas with good access from residential areas which allows us to source personnel easily
- Four advantages of IIF's logistics property portfolio are ① Newly-built ② large in size ③ appropriate acquisition price ④ high security
- IIF's logistics property portfolio is comprised of properties that were acquired/developed through cooperation with Mitsubishi Corporation. Therefore, even under current fierce competition, there is ample room for external growth by sourcing and acquiring new properties through the vast network of a major trading company

Age of buildings



Leasable area



Note: The appraisal value is equal to the appraisal value as of December 31, 2007

Overview of Logistics facilities portfolio

Property Number1	Property Name	Anticipated Acquisition Price (million yen)	Appraisal Value (million yen)	PML	Near interchange	Distance from IC
L-1	IIF Shinonome Logistics Center	13,700	14,400	4.6%	Shinkiba	3km
L-2	IIF Musashi Murayama Logistics Center	8,000	8,250	4.1%	Iruma	12km
L-3	IIF Funabashi Logistics Center	9,000	9,890	5.2%	Wangan-Ichikawa	2km
L-4	IIF Noda Logistics Center	6,500	6,910	0.3%	Kashiwa	5km
L-5	IIF Shinsuna Logistics Center	5,300	5,570	6.4%	Shinkiba	6km
L-6	IIF Atsugi Logistics Center	2,100	2,210	8.7%	Atsugi	3km
L-7	IIF Koshigasya Logistics Center	2,000	2,090	2.6%	Soka	6km
L-8	IIF Nishinomiya Logistics Center	1,300	1,450	9.1%	Nishimiyahama	0km
合計		47,900	50,770			

Note: Appraisal values are at the date of acquisition

Total acquisition cost was 5.7% lower than appraisal price

Low PML

Overview of major property

I-1 IIF Kobe District Heating and Cooling Center



- ▶ This facility is a complex containing the heating and cooling facilities for the Kobe Harborland District and several offices. The lower levels are mainly used as the machinery rooms for heating and cooling of the district, and the upper level office spaces and underground parking facility are leased to Osaka Gas Co., Ltd., which uses the office spaces as its sales office and the underground parking facility for sales office vehicles.
- ▶ Kobe District Heating and Cooling Center's machine house is subleased by tenant Osaka Gas to its 100% subsidiary Gas and Power Investment (sublessee) who uses the plant facilities of the property (absorption chiller, turbo chiller, gas fired steam boiler etc) to generate steam and chilled water provided to the facilities of customers in Kobe Harborland area through regional ducts
- ▶ Facilities receiving their services include office buildings and retail facilities in Harborland area, and subway Harborland station

(*) the plant facilities of Kobe District Heating and Cooling Center are not owned by IIF

Map



Map (Close up)



Area to which heat is supplied



Steam boiler



Refrigerating machine



Pipeline for DHC

Property Data

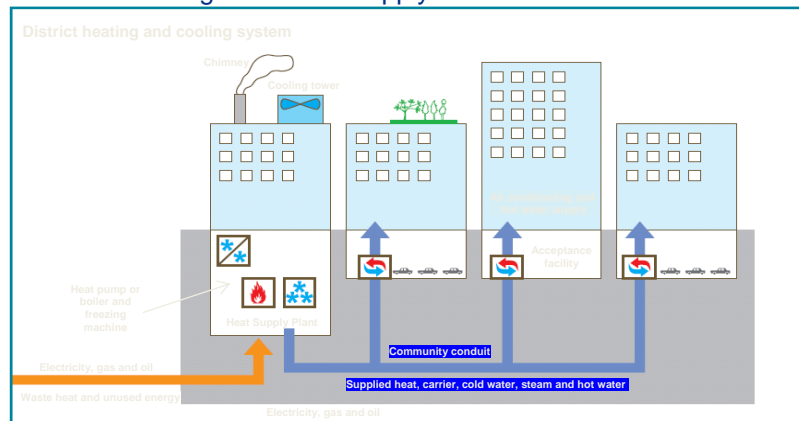
Acquisition date	October, 2007
Acquisition price	¥18,100 million
Location	Kobe, Hyogo
Land area ¹	6,002.21 m ²
Total floor area ²	54,485.71 m ²
Year constructed	April 12, 1990
Tenant	Osaka Gas Co., Ltd.

Note 1: The building is jointly owned by two owners, and the lot area and total floor area of the building include the total those owned by both owners

Note 2: The exclusively owned area is the area IIF acquired

(Reference) Overview of District Heating and Cooling Centers

Basic outline of general heat supply business



Source: Ministry of Land, Infrastructure and Transport

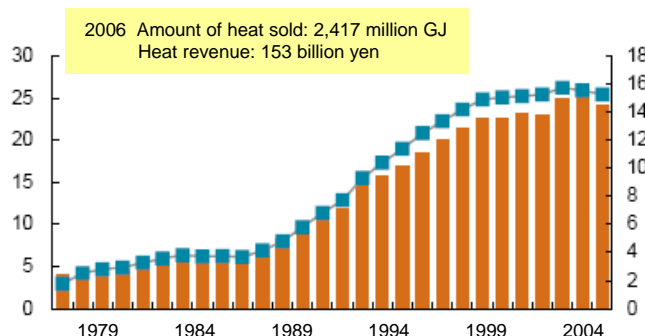
District Heating and Cooling Centers use gas, electricity, oil or heat from the exhaust of factories to supply central heating/air conditioning to buildings/facilities within a defined area.

