Mitsubishi Corp UBS Realty

Industrial & Infrastructure Fund Investment Corporation

Investor Presentation for the December 2008 (3rd) Period

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1. Operational Highlights for the December 2008 (3rd) Period

Operational Highlights for the December 2008 (3rd) Period

The result for the December 2008 period: **operating revenue of 3,261mn yen (+14.4%), net income of 958mn yen (+0.5%), distribution per unit of 12,132 yen and FFO per unit of 21,850 yen** with rent revenues from IIF Haneda Maintenance Center fully contributing for the whole period.

Operational highlights

Stable revenues

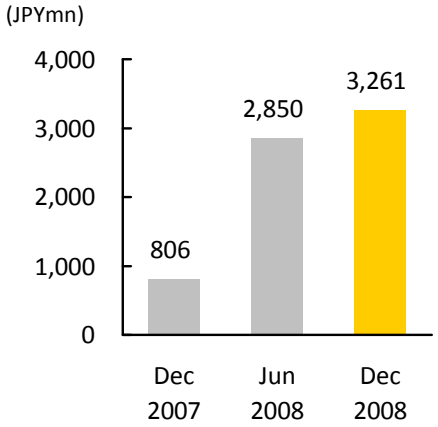
- Upward rent revision for IIF Koshigaya Logistics Center
- Average occupancy rate remaining at 99.9%

Refinancing

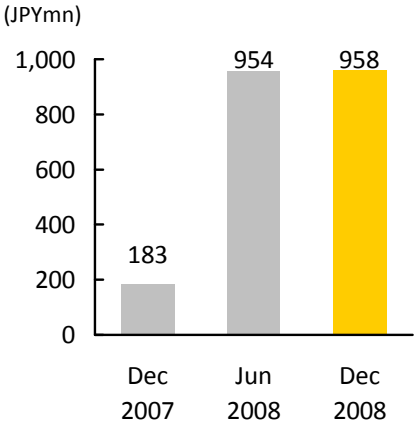
- Unsecured refinancing at an average borrowing cost of 1.21%
- Part of short-term borrowings (2,700mn yen) has been repaid using funds on hand

Historical operating results

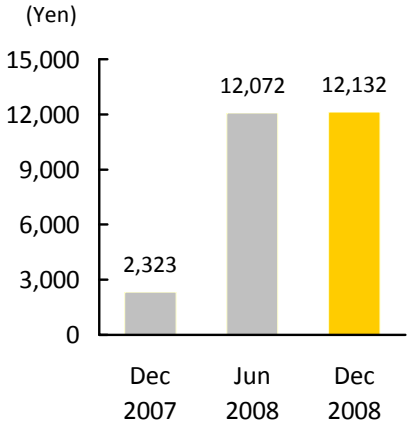
Operating revenue



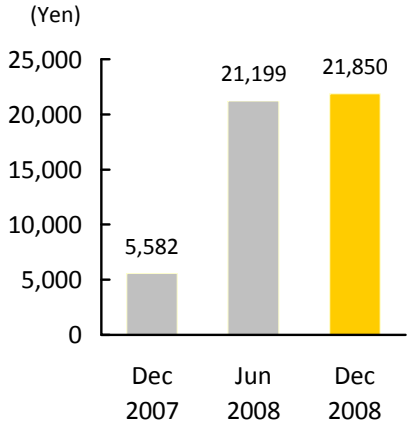
Net income



Distribution per unit



FFO per unit



Results Highlights for the December 2008 (3rd) Period

Results and forecasts

Items	Dec. 2008 period (actual)	Dec. 2008 period (Note 1) (forecast)	Difference (%)
Operating revenues	3,261mn yen	3,268mn yen	△7mn yen（-0.2%）
Operating income	1,561mn yen	1,540mn yen	21mn yen（1.4%）
Recurring profit	959mn yen	873mn yen	86mn yen（9.9%）
Net income	958mn yen	872mn yen	86mn yen（9.9%）
Distribution per unit	12,132 yen	11,037 yen	1,095 yen（9.9%）
FFO per unit (Note 2)	21,850 yen	20,755 yen	1,095 yen（5.3%）

