



**Industrial & Infrastructure Fund  
Investment Corporation**

**Investor Presentation of  
the Industrial & Infrastructure Fund  
for the June 2008 (2nd) Period**



**Mitsubishi Corp UBS Realty**



# 1. Operational Highlights for the June 2008 (2nd) Period

# Result Highlights for the June 2008 (2nd) Period & Forecast

- ▶ **AUM (acquisition price base) exceeded ¥100bn upon acquisition of IIF Haneda Airport Maintenance Center (acquisition price: ¥41.11bn) on February 29, 2008**

## 2nd period results and 3rd period forecast

	Jun. 2008 (2nd period) Actual (A)	Feb 14, 2008 Forecast (B)	Difference (A)-(B)
Operating income	¥2,850mn	¥2,669mn	¥181mn
Net income	¥954mn	¥953mn	¥1mn
Distribution per unit	¥12,072	¥12,063	¥9
FFO per unit <sup>(Note)</sup>	¥21,199	¥20,844	¥355
FFO payout ratio	56.9%	57.9%	△1.0%

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

## ▶ Assets Under Management

	End of Jun. 2008	End of Dec. 2007
Number of properties	10 properties	9 properties
Total assets	¥114,898mn	¥72,921mn
Total acquisition cost	¥107,110mn	¥66,000mn
Total appraisal value (as of the end of each period)	¥113,330mn	¥71,180mn

Dec. 2008 Forecast (3rd period) Revised (C) As of Aug. 13, 2008	Jul 1, 2008 Forecast (D)	Change (C)-(D)
¥3,268mn	¥3,269mn	△¥1mn
¥872mn	¥872mn	¥0mn
¥11,037	¥11,037	¥0
¥20,755	¥20,754	¥1
53.2%	53.2%	0%

## ▶ <Reference>

Capital Expenditure	¥ 11mn
Depreciation & Amortization	¥ 721mn

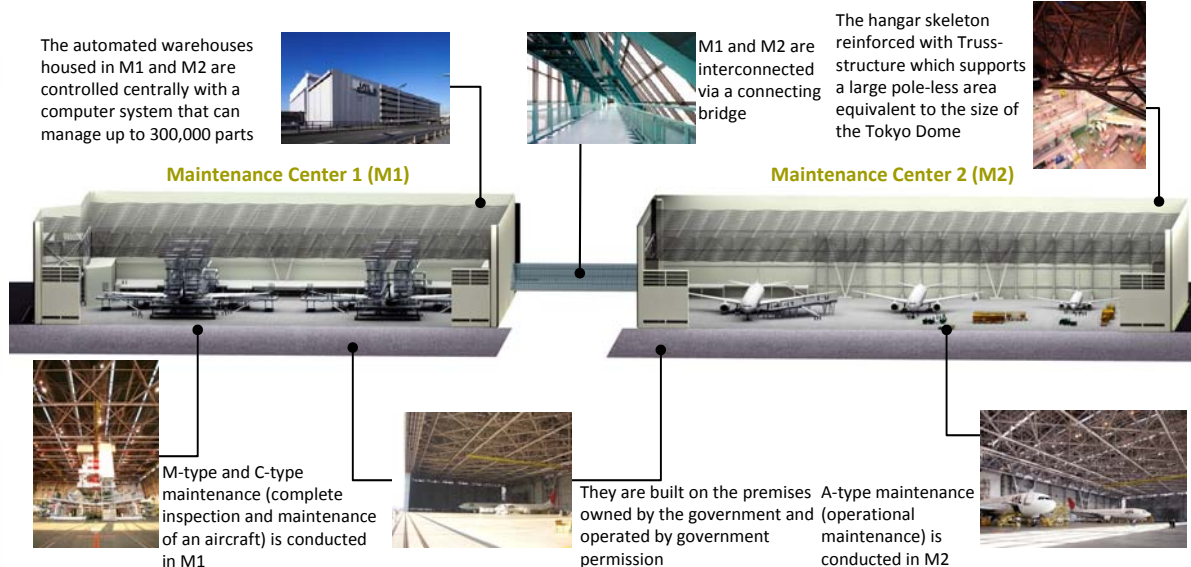
# Acquisition in the 2nd Period: IIF Haneda Airport Maintenance Center

## IIF Haneda Airport Maintenance Center



▶ Haneda Airport is one of the most significant airports in the world which is ranked 4th globally and 1st domestically in the number of incoming and outgoing passengers. Currently, a 4th runway is under construction for its expansion; the hangar is located between the four runways. Also, Haneda Airport is the key airport for the domestic flight network of JAL Group; 18 out of its top 20 routes use Haneda Airport. The Aviation Law requires aircraft maintenance by all airlines, and Haneda Airport Maintenance Center has played the central role in aircraft maintenance for JAL Group.

### Structural image of the maintenance center



Acquisition date	February 29, 2008
Acquisition price	¥41,110 million
Location	Haneda Airport, Ota-ku, Tokyo <sup>(Note 3)</sup>
Total floor area	Maintenance Center 1 (main building): 49,823.52m <sup>2</sup> (attached building): 159.81m <sup>2</sup> Maintenance Center 2 (main building): 31,940.32m <sup>2</sup> (attached building): 72.16m <sup>2</sup>
Year constructed	June 1993
Tenant	Japan Airlines International Co, Ltd. (a wholly owned subsidiary of the holding company Japan Airlines)

Note 1: "Haneda Airport" is the popular name for Tokyo International Airport.

Note 2: We did not acquire the various facilities and equipment displayed in the photos above. We only acquired the buildings and fixtures of IIF Haneda Airport Maintenance Center, and we did not acquire ownership in any aircraft maintenance equipment or other assets.

Note 3: IIF is authorized by Ministry of Land, Infrastructure, Transport and Tourism Tokyo Regional Civil Aviation Bureau to use the land owned by the government.

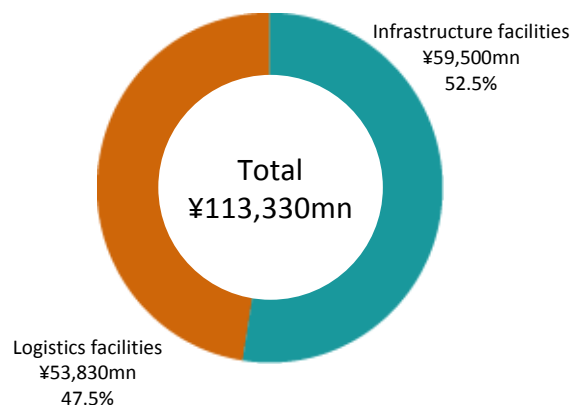


# Portfolio Diversification (Dec. 2007 & Jun. 2008)

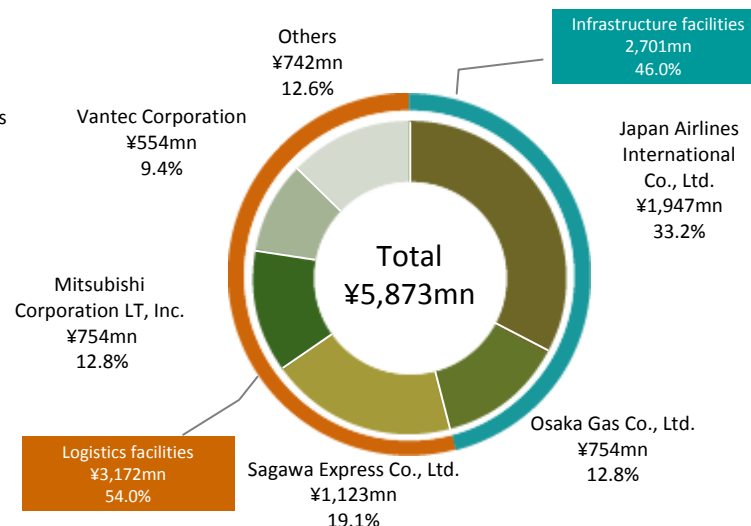
- Acquisition of IIF Haneda Airport Maintenance Center has helped improve the balance between infrastructure and logistics facilities in the portfolio