Providers of district heating and cooling using such facilities (heat suppliers) require prior approval for each service area and in return are granted regional monopolies under the heat supply business law.

No discontinuance or termination of business at the discretion of the operator is possible as discontinuance or termination requires approval by the Minister of Economy, Trade and Industry.

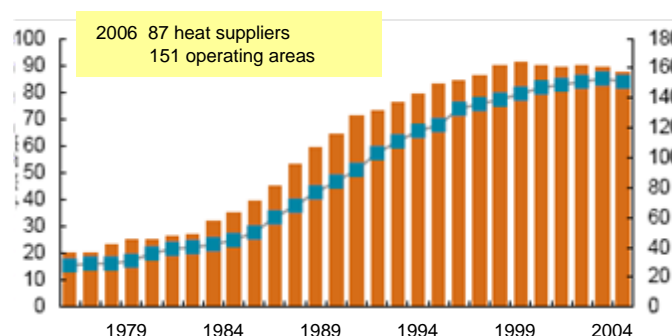
- Ensured of no competition by new entrants in areas with established operators, and stable cashflow
- Heat suppliers are legally bound to continue their businesses and therefore the risk of their moving out is quite limited

Size of the district heat supply market



Source: Japan Heat Service Utilities Association "Heat Supply Business Bulletin, 2007"

Size of the district heat supply market and operating areas



Top 10 heat suppliers

Heat Supplier	Amount of heat sold	The number of supply areas
Energy Advance Co., Ltd.	3,573,720	15
Marunouchi Heat Supply Co., Ltd.	1,794,581	5
Tokyo Toshi Service	1,376,500	16
Gas and Power Investment co., Ltd.	1,304,493	9
Tokyo Rinkai Heat Supply Corporation	1,054,803	1
MM21 DHC Co., Ltd.	933,210	1
Hoku Netsu Corporation	897,279	2
Osaka Rinkai Energy Service Corporation	702,933	4
Roppongi Energy Service	674,925	1
Tokyo Heat Supply Corporation	654,358	5
Total of top 10 suppliers	12,966,802	59

Source: Created by NRI "Heat Supply Business Bulletin, 2006"

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

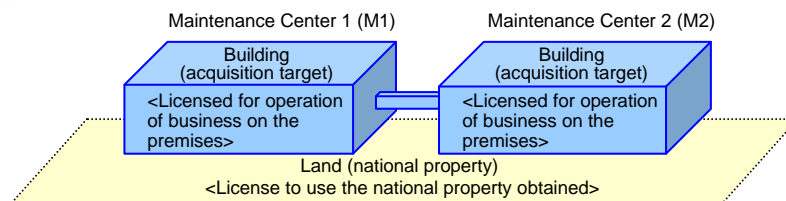
Maintenance Center 1 (M1)



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

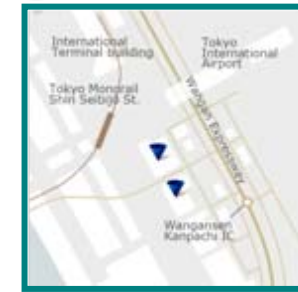
Key property selection criteria

- ▶ 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): 49,823.52m ² (attached building): 159.81m ² Maintenance Center 2 (main building): 31,940.32m ² (attached building): 72.16m ²
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 price listed on the sales contract

Overview of the properties that we plan to acquire in 3rd Period or later

IIF Shinsuna Data Center



This sketch is a computer-generated rendition based on design drawings and may differ from the actual facility.

- ▶ The property is mainly used as a data center (DC). Generally, DCs are IT-only facilities that house the IT systems (servers) of clients including financial and information service companies, companies providing corporate statistics data, academic research institutes, and governmental agencies and aimed to fill their needs for IT and increased efficiency in a flexible way. Considering all this, construction structure and equipment of DCs are expected to be highly durable, robust, precise, and able to supply enough electric power
- ▶ The above property is equipped with the latest-state-of-the-art-technology and has high competitiveness in the market as it has access to extra high voltage electricity, UPS (uninterruptible power supplies) with 2,000–2,400kVA capacity on each floor, and floor load of 1,000kg/m²(equipment room), and 2,500kg/m²(switch room)
- ▶ 1 floor comprised of approx. 1,000tsubo(3,300m²) GFA. Enough space left at completion of construction for server add-ons for potential expansion and reinforcement in the future

Property selection criteria

- ▶ Continuing need for such industrial properties —DC demand continues to be strong such as DCs are critical components of the network infrastructure
- ▶ Business continuity—fixed line network critical for a successful business
- ▶ Facility sustainability —equipped with state-of-the-art DC equipment, good access to transportation, and competitive location
- ▶ Versatility—versatility of the facility as a DC is quite high as it is located very close to a retail center and residential areas

Map



Map (Close up)



Anticipated Acquisition date ¹	August, 2008
Anticipated Acquisition price ²	¥15,198 million
Location	Koto ward, Tokyo
Land area	8,041.93 m ²
Total floor area ³	20,503.98 m ²
Construction completion	August, 2008 (Planned)
Tenant	SoftBank Telecom Corp.