(Note 1) On Dec. 19, 2008, the DPU forecast has been revised to ¥11,957
(Note 2) (Net income + Net depreciation + Other property related amortization) / Total units outstanding

Assets under management

Items	At end of Dec. 2008	At end of Jun. 2008
Number of properties	10	10
Total assets	112,242mn yen	114,898mn yen
Total book value (1)	108,439mn yen	108,894mn yen
Total appraisal value as of the end of the period (2)	111,420mn yen	113,330mn yen
Difference between total book value and total appraisal value (2 – 1)	2,981mn yen	4,436mn yen

While real estate appraisal values have been declining in the current market environment, the IIF appraisal values has declined only to a limited extent

June 2009 (4th) Period Forecast

For the June 2009 (4th) period, IIF expects to generate **operating revenue of 3,144mn yen, net income of 735mn yen, distribution per unit of 9,303 yen and FFO per unit of 17,909 yen** given issuance of subordinated investment corporation bond and asset disposition.

June 2009 (4th) period forecast

	Jun. 2009 period (181 days; forecast)	Dec. 2008 period (184 days)
Operating revenue	3,144mn yen	3,261mn yen
Recurring profit	736mn yen	959mn yen
Net income	735mn yen	958mn yen
Distribution per unit	9,303 yen	12,132 yen
FFO per unit (Note 1)	17,909 yen	21,850 yen
FFO payout ratio	51.9%	55.5%
LTV (Note 2)	49.7%	60.0%
Long-term debt ratio(Note 3)	38.7%	22.3%

Capital expenditure & depreciation results and forecast

	Jun. 2009 period (forecast)	Dec. 2008 period
Capital expenditure	154mn yen(Note 4)	8mn yen
Repair cost	10mn yen	5mn yen
Total	164mn yen	13mn yen
Depreciation	680mn yen	768mn yen

(Note 1) (net income + net depreciation + other property related amortization) / total units outstanding
(Note 2) (long-term debt + short-term debt) / total asset
In calculating LTV for the June 2009 period, the amount of debt associated with the subordinated investment corporation bond has been deducted from the amount of interest-bearing debt
(Note 3) (long-term debt + subordinated investment corporation bond) / (long-term debt + subordinated investment corporation bond + short-term debt)
(Note 4) Expecting approximately 80mn yen for Kobe external wall repair and approximately 40mn yen for Shinsuna LC roof waterproofing

2. Measures to Deal with Changing Financial Environment (Actions for The 4th Period)

Background

Stable cashflow on the asset side

- The portfolio consisting primarily of highly stable assets

  Generating stable revenues and realizing an occupancy rate of 99.9%

- Average remaining lease term stands at 9.6 years

Financing environment has changed dramatically due to financial crisis

- The credit of real estate players has dramatically decreased consequent to its downward forecast revisions and bankruptcies
- Debt spread has widened
- Equity financing without dilution is difficult as the price of the investment unit has declined due to the turmoil in the capital markets

In anticipation of further deterioration in the financial market ….

- **Facilitate refinancing**
- **Extend debt maturity**
- **Lower LTV**

→

- **Issuance of subordinated investment corporation bond**
- **Determine disposition of assets**

Issuance of Subordinated Investment Corporation Bond (1)

IIF has decided to issue subordinated investment corporation bond, the first-ever issuance in the J-REIT sector, in order to strengthen financial platform and to deal with changes in the J-REIT market

Objective for issuing subordinated investment corporation bond

- **Investment corporation bond is a debt security; thus, it does not dilute the value of DPU**
- Repayment of existing loans with proceeds from subordinated investment corporation bond is considered equivalent to lowering LTV because it is subordinated to other debt including borrowing from banks, which will lead to steady relationship with banks
- The proportion of long-term debt will be raised by converting the existing short-term debt to long-term debt