By asset category

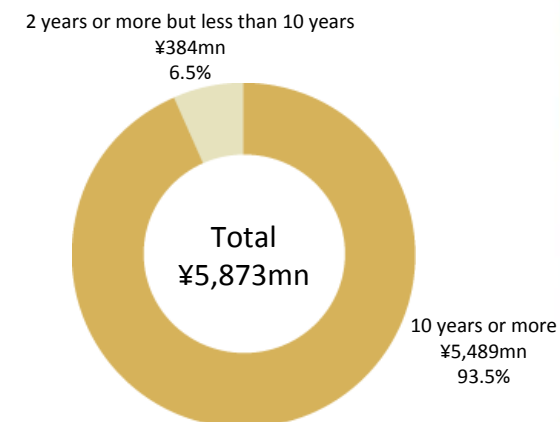
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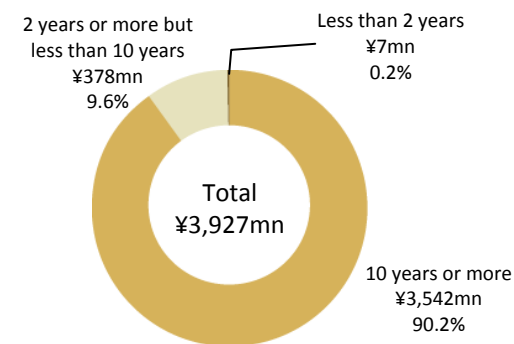
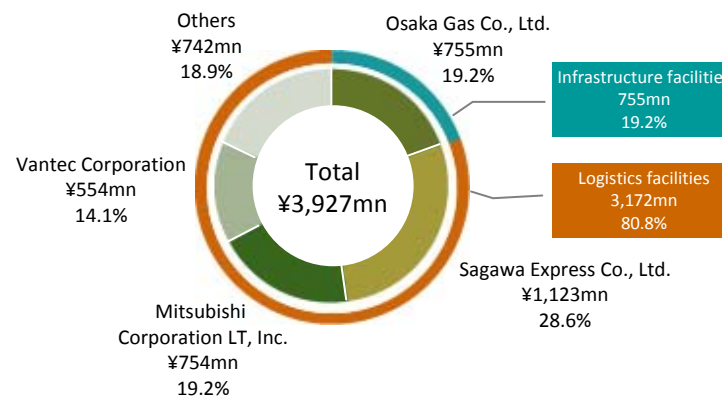
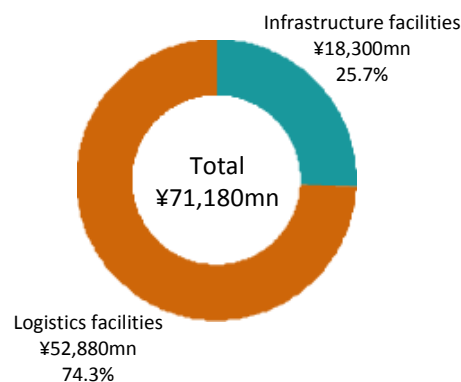
By tenant



By lease term



<Reference: End of Dec. 2007>



Note 1: Annual rent is calculated as aggregate anticipated monthly rent multiplied by twelve and rounded to the nearest million yen.

Note 2: Lease term remaining and annual rent are as of June 30, 2008.

Note 3: Percentages indicate anticipated annual rent expressed as a percentage of the aggregate anticipated annual rent of all tenants, rounded to the nearest tenth.

## 2.Cancellation of the Public Offering

# Cancellation of the Public Offering

## Reasons for the decision to offer new investment units

- ▶ The target properties are low risk supported by stable cashflows which could generate a higher yield after and are depreciation (approx. 4.2%) than that of the existing portfolio (approx. 3.7%), and thus the public offering and the new acquisitions could contribute to more diversified and stable portfolio
- ▶ The offering could lower the LTV to approximately 54% which would increase growth potential of the fund and consequently improve the value of the investment units in the future
- ▶ The price of the investment units had remained stable during the period prior to the launch (February – May)

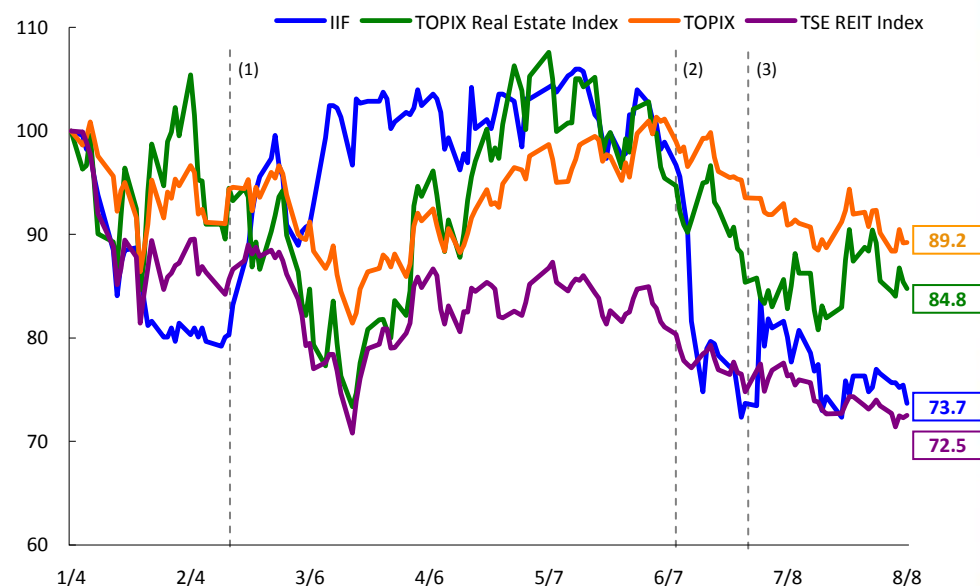
## Reasons for the decision to cancel the offering

- ▶ The offering would have diluted per-unit NAV more than initially estimated because of the decline of the unit price after the launch date, LTV would not have been lowered to the expected level, the of dividends per unit would have decreased in the 3rd period and later, and thus, the interests of the existing unitholders would have been undermined. Taking aforementioned factors into consideration, IIF reached the conclusion to cancel the public offering

## Anticipated property acquisitions

- ▶ IIF has no obligation to acquire the target properties and will deliberate whether and/or when to acquire these properties in the future

(Reference) IIF unit price performance 2008YTD



- (1) 2008/2/14 Announcement of acquisition of IIF Haneda Airport Maintenance Center  
1st period earnings announcement
- (2) 2008/6/12 Announcement of public offering of new units
- (3) 2008/7/1 Announcement of public offering cancellation

Note: Closing price of 2008/1/4 as 100.