Note 1: This property is currently under construction and we expect to acquire it after completion.

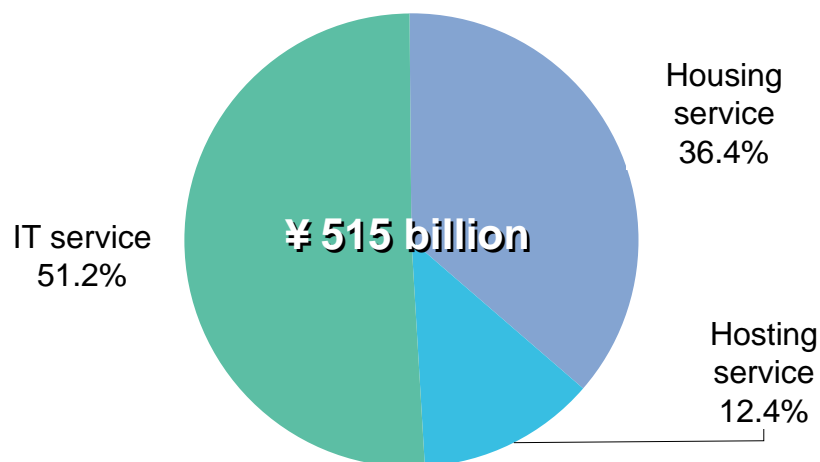
Note 2: Based on expected development cost. If the actual cost is lower than expected, the acquisition price will be discounted by the difference.

Note 3: Based on the building certification, because the property is currently under construction.

Reference: Data center sector trends

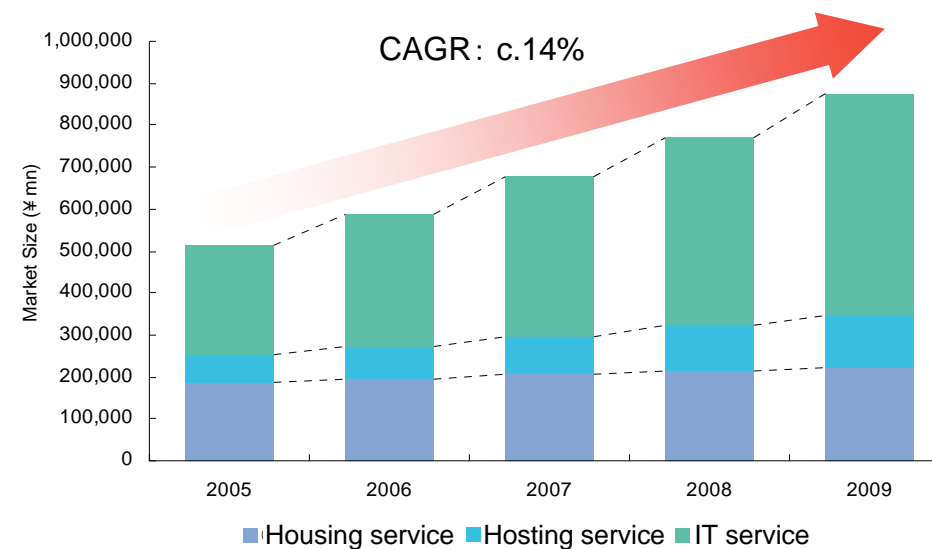
- ▶ DC market size as of 2005 was ¥514.8bn but expected to grow by 14% CAGR to ¥875.4bn in 2009, driven by increasing demand for business continuity management and disaster recovery by financial and industrial businesses
- ▶ For selection of DCs, it is critical to satisfy the following criteria: ① Location (large demand for facilities located in Tokyo Metropolitan Area), ② Hardware (quake-resistant building, back-up power), ③ Software (Information Security Management System)
- ▶ Shinsuna Data Center satisfies all the above stated criteria as it is located in Central Tokyo with good access from the nearest station (six minutes walk from Subway Tozai Line Minami-Suna Station), and is also a new building with enough space for server add-ons which we believe will ensure that the tenant will be highly satisfied with the property

■ Data center market size (2005)