- Ensure continued transactions with banks
- Diversify sources of funding

Issuance of Subordinated Investment Corporation Bond (2)

Overview of subordinated investment corporation bond

Name of the investment corporation bond	1st Unsecured Investment Corporation Bond (subordinated, exclusive for qualified institutional investors)
Planned allocatee	Mitsubishi Corporation
Total issuance	Up to 8.0bn yen
Payment date	February 27, 2009
Redemption date	February 27, 2014
Yield	6M-Libor +250bps
Interest payment date	End of August and February of each year
Collateral/guarantee	Uncollateralized/unsecured
Use of proceed	Repayment of debt and working capital
Offering method	Private placement (exclusively for qualified institutional investors)
Financial agent	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Administrative agent	Mitsubishi UFJ Securities Co., Ltd.

(Note) For details of the subordinated investment corporation bond, please refer to "The 1st Issue of Unsecured Investment Corporation Bond (subordinated and exclusively for qualified institutional investors)" released on February 17, 2009

Pricing

- Given that this is the first-ever issuance of subordinated investment corporation bond and there is no pricing benchmark, IIF has determined the pricing with data provided by Mitsubishi UFJ Securities, the administrative agent.
- As to the spread of 250bps, the following items have been verified;
  - Senior loan spreads for other REITs and spreads of subordinated bank bonds
  - Debt/capital costs
  - Comparable issues, etc.

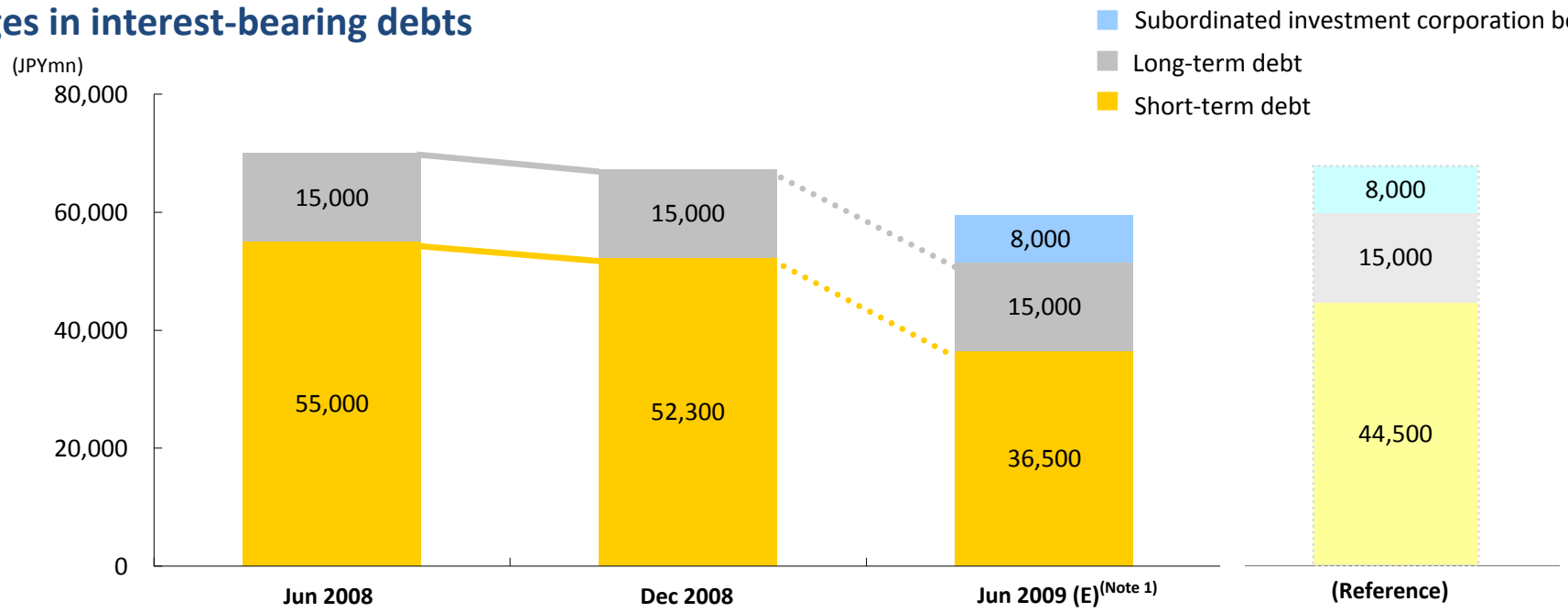
And considered the pricing level to be reasonable