Source: Bloomberg

### 3. Basic Management Policy for the Future



# Basic Management Policy for the Future

## Growth strategies

- ▶ While we expect to achieve our growth targets in due course, we are not currently applying a time frame to those targets (initially ¥200bn in 3 years post-IPO, ¥400bn in 5 years)
- ▶ Semi-public sector and local public organizations may sell infrastructure facilities that they currently own
- ▶ Lost acquisition opportunities can be reduced by utilizing warehousing function of sponsor

## Financial strategies

- ▶ Given the current market conditions, IIF will not rush to reduce its LTV ratio
- ▶ The main banks continue to support the stable fund management of IIF
- ▶ The long-term fixed-rate borrowing ratio will be raised gradually while considering dividend levels and cash flow characteristics (long-term stability) of the portfolio properties

## Management strategies

- ▶ Pursuit of growth by utilizing internal cash reserves
- ▶ Secure stable rent levels through long-term leases
- ▶ CPI/GDP-linked rents will be adopted to the extent possible for logistics facilities
- ▶ Relationship with tenants will be further strengthened by providing a wide variety of proposals and suggestions to tenants

# Growth Strategy

■ Not applying a time frame for the initial portfolio growth target (¥200bn in 3 years post-IPO, ¥400bn in 5 years)

## ■ Property Acquisition Environment

### ▶ Environment for acquiring logistics facilities

- ▶ Amid increasing cargo volumes both domestically and globally, concentration/consolidation of logistics bases has accelerated in an effort to create a more efficient domestic distribution system
- ▶ While supply and demand have been on an easing trend, the market as a whole has offered increasing opportunities to choose from competitive facilities

### ▶ Environment for acquiring plants/R&D facilities and private infrastructure facilities

- ▶ Activities for leveraging sale and lease-back of core assets have been on the rise due to implementation of asset-impairment accounting, and permeation of CRE strategies underpinned by growing willingness of owners to more efficiently manage their assets

### ▶ Environment for acquiring infrastructure facilities

- ▶ Assets owned by local public and relevant organizations are currently under review to meet the potential goals of Regional Revitalization Corporation of Japan which the Cabinet Office expects to officially launch in FY2008, and in accordance with the law for achieving financial health of local public organizations promulgated in FY2007

Increasing need to selling real estate properties by CRE strategies

Review of assets owned by local/public government

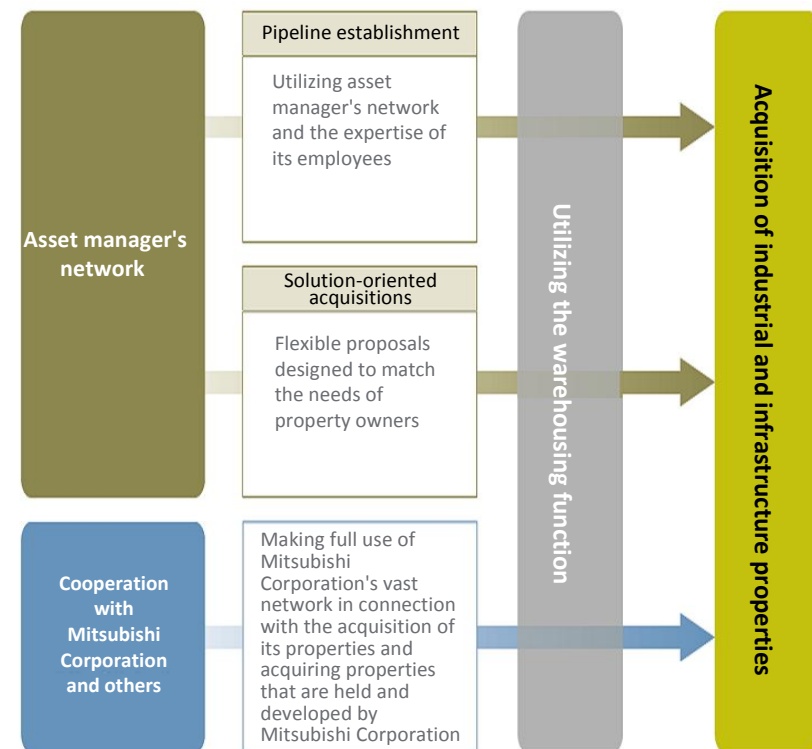
Growing need for the private sector to acquire/own public infrastructure facilities

Increasing investment opportunities for IIF

## ■ Reducing losses of acquisition opportunities

### ▶ Effective utilization of warehousing function

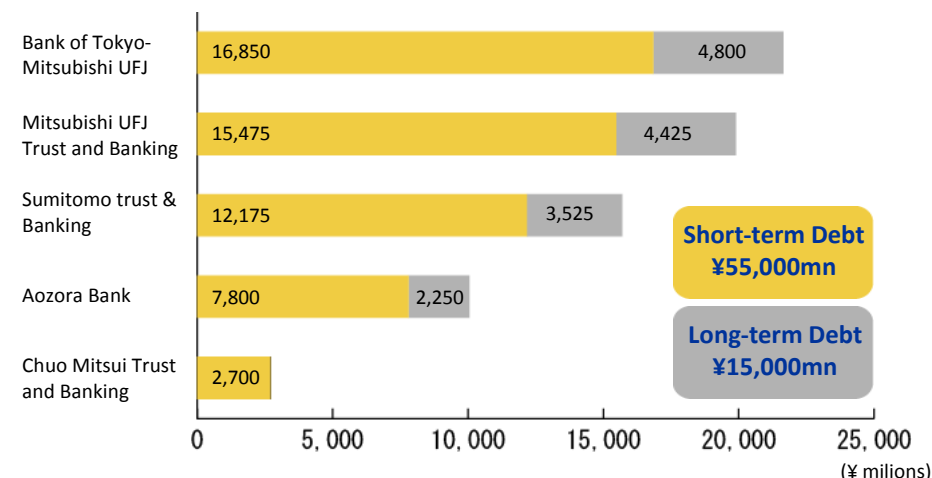
- ▶ Properties can be acquired in the most timely manner by utilizing the warehousing function provided by Mitsubishi Corporation which can help reduce lost acquisition opportunities



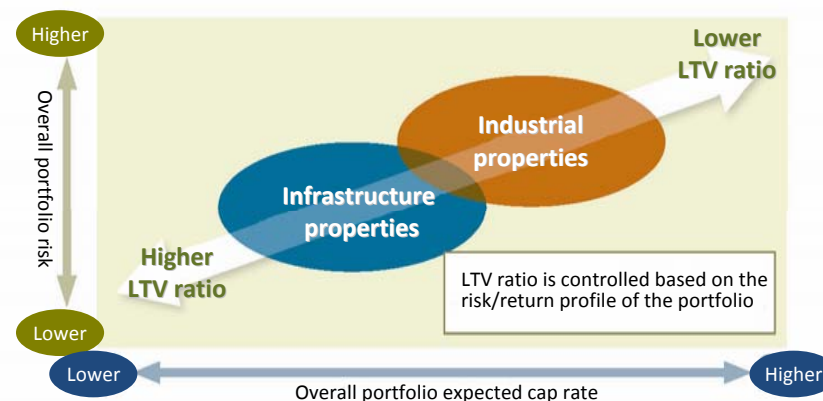
# Financial Strategy

- Given current market conditions, IIF will not rush the reduction of its LTV ratio
- The main banks continue to support the stable fund management of IIF
  - ▶ IIF intends to diversify its lenders by looking for new financial institutions that support IIF's concepts
  - ▶ Sponsors' credit (Mitsubishi Corporation, UBS and Development Bank of Japan) also contributes to its fund-raising ability
- The long-term fixed borrowing ratio will be raised gradually, giving consideration to dividend levels and the cash flow characteristics (long-term stability) of the portfolio properties

Balance of debt by lender



Risk and leverage control



# Management Strategy

## Secure stable rents through long-term leases while pursuing internal growth by fully utilizing internal cash reserves

### Management Strategies

- ▶ Secure stable cash flows
- ▶ Seek upside potential in rent revision and review opportunities
- ▶ Acquire properties with internal cash
- ▶ Maintain and improve relationships with tenants