Source: IDC Japan

■ Data center market size forecast



Source: IDC Japan

5. Details of the results for the Dec. 2007 (1st) Period

Income Statement for the Dec. 2007 (1st) Period

	Dec. 2007 Period	
	Amount	%
	'000 yen	%
I Operating revenue		
Rental revenue	806,276	100.0
II Operating expenses		
Other operating expenses	281,448	
Other operating expenses	89,331	
Directors' fees	8,730	
Asset management fees	2,952	
General administration fees	9,306	
Other	32,206	52.6
Operating Income	382,301	47.4
III Non-operating revenue		
Interest revenue	436	
Other	3,669	0.5
IV Non-operating expenses		
Interest expense	68,029	
Finance related cost	10,937	
Offering costs	17,138	
Depreciation of establishing costs	100,000	
Other non-operating expenses	5,134	24.9
Recurring Profit	185,167	23.0
Income before income taxes		23.0
Income, inhabitant and corporate tax	1,569	
Tax adjustments	△33	0.2
Net Income	183,630	22.8
Retained earnings	183,630	

Note: The Dec. 2007 period runs from Mar. 26, 2007 to Dec. 31, 2007 (281 days)

Balance Sheet as of the end of Dec. 2007 (1st) Period

	Dec. 2007 Perbd	
	Amount	%
Assets	'000 yen	%
I Current assets		
Cash and cash equivalents	3,182,326	
Entrusted cash and deposits	1,044,190	
Rental receivables	9,792	
Prepaid expenses	46,569	
Deferred tax assets	33	
Account receivable	1,701	
Consumption tax refundable	1,521,937	
Other current assets	798	
Total current assets	5,807,348	8.0
II Non-current Assets		
1. Property and equipment at cost		
Buildings		
Accumulated depreciation	29,293,711	
Building improvements		
Accumulated depreciation	585,909	
Land	36,940,337	
Net property and equipment	66,819,959	91.6
2. Investments		
Lease deposit	10,000	
Long-term prepaid expenses	95,259	
Total investments	105,259	0.1
Total Non-Current Assets	66,925,218	91.7
III Deferred Assets		
Issuance costs of investment unit	188,519	
Total deferred assets	188,519	0.3
Total assets	72,921,086	100.0

	Dec. 2007 Perbd	
	Amount	%
Liabilities	'000 yen	%
I Current Liabilities		
Account payable	4,098	
Short-term debt	15,000,000	
Accrued liabilities	187,494	
Accrued expenses	3,067	
Accrued income taxes	1,552	
Rent received in advance	358,914	
Other	37,989	
Total Current Liabilities	15,593,117	21.4
II Non-current liabilities		
Long-term debt	15,000,000	
Tenant leasehold and security deposit	5,459,728	
Other	155,240	
Total Non-current liabilities	20,614,968	28.3
Total Liabilities	36,208,086	49.7
Unitholders' Equity		
I Total investment		
1. Unit holders' capital		
Unitholders' capital	36,529,370	50.1
2. Retained earnings		
Retained earnings	183,630	
Total Retained earnings	183,630	0.2
Total unitholders' equity	36,713,000	50.3
Net Assets	36,713,000	50.3
Total liabilities and Unitholders' equity	72,921,086	100.0

Note: The Dec. 2007 period runs from Mar. 26, 2007 to Dec. 31, 2007 (281 days)

Cashflow Statement for the Dec. 2007 (1st) Period

	Dec. 2007 Period
	000 yen
I Cash Flow from Operating Activities	
Income before income taxes	185,167
Depreciation	257,559
Amortization of offering costs	17,138
Interest revenue	△436
Interest expense	68,029
Increase/Decrease in Rental receivables	△9,792
Increase/Decrease in Account receivables	△1,701
Increase/Decrease in Consumption tax refundable	△1,521,937
Increase/Decrease in Prepaid expenses	△46,569
Increase/Decrease in Long-term prepaid expenses	△95,259
Increase/Decrease in Account payable	4,098
Increase/Decrease in Accrued liabilities	105,619
Increase/Decrease in Accrued expenses	129
Increase/Decrease in Rent received in advance	358,914
Increase/Decrease in Other non-current liabilities	155,240
Other	37,191
Sub-total	△486,608
Interest received	436
Interest paid	△65,090
Tax paid	△17
Net Cash from Operating Activities	△551,280
II Cash Flow from Investing Activities	
Purchase of property and equipment	△67,004,894
Proceeds from Tenant leasehold and security deposits	5,461,978
Payment of Tenant leasehold and security deposits	△2,250
Payment of Lease deposit	△10,000
Net Cash used in Investment Activities	△61,555,165
III Cash Flow from Financing Activities	
Proceeds from short-term debt	15,000,000
Proceeds from long-term debt	15,000,000
Proceeds from issuance of investment units	36,529,370
Payment of issuance costs	△196,406
Net Cash from Financing Activities	66,332,963
IV Net change in cash and cash equivalents	4,226,517
V Cash and cash equivalents at beginning of period	—
VI Cash and cash equivalents at end of period	4,226,517

Note: The Dec. 2007 period runs from Mar. 26, 2007 to Dec. 31, 2007 (281 days)