Announcement of official views of relevant authorities and the Investment Trust Association

In February 2009, the Investment Trust Association announced its comment that the issue of "Subordinated Investment Corporation Bond" is permissible, which helped clarify the interpretation of Investment Trust Law and other relevant laws and regulations.

Outstanding Debt after Issue of Subordinated Investment Corporation Bond and Expected Asset Disposition

Changes in interest-bearing debts



	Jun 2008	Dec 2008	Jun 2009 (E)(Note 1) Subordinated bond and asset disposition	(Reference) Subordinated bond but no asset disposition
1. LTV	60.9%	60.0%	49.7%	53.2%
2. Long-term debt ratio	21.4%	22.3%	38.7%	34.1%

1. (long-term debt + short-term debt) / total asset
2. (long-term debt + subordinated investment corporation bond) / (long-term debt + subordinated investment corporation bond + short-term debt)

(Note 1) In calculating LTV for the June 2009 period, the amount of debt associated with the subordinated investment corporation bond has been deducted from the amount of interest-bearing debt

(Note 2) The repayment deadline for ¥15,000mn long-term debt is October 2010, and redemption for ¥8,000mn subordinated investment corporation bond is scheduled for February 2014

3. Basic Management Policy for the Future

Basic Management Policy for the Future

Management strategies

- Strengthen relationship with tenants
- Pursue upward rent revision at the time of contract renewal/rent review
- Proper management of owned assets

Growth strategies

- **Pursue higher profitability through acquisition/disposition of portfolio assets for the time being**
- Pursue growth from a medium- and long-term perspective

Financial strategies

- **Ensure conservative financial management to deal with changes in the financial market**
- Positive feedback from financial institutions with regard to the issue of subordinated investment corporation bond which is reflected in the continual support of the steady management of IIF
- **Duration control in line with asset attributes**
- **Diversify funding methods**

Management Strategies

Strengthen relationship with tenants, pursue higher profitability and maintain value of the assets

Strengthen relationship with tenants

- Offer proposals involving logistics operations
- Establish channels with logistics companies and shippers
- Ensure higher satisfaction of existing tenants

Decent management of owned assets

- Optimize pricing and specifications prior to launching construction works
- Maintain/manage buildings
- Implement measures to protect environment

Pursue upward rent revision at the time of contract renewal/rent review

- Pursue higher rents at the time of contract renewal /rent revision
- Maintain/raise occupancy rates

Maintain high occupancy rates for the entire portfolio

- No tenant with contract ending/renewal planned during the 4th period
- Expected to maintain an average occupancy rate of 99.9%

Maintain current rent level

- There is only one tenant expecting rent revision during the 4th period
  →Planning to request upward rent revision
- Other tenants are expected to remain with current rent levels

Growth Strategies

Pursue higher profitability through acquisition/disposition of portfolio assets for the time being

- Increasing opportunities for sale-and-lease-back transactions of core assets of blue-chip companies
- Increasing opportunities for acquiring industrial assets, including lands on leasehold for factories, which can potentially generate higher yields