### Action Plans

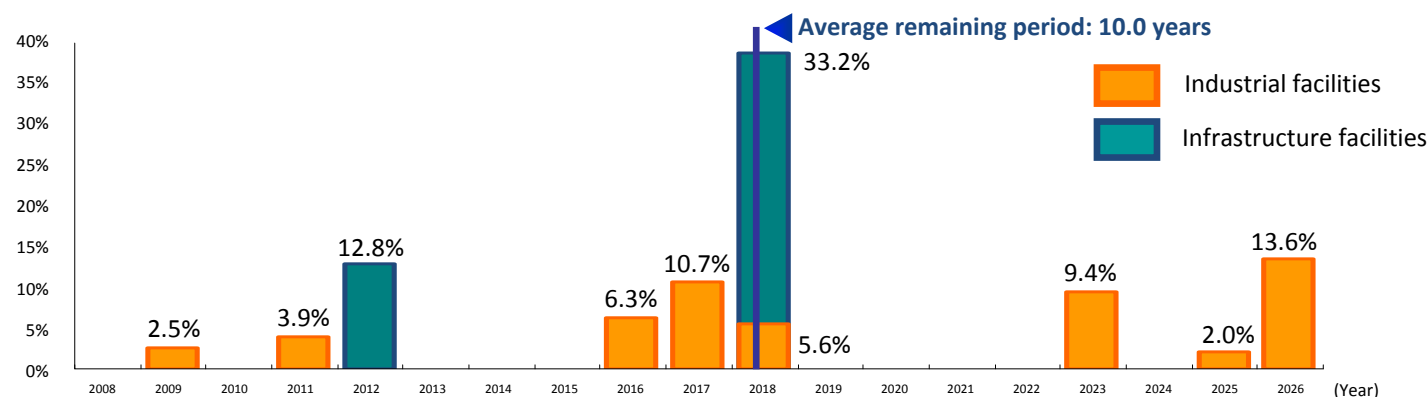
- ▶ Maintain and improve occupancy rate
- ▶ Upward rent revisions and reviews
- ▶ Acquire high yield property and land
- ▶ Implement floor expansions and renovations
- ▶ Price and spec adjustment when renovating
- ▶ Analyse needs in tenants' operation and provide advice

## Utilizing internal reserves

Fully utilize depreciation and amortization costs (approximately ¥1,500mn annually)

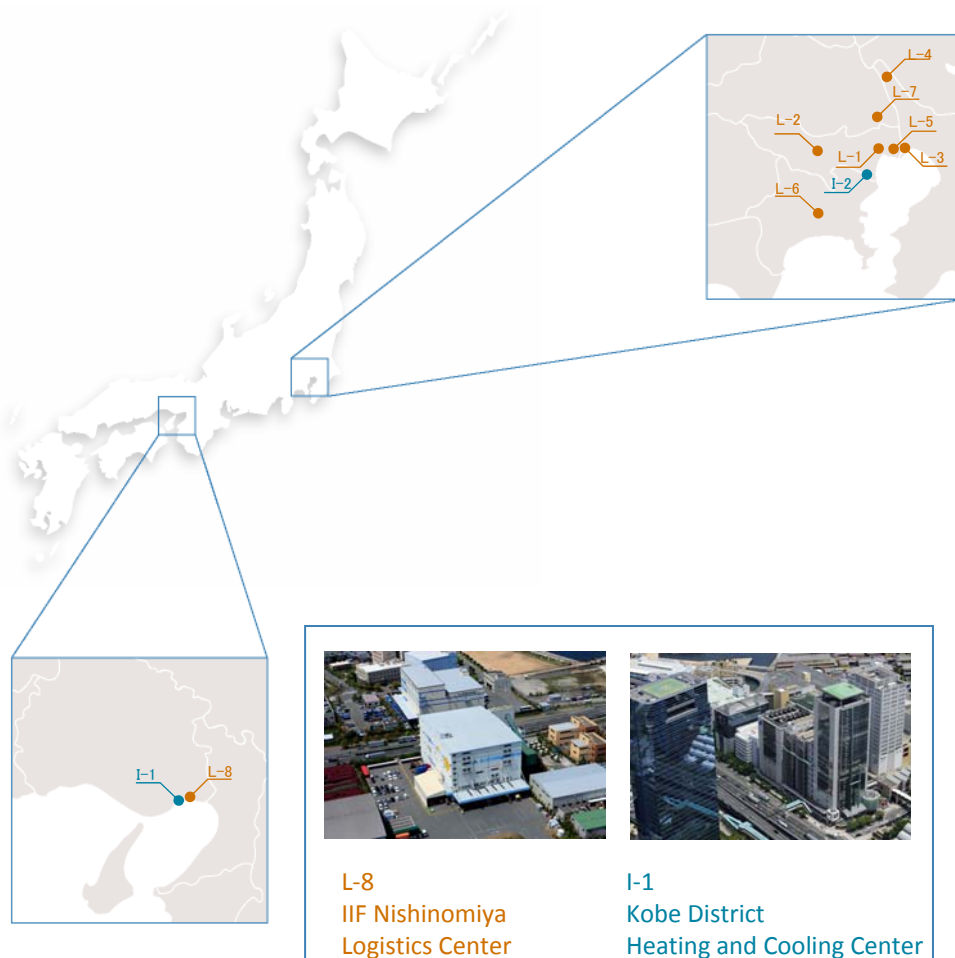
- ▶ ¥11mn was spent on CAPEX in the 2nd period. Approximately ¥100mn-200mn is expected to be used annually in the future
- ▶ Acquire properties with cash accumulated through depreciation and amortization non-cash costs

(Reference) Maturity ladder of rents by lease term (As of Jun 30, 2008)



## 4. Portfolio Map and Overview

# Portfolio Map (including anticipated acquisition after the 3rd 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 1)**

Note 1: IIF Shinsuna Data Center is anticipated to be acquired after the 7th period.



# Portfolio Overview

Asset Category	Property Number (Note 1)	Property Name	Location	Year Constructed (Note 2)	Acquisition Price (million yen)	Percentage of Total Portfolio in Acquisition Price (%)	NOI Cap Rate (Note 3) (%)	Appraisal Value (Note 4) (million yen)	Percentage of Total Portfolio in Appraisal Value (%)	Leasable Area (Note 5) (m <sup>2</sup> )	Occupancy Rate (Note 6) (%)	PML (Note 7) (%)
Industrial Property	L-1	IIF Shinonome Logistics Center <sup>(Note 8)</sup>	Koto Ward, Tokyo	Feb,2006	13,700	12.8	5.3	15,300	13.5	27,493.29	100.0	4.6
	L-2	IIF Musashi Murayama Logistics Center	Musashi Murayama, Tokyo	Jul,2003	8,000	7.5	6.1	8,740	7.7	40,884.25	100.0	4.1
	L-3	IIF Funabashi Logistics Center	Funabashi, Chiba	Jul,2007	9,000	8.4	6.3	10,500	9.3	42,336.00	100.0	5.2
	L-4	IIF Noda Logistics Center	Noda, Chiba	Mar,2006	6,500	6.1	6.0	7,240	6.4	38,828.10	100.0	0.3
	L-5	IIF Shinsuna Logistics Center	Koto Ward, Tokyo	Jun,1998	5,300	4.9	5.5	5,870	5.2	5,741.75	100.0	6.4
	L-6	IIF Atsugi Logistics Center	Atsugi, Kanagawa	Jan,2005	2,100	2.0	6.2	2,350	2.1	10,959.68	100.0	8.7
	L-7	IIF Koshigasya Logistics Center	Koshigaya, Saitama	Sep,1985	2,000	1.9	6.7	2,270	2.0	10,113.50	100.0	2.6
	L-8	IIF Nishinomiya Logistics Center	Nishinomiya, Hyogo	May,1997	1,300	1.2	7.4	1,560	1.4	10,608.00	100.0	9.1
Sub Total of Industrial Properties					47,900	44.7	5.9	53,830	47.5	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	18,000	15.9	11,189.36	97.5	4.2
	I-2	IIF Haneda Airport Maintenance Center	Ota Ward, Tokyo	Jun,1993	41,110	38.4	4.7	41,500	36.6	81,995.81	100.0	4.5, 3.2
Sub Total of Infrastructure Properties					59,210	55.3	4.4	59,500	52.5	93,185.17	99.7	
Total					107,110	100.0	5.1	113,330	100.0	280,149.74	99.9	3.0

Note 1: The prefix indicates the property category (L for logistics facilities and I for infrastructure facilities). Each category is numbered in order of acquisition.

Note 2: As described in the property register.

Note 3: "NOI cap rate" is calculated by dividing the net operating income (calculated through direct capitalization method as stated in the appraisal report created at acquisition of the property) by the acquisition price.