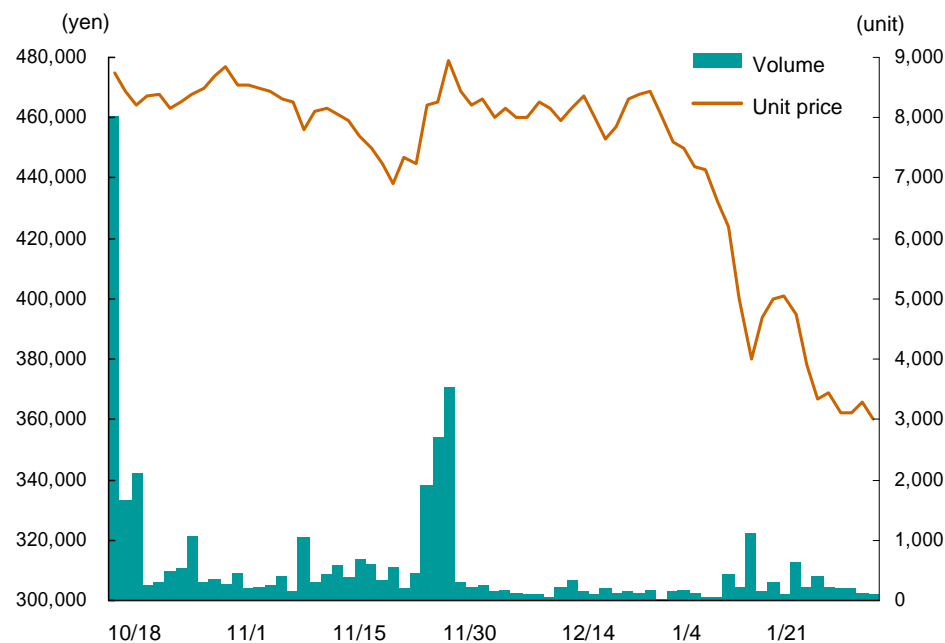
Earnings performance by property

Items		Results(From Oct. 9, 2007 to Dec. 31, 2007)									Results as of the end of 1st period
		L1 (Shinonome)	L2 (Musashi)	L3 (Funabashi)	L4 (Noda)	L5 (Shinsuna)	L6 (Atsugi)	L7 (Koshigasya)	L8 (Nishinomiya)	I1 (Kobe)	
Income	Rental revenue	160	112	126	91	66	30	30	24	152	791
	Other income	0	0	9	5	0	0	0	0	1	15
	Total property income	160	112	135	96	66	30	30	24	153	806
Cost	Property management fees	0	1	2	2	0	0	0	0	0	5
	Facilities management	0	0	6	3	0	0	0	0	1	10
	Tax and public charges	0	0	0	0	0	0	0	0	0	0
	Other property expenses	1	1	1	1	1	1	1	1	1	9
	Maintenance expense	0	0	0	0	0	0	0	0	0	0
	Total expenses	1	2	9	6	1	1	1	1	2	24
NOI		159	110	126	90	65	29	29	23	151	782
Depreciation and amortization		24	44	59	30	7	16	9	6	63	258
Operating profit		136	66	66	59	58	13	20	18	88	524
Rental deposits		1,458	274	313	225	84	75	23	90	2,494	5,035
Guaranteed deposits		0	0	0	0	386	0	0	0	0	386
Deposits (ending balance)		1,458	274	313	225	470	75	23	90	2,494	5,421

6. Overview of IIF and the Asset Manager

IIF Unit price performance

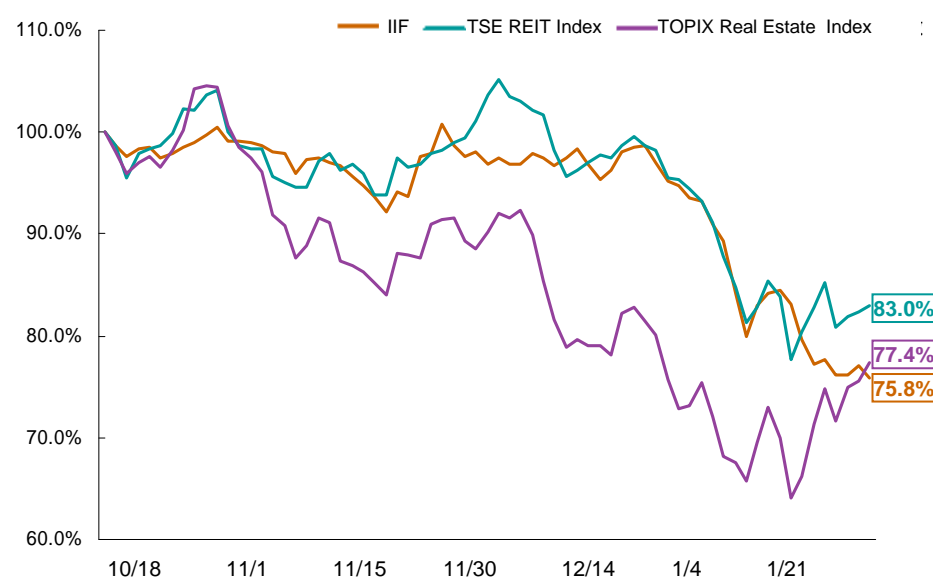
IIF Unit price performance (to Jan 2008)^(Note)