→ **Pursue higher profitability through acquisition/disposition of portfolio assets while paying due consideration to financial health**

Pursue growth from a medium- and long-term perspective

- Changes in asset acquisition environment
  - Logistics facilities: Concentration/consolidation of locations accelerated for a more efficient national logistics system
  - Plant/R&D facilities and infrastructure facilities: Growing needs for off-balance-sheet of core assets
  - Public infrastructure facilities: Assets review by local governments, etc. is increasing
- External growth based on prime industrial properties/prime infrastructure properties that generate stable cash flows

Financial Strategies

- **Ensure conservative financial management to deal with changes in financial market**
- The financial institutions are positive on the issue of subordinated investment corporation bond and continuously supporting steady management of IIF
- **Duration control in line with asset attributes**
  - Pursue longer duration for interest-bearing debt upon issuance of 5-year subordinated bond
  - With regard to dividend level, IIF plans to raise long-term debt ratio to 70% in long term perspective
- **Diversify funding methods**
  - Accelerate diversification of funding source by developing relationship with new lenders, issuing investment corporation bond upon recovery of the market, etc.
  - Utilize financial aid through Development Bank of Japan

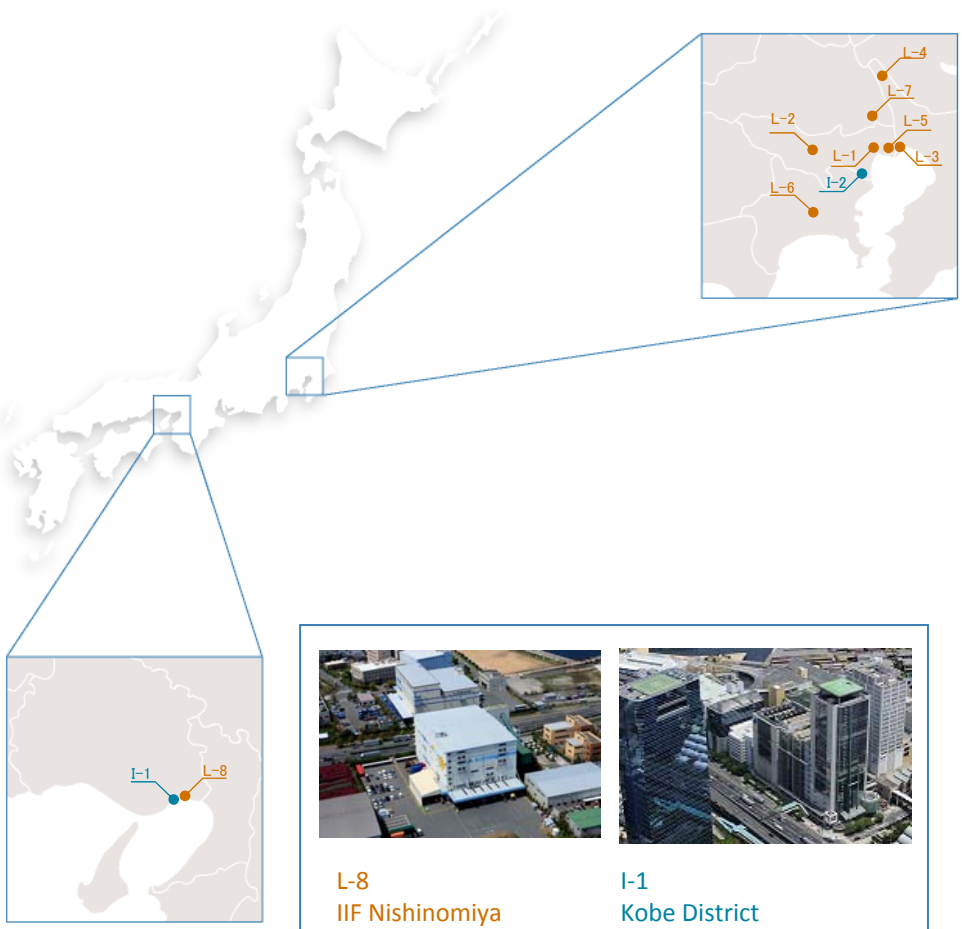
On December 15, 2008, Ministry of Land, Infrastructure, Transport and Tourism announced "Emergency Plan Aimed at Revitalizing Housing/Real-estate Market."