Note 4: Appraisals are as of June 30, 2008.

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

Note 6: Occupancy rate, as of June 30, 2008, is expressed as a percentage of the total leasable area that is actually occupied, rounded to the nearest tenth.

Note 7: PML values as of April 2007. However, the figures for IIF Funabashi Logistics Center and IIF Kobe District Heating and Cooling Center are as of July 2007, IIF Haneda Airport Maintenance Center is as of Dec. 2007. For IIF Haneda Airport Maintenance Center, the PML indicates M1 and M2 respectively.

Note 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.

## 5. Financial Statements for the June 2008 (2nd) Period

# Income Statement for June 2008

	Jun. 2008 Period		Dec. 2007 Period	
	Amount	%	Amount	%
I. Operating revenue	'000 yen 2,850,626	% 100.0	'000 yen 806,276	% 100.0
Rental revenue	2,850,626		806,276	
II. Operating expenses	1,500,469	52.6	423,975	52.6
Property-related expenses	1,070,195		281,448	
Asset management fees	342,453		89,331	
Directors' fees	5,820		8,730	
Custodian fees	5,417		2,952	
General administration fees	21,667		9,306	
Other operating expenses	54,915		32,206	
<b>Operating Income</b>	<b>1,350,156</b>	<b>47.4</b>	<b>382,301</b>	<b>47.4</b>
III. Non-operating revenue	13,106	0.4	4,105	0.5
Interest revenue	4,137		436	
Other	8,968		3,669	
IV. Non-operating expenses	408,159	14.3	201,239	24.9
Interest expense	332,074		68,029	
Finance-related costs	41,054		10,937	
Depreciation of offering costs	34,276		17,138	
Establishing costs	—		100,000	
Other non-operating expenses	754		5,134	
<b>Recurring Profit</b>	<b>955,103</b>	<b>33.5</b>	<b>185,167</b>	<b>23.0</b>
Income before income taxes	955,103	33.5	185,167	23.0
Income, inhabitant and corporate taxes	981		1,569	
Tax adjustments	14		△33	
<b>Net Income</b>	<b>954,107</b>	<b>33.5</b>	<b>183,630</b>	<b>22.8</b>
Retained earnings (beginning balance)	31		—	
<b>Retained Earnings (ending balance)</b>	<b>954,139</b>		<b>183,630</b>	

Note 1: The period to December 2007 begins on March 26, 2007 and ends on December 31, 2007 (281 operating days). However, the actual operating period began on October 19, 2007 (74 net operating days).

Note 2: The period to June 2008 begins on January 1, 2008, and ends on June 30, 2008 (182 operating days).

# Balance Sheet as of the End of June 2008

	Jun. 2008 Period		Dec. 2007 Period	
	Amount	%	Amount	%
<b>Assets</b>	'000 yen	%	'000 yen	%
<b>I. Current assets</b>				
Cash and cash equivalents	3,128,809		3,182,326	
Entrusted cash and deposits	1,358,365		1,044,190	
Rental receivables	153,556		9,792	
Prepaid expenses	56,152		46,569	
Deferred tax assets	18		33	
Account receivable	1		1,701	
Consumption tax refundable	1,061,371		1,521,937	
Other current assets	2,953		798	
Total current assets	5,761,229	5.0	5,807,348	8.0
<b>II. Non-current assets</b>				
1. Property and equipment at cost				
Buildings	22,734,723		—	
Entrusted buildings	28,838,519		29,293,711	
Entrusted building improvements	546,568		585,909	
Entrusted land	36,940,337		36,940,337	
Net property and equipment	89,060,150	77.5	66,819,959	91.6
2. Intangible assets				
Leasehold land	19,833,966		—	
Total intangible assets	19,833,966	17.3	—	—
3. Investments				
Lease deposit	10,000		10,000	
Long-term prepaid expenses	78,938		95,259	
Total investments	88,938	0.1	105,259	0.1
Total non-current assets	108,983,054	94.9	66,925,218	91.7
<b>III. Deferred assets</b>				
Issuance costs of investment units	154,243		188,519	
Total deferred assets	154,243	0.1	188,519	0.3
<b>Total Assets</b>	<b>114,898,526</b>	<b>100.0</b>	<b>72,921,086</b>	<b>100.0</b>

	Jun. 2008 Period		Dec. 2007 Period	
	Amount	%	Amount	%
<b>Liabilities</b>	'000 yen	%	'000 yen	%
<b>I. Current liabilities</b>				
Account payable	140,659		4,098	
Short-term debt	55,000,000		15,000,000	
Accrued liabilities	202,122		187,494	
Accrued expenses	—		3,067	
Accrued income taxes	325		1,552	
Rent received in advance	529,147		358,914	
Other current liabilities	1,157		37,989	
Total current liabilities	55,873,411	48.6	15,593,117	21.4
<b>II. Non-current liabilities</b>				
Long-term debt	15,000,000		15,000,000	
Lease deposits	973,369		—	
Tenant leasehold and security deposits	5,421,161		5,459,728	
Other non-current liabilities	147,073		155,240	
Total non-current liabilities	21,541,605	18.8	20,614,968	28.3
<b>Total Liabilities</b>	<b>77,415,017</b>	<b>67.4</b>	<b>36,208,086</b>	<b>49.7</b>
<b>Unitholders' equity</b>				
<b>I. Total investment</b>				
1. Unitholders' capital				
Unitholders' capital	36,529,370	31.8	36,529,370	50.1
2. Retained earnings				
Retained earnings	954,139		183,630	
Total retained earnings	954,139	0.8	183,630	0.2
Total unitholders' equity	37,483,509	32.6	36,713,000	50.3
<b>Net Assets</b>	<b>37,483,509</b>	<b>32.6</b>	<b>36,713,000</b>	<b>50.3</b>
<b>Total Liabilities and Unitholders' Equity</b>	<b>114,898,526</b>	<b>100.0</b>	<b>72,921,086</b>	<b>100.0</b>

Note 1: The period to December 2007 begins on March 26, 2007 and ends on December 31, 2007 (281 operating days). However, the actual operating period began on October 19, 2007 (74 net operating days).

Note 2: The period to June 2008 begins on January 1, 2008, and ends on June 30, 2008 (182 operating days).

# Cashflow and Dividend Statements for June 2008

	Jun. 2008 Period	Dec. 2007 Period
	'000 yen	'000 yen
I. Cash flow from operating activities		
Income before income taxes	955,103	185,167
Depreciation	721,411	257,559
Amortization of offering costs	34,276	17,138
Interest revenue	△4137	△436
Interest expense	332,074	68,029
Increase/Decrease in Rental receivables	△143764	△9,792
Increase/Decrease in Account receivables	1,700	△1,701
Increase/Decrease in Consumption tax refundable	460,566	△1,521,937
Increase/Decrease in Prepaid expenses	△9583	△46,569
Increase/Decrease in Long-term prepaid expenses	16,320	△95,259
Increase/Decrease in Account payable	136,561	4,098
Increase/Decrease in Accrued liabilities	96,502	105,619
Increase/Decrease in Accrued expenses	△129	129
Increase/Decrease in Rent received in advance	170,232	358,914
Increase/Decrease in Other non-current liabilities	△8166	155,240
Other	△39931	37,191
Sub-total	2,719,036	△486,608
Interest received	4,137	436
Interest paid	△335012	△65,090
Tax paid	△2208	△17
<b>Net Cash from Operating Activities</b>	<b>2,385,953</b>	<b>△551,280</b>
II. Cash flow from investing activities		
Purchase of property and equipment	△22950143	—
Purchase of entrusted property and equipment	△84084	△67,004,894
Purchase of intangible assets	△19833966	—
Proceeds from tenant leasehold and security deposits	973,369	—
Proceeds from entrusted tenant leasehold and security deposits	—	5,461,978
Payment of tenant leasehold and security deposits	△38566	△2,250
Payment of lease deposit	—	△10,000
<b>Net Cash from Investment Activities</b>	<b>△41933389</b>	<b>△61,555,165</b>
III. Cash flow from financing activities		
Proceeds from short-term debt	40,000,000	15,000,000
Proceeds from long-term debt	—	15,000,000
Proceeds from issuance of investment units	—	36,529,370
Payment of issuance costs of investment units	△9250	△196,406
Distribution payment	△182654	—
<b>Net Cash from Financing Activities</b>	<b>39,808,094</b>	<b>66,332,963</b>
IV. Net change in cash and cash equivalents	260,657	4,226,517
V. Cash and cash equivalents at beginning of period	4,226,517	—
<b>VI. Cash and Cash Equivalents at end of Period</b>	<b>4,487,175</b>	<b>4,226,517</b>