IPO offering price	¥480,000	
High	¥479,000	(Nov 30, 2007)
Low	¥360,000	(Jan 31, 2008)
Unit price (simple average)	¥445,391	(as of Jan 31, 2008)
Total volume	39,093 units	(as of Jan 31, 2008)
Average daily trading volume	567 units	(as of Jan 31, 2008)

Note : based on closing price
Source: Bloomberg

Comparison of price performance (up to Jan 2008)^{1,2}



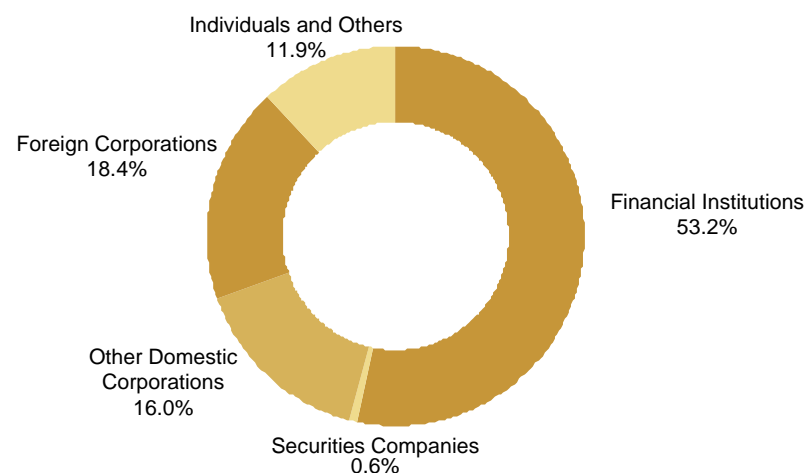
Note 1: based on closing price

Note 2: rebased to closing price on Oct 18, 2007 = 100%

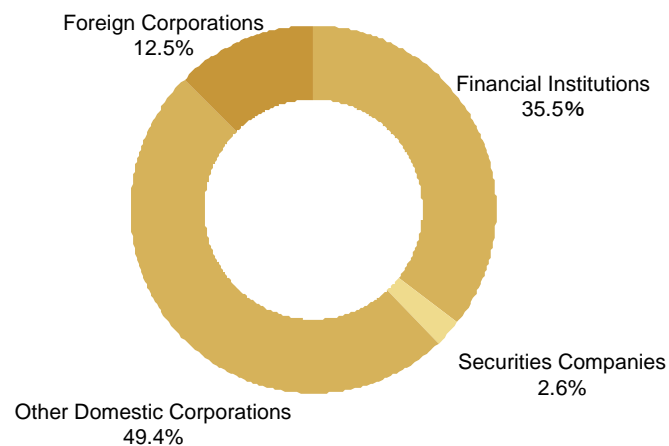
Source: Bloomberg

Analysis of unitholder attributes

Breakdown of units by investor type based on number of shares



Breakdown of investors by investor type based on number of investors



Note: This graph excludes individuals and others

Top 20 investors as of the end of Dec. 2007

Ranking	Investor name	# of units	Ownership (%)
1	Mitsubishi Corporation	9,600	12.14
2	NikkoCiti Trust and Banking Corporation (Investment trust account)	5,412	6.84
3	UBS AG London Japan Seed Capital Funding	5,200	6.57
4	Development Bank of Japan	5,000	6.32
5	North Pacific Bank	3,205	4.05
6	Japan Trustee Services Bank (Trust Account)	3,058	3.86
7	Goldman Sachs International	1,558	1.97
8	The Master Trust Bank of Japan (Trust account)	1,445	1.82
9	Trust & Custody Services Bank (Securities investment trust account)	1,189	1.50
10	Trust & Custody Services Bank (Money trust account, taxable)	1,154	1.46
11	JP Morgan Chase Bank 385058	1,000	1.26
12	Asahi Fire & Marine Insurance	1,000	1.26
13	CBHK-Cogent-Optimix Wholesale AUS Prop Sec TR (Challenger)	926	1.17
14	Date Shinkin Bank	802	1.01
15	The Bank of New York JASDEC Treaty Account	778	0.98
16	American Life Insurance Company (GAL)	608	0.76
17	Mitsubishi Corp.-UBS Realty Inc.	600	0.75
18	JP Morgan Chase Bank 385078	585	0.74
19	Ogaki Kyoritsu Bank, Ltd.	539	0.68
20	UBS AG London A/C IPB Non Seg Account	525	0.66
Total		44,184	55.80