Measures

- Supports for cash position improvement based on Crisis Response Operations of Japan Finance Corporation
  - Deal with drastic credit crunch
  - Target at housing/real-estate operators engaged in healthy business
- Extension of various tax preferential treatments
- Building of an environment that facilitates procedures for M&A of J-REIT

4. Portfolio Overview

Portfolio Map (including anticipated acquisition)



L-8
IIF Nishinomiya
Logistics Center

I-1
Kobe District
Heating and Cooling Center

L-1
IIF Shinonome
Logistics Center

L-2
IIF Musashi Murayama
Logisitics 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

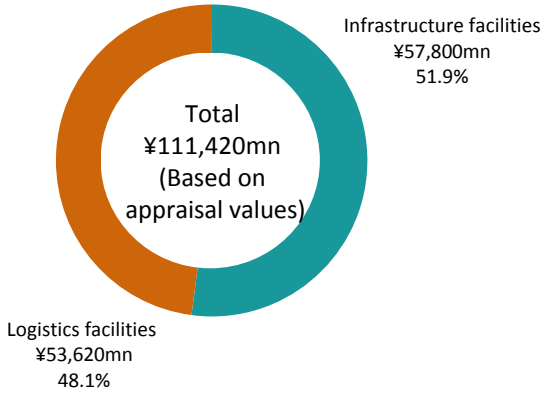
I-2
IIF Haneda Airport
Maintenance Center

IIF Shinsuna
Data Center (Note 1)

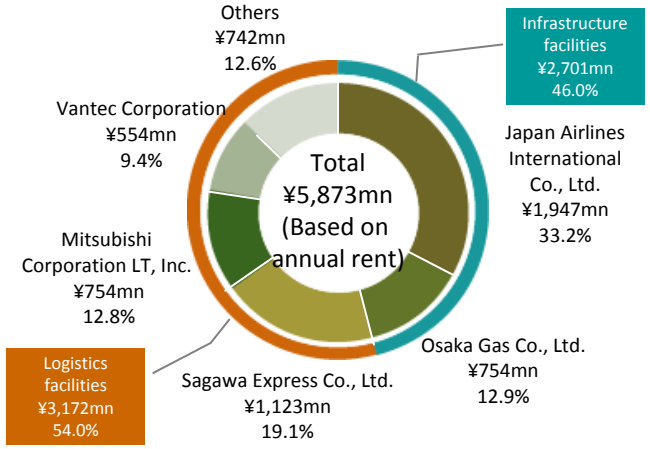
Note 1: IIF Shisuna Data Center is anticitated to be acquired after the 7th period.

Portfolio Diversification (Based on current assets as of Dec. 2008)