	Jun. 2008 Period	Dec. 2007 Period
	'000 yen	'000 yen
Retained earnings (ending balance)	954,139	183,630
Distribution amount	954,110	183,598
DPU (yen)	12,072	2,323
Retained earnings carried forward	29	31

Note 1: The period to December 2007 begins on March 26, 2007 and ends on December 31, 2007 (281 operating days). However, the actual operating period began on October 19, 2007 (74 net operating days).

Note 2: The period to June 2008 begins on January 1, 2008, and ends on June 30, 2008 (182 operating days).

# Earning Performance by Property

(¥ millions)

Items		L1(Shinonome)		L2 (Musashi)		L3 (Funabashi)		L4 (Noda)		L5 (Shinsuna)	
		2nd Period	1st Period	2nd Period	1st Period	2nd Period	1st Period	2nd Period	1st Period	2nd Period	1st Period
Income	Rental revenue	397	160	276	112	313	126	224	91	163	66
	Other income	-	-	0	-	27	9	17	5	-	-
	Total property income	397	160	276	112	340	135	242	96	163	66
Cost	Property management fees	0	0	1	1	7	2	6	2	0	0
	Utility expenses	-	-	-	-	20	6	11	3	-	-
	Tax and public charges	14	-	14	-	13	-	11	-	7	-
	Maintenance expenses	6	-	-	-	-	-	-	-	-	-
	Other property expenses	1	1	2	1	1	1	1	1	1	1
	Total expenses	22	1	18	2	43	9	31	6	10	1
NOI		375	159	258	110	297	126	211	90	153	65
Depreciation and amortization		46	24	87	44	116	59	58	30	13	7
Operating profit		328	136	170	66	180	66	152	59	140	58
Tenant leasehold		1,457	1,458	273	274	313	313	224	225	84	84
Guaranteed deposits		-	-	-	-	-	-	-	-	385	424
Deposits (ending balance)		1,457	1,458	273	274	313	313	224	225	470	508

(¥ millions)

Items		L6 (Atsugi)		L7 (Koshigaya)		L8 (Nishinomiya)		I1 (Kobe)		I2 (Haneda)		Results as of the end of 2nd period	Results as of the end of 1st period
		2nd Period	1st Period	2nd Period	1st Period	2nd Period	1st Period	2nd Period	1st Period	2nd Period	1st Period		
Income	Rental revenue	74	30	74	30	59	24	377	152	840	-	2,804	791
	Other income	0	-	0	0	-	-	1	1	-	-	46	15
	Total property income	74	30	74	30	59	24	378	153	840	-	2,850	806
Cost	Property management fees	0	0	0	0	0	0	0	0	1	-	21	5
	Utility expenses	-	-	-	-	-	-	2	1	-	-	34	10
	Tax and public charges	3	-	2	-	4	-	6	-	0	-	79	-
	Maintenance expenses	0	-	-	-	-	-	2	-	-	-	8	-
	Other property expenses	1	1	1	1	1	1	1	1	190	-	204	9
	Total expenses	6	1	4	1	6	1	13	2	191	-	348	24
NOI		68	29	70	29	53	23	364	151	649	-	2,501	782
Depreciation and amortization		31	16	17	9	11	6	122	63	215	-	721	258
Operating profit		37	13	52	20	41	18	242	88	433	-	1,780	524
Tenant leasehold		74	75	22	23	89	90	2,493	2,494	973	-	6,008	5,035
Guaranteed deposits		-	-	-	-	-	-	-	-	-	-	385	424
Deposits (ending balance)		74	75	22	23	89	90	2,493	2,494	973	-	6,394	5,459

Note 1: The period to December 2007 begins on March 26, 2007 and ends on December 31, 2007 (281 operating days). However, the actual operating period began on October 19, 2007 (74 net operating days).

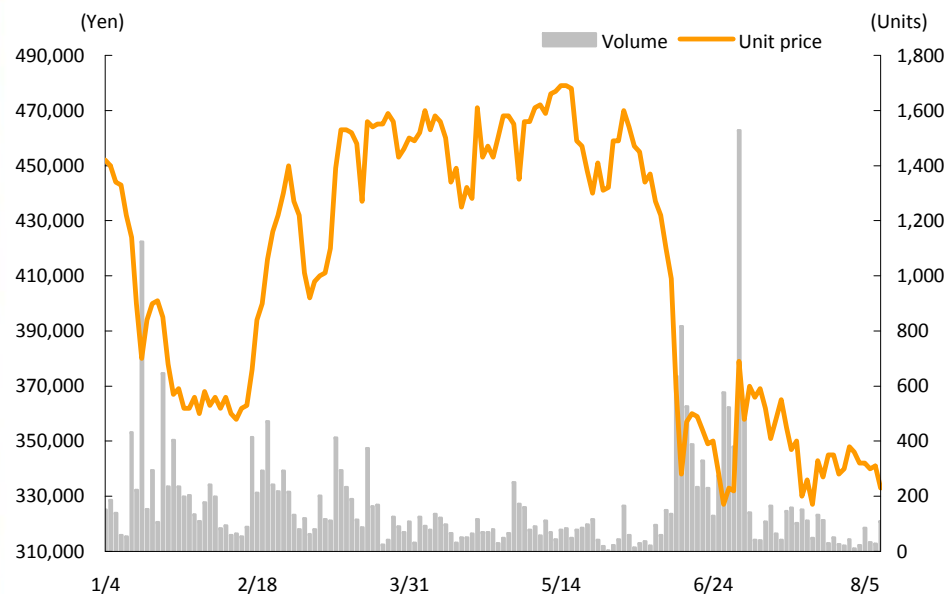
Note 2: The period to June 2008 begins on January 1, 2008, and ends on June 30, 2008 (182 operating days).



## 6. Overview of IIF and the Asset Manager

# IIF Unit Price Performance

IIF unit price performance 2008 YTD

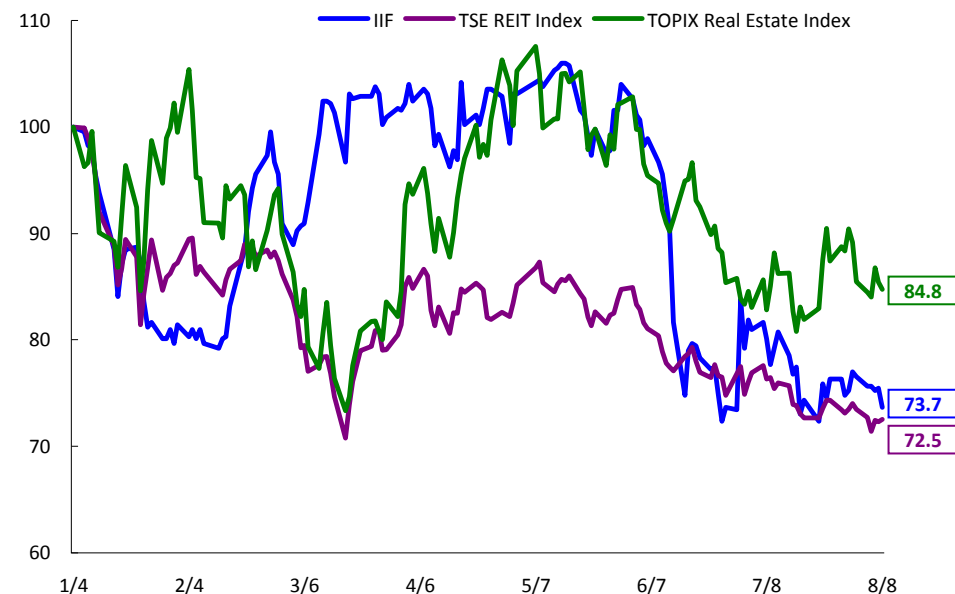


High	¥479,000	(May 15, 2008)
Low	¥327,000	(Jul 22, 2008)
Unit price (simple average)	¥410,456	(As of Aug 8, 2008)
Total volume	25,009 units	(As of Aug 8, 2008)
Average daily trading volume	168 units	(As of Aug 8, 2008)

Note: Based on closing price.