Overview of Asset Manager

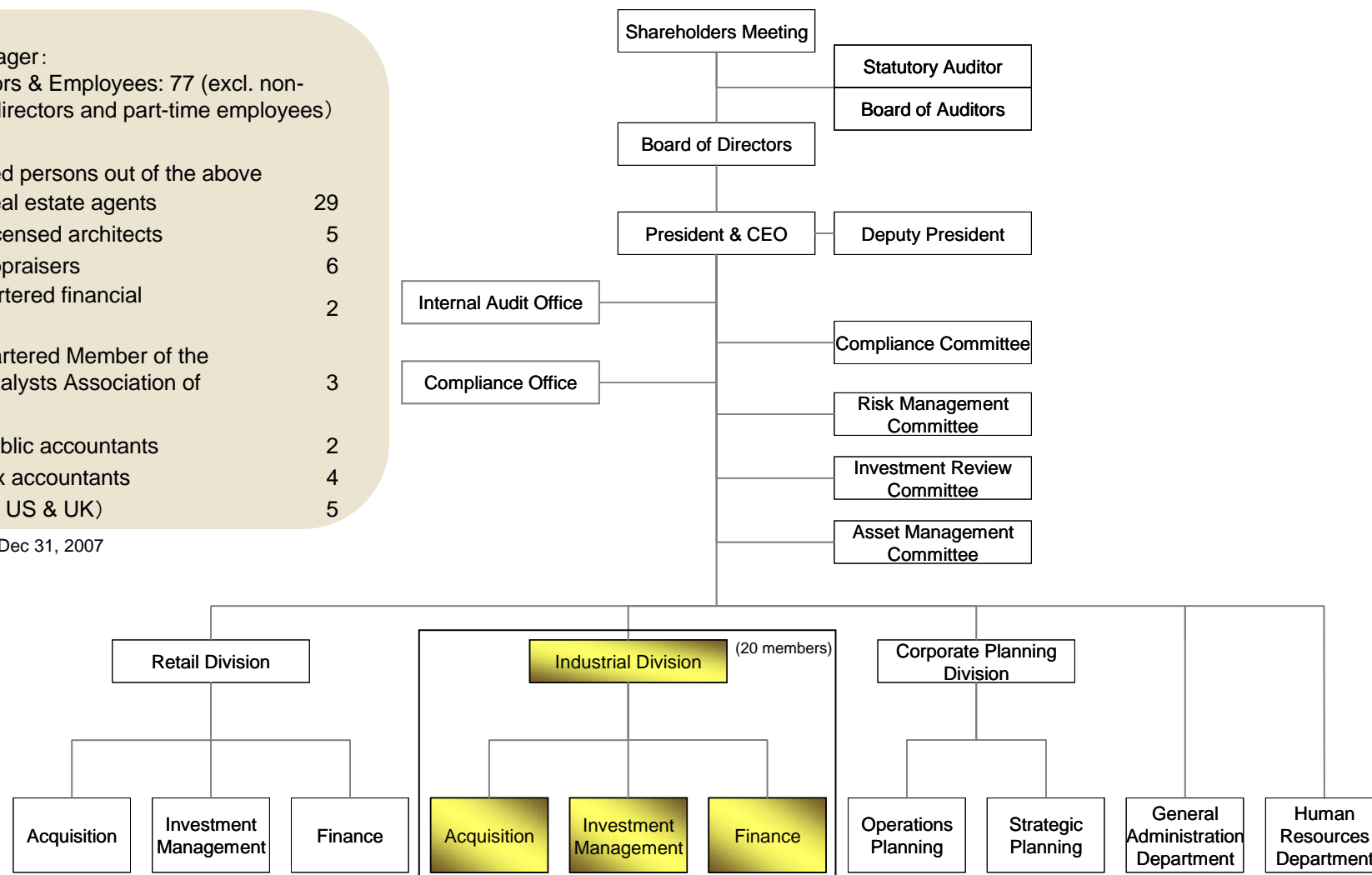
Asset Manager:

of Directors & Employees: 77 (excl. non-executive directors and part-time employees)

of licensed persons out of the above

Licensed real estate agents	29
1st-class licensed architects	5
Property appraisers	6
CFAs (Chartered financial analyst)	2
CMAs (Chartered Member of the Security Analysts Association of Japan)	3
Certified public accountants	2
Certified tax accountants	4
MBAs (incl. US & UK)	5

(Note) as of Dec 31, 2007



Reference material

Overview of other portfolio properties

Overview of Portfolio①

L-1 IIF Shinonome Logistics Center



Map



Map (Close up)



▶ The Shinonome Logistics Center is a relay center operated by Sagawa Express Co., Ltd., one of Japan's major transportation companies, and it functions as a combined sales center and mail center for express delivery business. It is among the largest of Sagawa Express's distribution facilities

Acquisition date	October, 2007
Acquisition price	¥13,700 million
Location	Koto Ward, Tokyo
Land area	30,283.33m ²
Total floor area	34,415.56 m ²
	11.42 m ²
Year constructed	February 8, 2006
Tenant	Sagawa Express Co., Ltd.

Note: Shinonome Logistics Center *Tokutei Mokuteki Kaisha* and IIF own 47% and 53% of the beneficiary interest of the real estate trust, respectively, and have entered into an inter-beneficiary agreement.