Source: Bloomberg

Comparison of price performance 2008 YTD (Note 1,2)



Note 1: Based on closing price.

Note 2: Rebased to closing price on Jan 4, 2008 = 100.

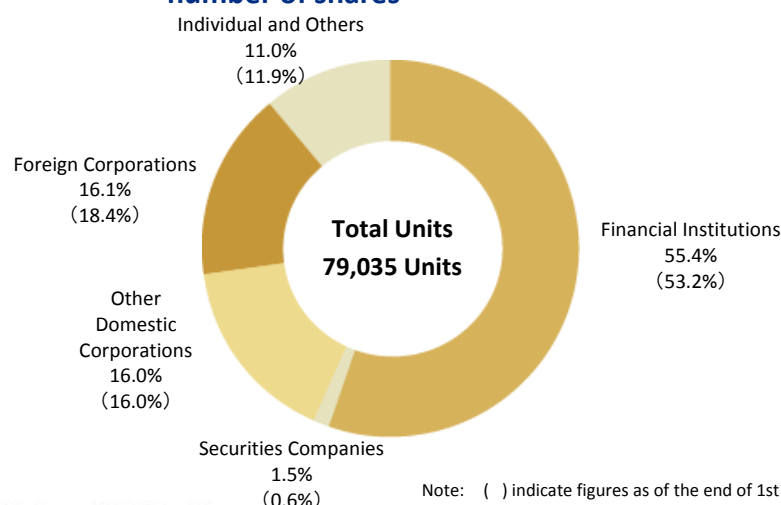
Source: Bloomberg

# Analysis of Unitholder Attributes

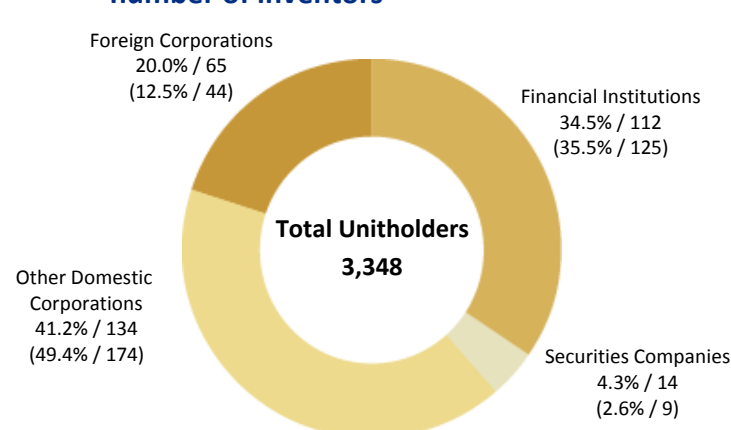
## Top 20 investors as of the end of Jun. 2008

Ranking	Investor name	# of units	Ownership (%)
1	Mitsubishi Corporation	9,600	12.14
2	NikkoCiti Trust and Banking Corporation (Investment trust account)	5,860	7.41
3	UBS AG London Japan Seed Capital Funding	5,200	6.57
4	Development Bank of Japan	5,000	6.32
5	Japan Trustee Services Bank (Trust Account)	3,639	4.60
6	North Pacific Bank	3,205	4.05
7	Trust & Custody Services Bank (Securities investment trust account)	2,143	2.71
8	The Master Trust Bank of Japan (Trust account)	2,091	2.64
9	Trust & Custody Services Bank (Money trust account, taxable)	1,246	1.57
10	Asahi Fire & Marine Insurance	1,000	1.26
11	Nippon Tosho Fukyu	965	1.22
12	UBS AG London Asia Equities	806	1.01
13	Date Shinkin Bank	802	1.01
14	Northern Trust AVFC Re Northern Trust Guernsey Non Treaty Clients	689	0.87
15	Hokkaido Bank	630	0.79
16	Ikeda Bank	617	0.78
17	American Life Insurance Company (GAL)	608	0.76
18	Mitsubishi Corp.-UBS Realty Inc.	600	0.75
19	JA Bank Yamaguchi	589	0.74
20	CGMLIPB Customer Collateral Account	540	0.68

### Breakdown of units by investor type based on number of shares



### Breakdown of investors by investor type based on number of investors

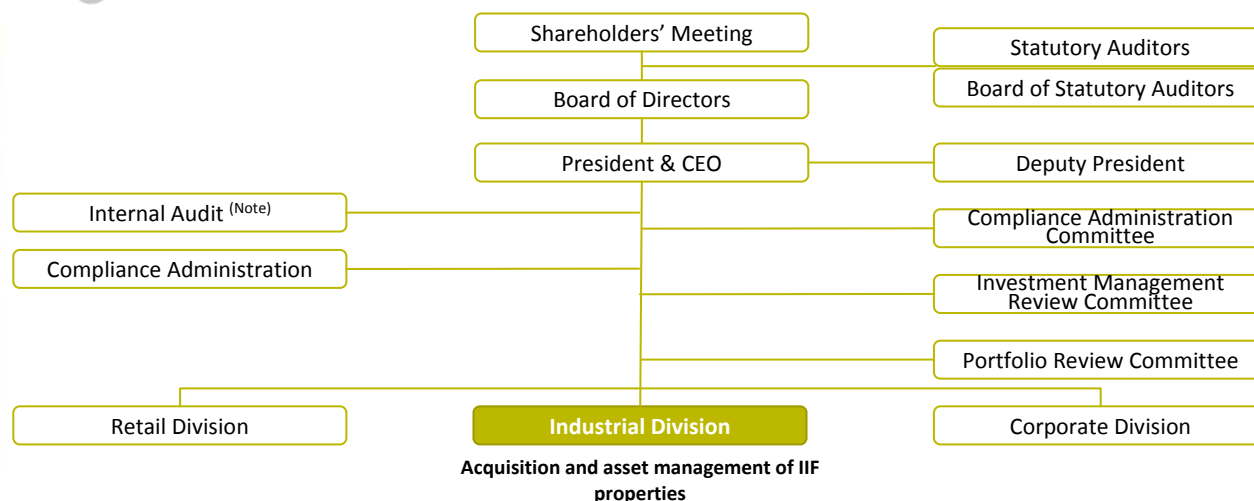


Note 1: This graph excludes Individual and Others (3, 023).  
 Note 2: ( ) indicate figures as of the end of 1st period.

# Overview of the Asset Manager

## Organizational structure

The organizational structure of operations of the asset manager is as follows:



Note: President & CEO is currently acting as the Head of Internal Audit..

## History

Nov 15, 2000	MC Asset Management Co., Ltd. was established.
Dec 8, 2000	MC Asset Management Co., Ltd renamed Mitsubishi Corp.-UBS Realty Inc.
Jan 27, 2001	Real Estate Transaction License (License No. (1) 79372 issued by the Governor of Tokyo)
Apr 5, 2001	Investment Corporation/Asset Management License (License No. 6 granted by the Prime Minister of Japan)
Jun 5, 2002	Additional operation of Consulting and Advisory (Approval No. 2161 approved by the FSA) <sup>1</sup>
May 17, 2005	Distributor of Trust Certificates Registration (Kanto Financial Bureau No. 131) <sup>1</sup>
Jan 27, 2006	Updated Real Estate Transaction License (License No. (2) 79372 issued by the Governor of Tokyo)
Jan 25, 2007	Approval under Investment Trust Law 10-2 (Approval to modify its business rule)
May 11, 2007	Discretionary Transaction Agent (License No. (58) issued by the Minister of Land, Infrastructure and Transportation)
Jul 26, 2007	Approval under Investment Trust Law 10-2 (Approval to modify its business rule)
Sep 30, 2007	Registration of financial instrument trader (Licensed Financial Instrument Trader (Kinsho), Kanto Local Finance Bureau License No.403)

Note: <sup>1</sup> Currently not in use.

Asset Manager :

# of Directors & Employees: 89 (excl. non-executive directors and part-time employees)

# of licensed persons out of the above

Licensed real estate agents	28
1st-class licensed architects	5
Property appraisers	6
CFAs (Chartered Financial Analyst)	2
CMAs (Chartered Member of the Security Analysts Association of Japan)	2
Certified Public Accountants	2
Certified tax accountants	4
MBAs (incl. US & UK)	5

Note: As of Aug. 1, 2008.

## Major shareholders

Name	Number of units owned (Units)	Percentage (%)
Mitsubishi Corporation	5,100	51.0
UBS AG	4,900	49.0

Note: As of June 30, 2008.

## Overview of Portfolio

# Overview of Portfolio (1)

## L-1 IIF Shinonome Logistics Center



### Map



### Map (Close up)



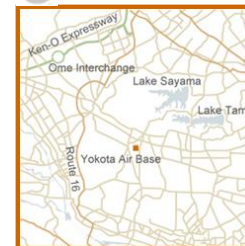
▶ The Shinonome Logistics Center is a relay center operated by Sagawa Express Co., Ltd., one of Japan's major transportation companies, and it functions as a combined sales center and mail center for express delivery business. It is among the largest of Sagawa Express's distribution facilities.

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

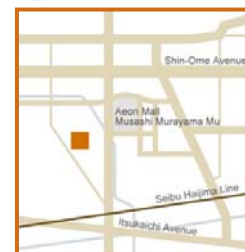
## L-2 IIF Musashi Murayama Logistics Center



### 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 <sup>2</sup>
Total floor area	40,884.25m <sup>2</sup>
Year constructed	July 8, 2003
Tenant	Vantec Corporation

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.

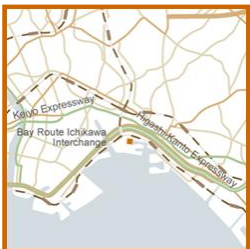


# Overview of Portfolio (2)

## L-3 IIF Funabashi Logistics Center



### Map



### Map (Close up)



▶ The IIF Funabashi Logistics Center is a large-scale logistics facility leased by Mitsubishi Corporation LT, Inc. that has 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 <sup>2</sup>
Total floor area	Main building: 42,176.24m <sup>2</sup> Attached building: 4,00m <sup>2</sup>
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.

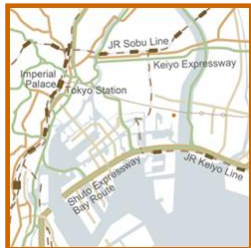
Acquisition date	October, 2007
Acquisition price	¥6,500 million
Location	Noda, Chiba
Land Area	26,551.63m <sup>2</sup>
Total floor area	38,828.10m <sup>2</sup>
Year constructed	March 17, 2006
Tenants	Mitsubishi Corporation LT, Inc. Mitsubishi Electric Logistics Corporation

# Overview of Portfolio (3)

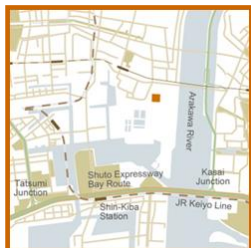
## L-5 IIF Shinsuna Logistics Center



### Map



### Map (Close up)



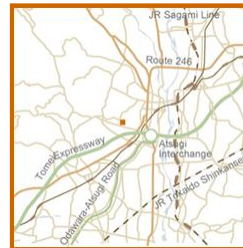
▶ This property was constructed with an emphasis on ensuring efficiency of distribution operations and speedy sorting and shipment. It also has a waiting/parking area on the rooftop. Currently Sagawa Express Co., Ltd. uses this facility as a delivery center for the Taito Ward area.

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

## L-6 IIF Atsugi Logistics Center



### Map



### Map (Close up)



▶ This property has high 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.

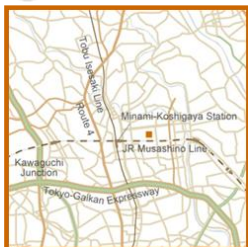
Acquisition date	October, 2007
Acquisition price	¥2,100 million
Location	Atsugi, Kanagawa
Land area	5,648.48m <sup>2</sup>
Total floor area	10,076.58m <sup>2</sup>
Year constructed	January 31, 2005
Tenant	Mitsubishi Corporation LT, Inc.

# Overview of Portfolio (4)

## L-7 IIF Koshigaya Logistics Center



### Map



### Map (Close up)



▶ This is a single tenant distribution center with a two-story 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. It is currently leased to LOGIONE Co., Ltd., a subsidiary of The Daiei, Inc.

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

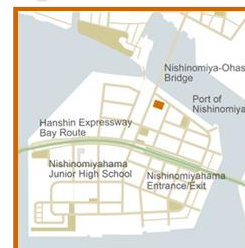
## L-8 IIF Nishinomiya Logistics Center



### Map



### Map (Close up)



▶ 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 m<sup>2</sup>. This facility provides distribution services to various domestic shippers of processed foods, food materials, etc.

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

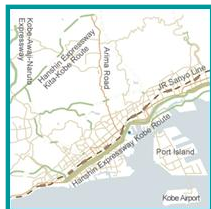


# Overview of Portfolio (5)

## I-1 IIF Kobe District Heating and Cooling Center



### Map



▶ 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.

Note: The plant facilities of Kobe District Heating and Cooling Center are not owned by IIF

### Map (Close up)



Acquisition date	October, 2007
Acquisition price	¥18,100 million
Location	Kobe, Hyogo
Land area <sup>1</sup>	6,002.21 m <sup>2</sup>
Total floor area	54,485.71 m <sup>2</sup>
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.

## I-2 IIF Haneda Airport Maintenance Center



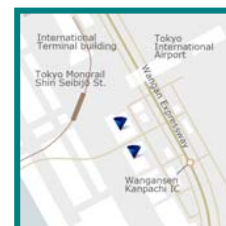
Note: "Haneda Airport" is the popular name for Tokyo International Airport.

### Map



▶ Haneda Airport is one of the most significant airports in the world which is ranked 4th globally and 1st domestically in the number of incoming and outgoing passengers. Currently, a 4th runway is under construction for its expansion; the hangar is located between the four runways. Also, Haneda Airport is the key airport for the domestic flight network of JAL Group; 18 out of its top 20 routes use Haneda Airport. The Aviation Law requires aircraft maintenance by all airlines, and Haneda Airport Maintenance Center has played the central role in aircraft maintenance for JAL Group.

### Map (Close up)



Acquisition date	February, 2008
Acquisition price	¥41,110 million
Location	Haneda Airport, Ota-ku, Tokyo
Total floor area	Maintenance Center 1 (main building): 49,823.52m <sup>2</sup> (attached building): 159.81m <sup>2</sup> Maintenance Center 2 (main building): 31,940.32m <sup>2</sup> (attached building): 72.16m <sup>2</sup>
Year constructed	June 1993
Tenant	Japan Airlines International Co, Ltd. (a wholly owned subsidiary of the holding company Japan Airlines)

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