L-2 IIF Musashi Murayama Logistics Center



Map



Map (Close up)



▶ The IIF Musashi Murayama Logistics Center is operated by Vantec Corporation and serves as a distribution center primarily for large beverage manufacturers. The single-tenant facility consists of four floors (including three floors of storage) with two elevated drive-up berths. With three freight elevators and 14 vertical conveyors, the facility provides high-efficiency vertical storage capability.

Acquisition date	October, 2007
Acquisition price	¥8,000 million
Location	Musashi Murayama, Tokyo
Land area	32,745.39m ²
Total floor area	40,884.25m ²
Year constructed	July 8, 2003
Tenant	Vantec Corporation

Overview of Portfolio②

L-3 IIF Funabashi Logistics Center



Map



Map (Close up)



▶ The IIF Funabashi Logistics Center is a large-scale logistics facility to be leased by Mitsubishi Corporation LT, Inc. that will have Sagawa Global Logistics Co., Ltd. and a leading clothing manufacturer as its main cargo owners. Because the facility has office space on both the eastern and western sides of the facility, it would be possible to lease it to two separate tenants in the future

Acquisition date	October, 2007
Acquisition price	¥9,000 million
Location	Funabashi, Chiba
Land area	26,607m ²
Total floor area	Main building: 42,176.24m ² Attached building: 4.00m ²
Year constructed	July 19 2007
Tenants	Sagawa Global Logistics Co., Ltd. Mitsubishi Corporation LT, Inc.

L-4 IIF Noda Logistics Center



Map



Map (Close up)



▶ This property has four floors (three floors in the warehouse part). It serves as a multi-tenant facility that can be partitioned into sections with a total floor space large enough to meet the space demands of four tenants.

Acquisition date	October, 2007
Acquisition price	¥6,500 million
Location	Noda, Chiba
Land Area	26,551.63m ²
Total floor area	38,828.10m ²
Year constructed	March 17, 2006
Tenants	Mitsubishi Corporation LT, Inc. Mitsubishi Electric Logistics Corporation

Overview of Portfolio③

L-5 IIF Shinsuna Logistics Center



Map



Map (Close up)



▶ This property was constructed in accordance with the building specifications with an emphasis on ensuring efficiency of distribution operations and speedy sorting and shipment. It also has a waiting/parking space on the rooftop. Currently Sagawa Express Co., Ltd. uses this facility as a delivery center for the Taito Ward area.

Acquisition date	October, 2007
Acquisition price	¥5,300 million
Location	Koto Ward, Tokyo
Land area	15,615.00m ²
Total floor area	Main building: 5,620.97m ² Attached building: 120.78m ²
Year constructed	June 12, 1998
Tenant	Sagawa Express Co., Ltd.

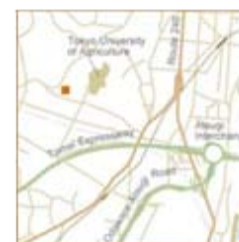
L-6 IIF Atsugi Logistics Center



Map



Map (Close up)



▶ This property has highly vertical capacity and versatility, and it is available for handling various items. It is currently leased to Mitsubishi Corporation LT, Inc., which mainly deals with miscellaneous daily goods.

Acquisition date	October, 2007
Acquisition price	¥2,100 million
Location	Atsugi, Kanagawa
Land area	5,648.48m ²
Total floor area	10,076.58m ²
Year constructed	January 31, 2005
Tenant	Mitsubishi Corporation LT, Inc.

Overview of Portfolio④

L-7 IIF Koshigaya Logistics Center



Map



▶ This is a single tenant distribution center with a two-storey warehouse (partial office space on the third floor) and can be used as a large-scale distribution facility to take over other facilities for consolidation. Currently leased to LOGIONE Co., Ltd., a subsidiary of The Daiei, Inc.

Map (Close up)



Acquisition date	October, 2007
Acquisition price	¥2,000 million
Location	Koshigaya, Saitama
Land area	8,581.86m ²
Total floor area	9,688.47m ²
Year constructed	September 30, 1985
Tenant	Logione Co., Ltd.

L-8 IIF Nishinomiya Logistics Center



Map



▶ This is the only warehouse facility operated by Suzuyo & Co., Ltd. in the Kansai region. Suzuyo & Co., Ltd operates a national network of about 100 warehouses with a total floor area of more than 580,000 m2. This facility provides distribution services to various domestic shippers of processed foods, food materials, etc.

Map (Close up)



Acquisition date	October, 2007
Acquisition price	¥1,300 million
Location	Nishinomiya, Hyogo
Land area	9,997.84m ²
Total floor area	Main building: 10,608.00m ² Attached building: 9.00m ²
Year constructed	May 15, 1997
Tenant	Suzuyo & Co., Ltd.

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- ▶ This document may contain forward looking statements regarding the company's financial results, or anticipated results of its plan, management goal or strategy. Please note that such forward looking statements are future projections of the trends and business environment that are based on currently available information and current assumptions and actual outcome may differ substantially due to various factors.
- ▶ If not stated otherwise, the figures contained in this material were calculated through J-GAAP.
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