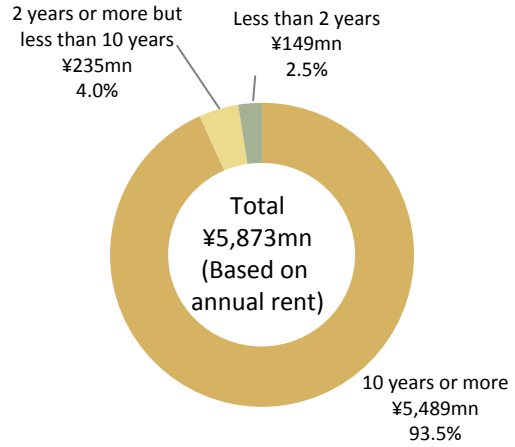
By asset category



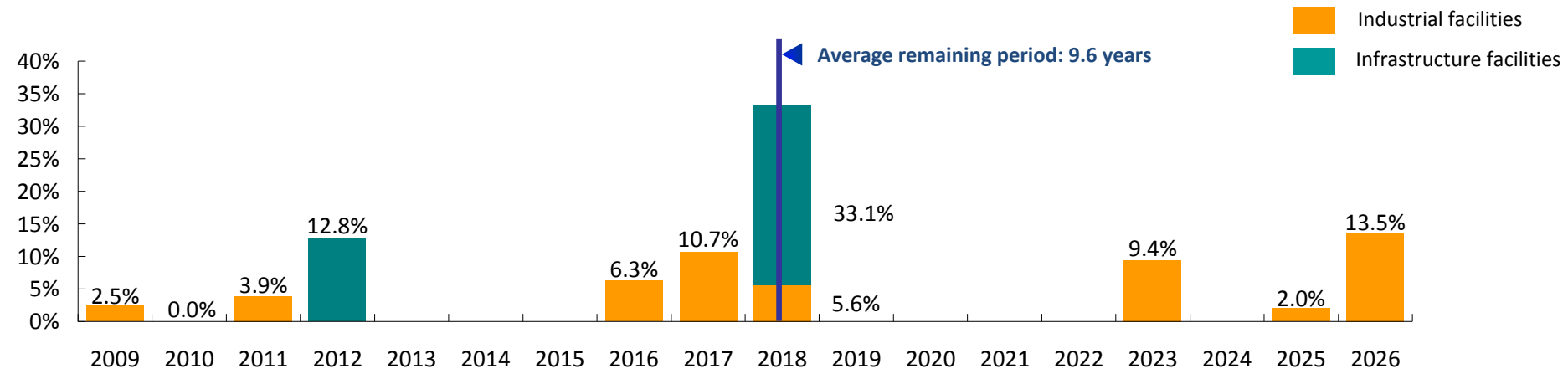
By tenant rent



By lease term (term in contract)



Maturity ladder of rents by lease term (Note 4)



Note 1: Annual rent is calculated as aggregate anticipated monthly rent multiplied by twelve (the total rent for assets with multiple lease contracts) and rounded to the nearest million yen
Note 2: Lease term and annual rent are as of December 31, 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.
Note 4: Data as of December 31, 2008. The average remaining period of lease term is weight-averaged by rents

Portfolio Overview (1)

Asset Category	Property Number (Note 1)	Property Name	Location	Year Constructed (Note 2)	Acquisition Price (million yen)	% of Total Portfolio in Acquisition Price	NOI Cap Rate (Note 3) (%)	Appraisal Value (million yen) (Note 4)	% of Total Portfolio in Appraisal Value	Leasable Area (Note 5) (m^2)	Occupancy Rate (Note 6) (%)	PML (Note 7) (%)
Industrial Property	L-1	IIF Shinonome Logistics Center(Note 8)	Koto Ward, Tokyo	Feb,2006	13,700	12.8	5.3	15,300	13.7	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	8,750	7.9	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	9.4	42,336.00	100.0	5.2
	L-4	IIF Noda Logistics Center	Noda, Chiba	Mar,2006	6,500	6.1	6.0	7,170	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	5,820	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	2,300	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	2,240	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	1,540	1.4	10,608.00	100.0	9.1
	Sub Total of Industrial Properties				47,900	44.7	5.9	53,620	48.1	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	17,300	15.5	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	40,500	36.3	81,995.81	100.0	4.5、3.2
	Sub Total of Infrastructure Properties				59,210	55.3	4.4	57,800	51.9	93,185.17	99.7	-
Total					107,110	100.0	5.1	111,420	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: Appraisal values are as of December 31, 2008

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

Note 6: Occupancy rate, as of December 31, 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 and appraisal value by taking 53% (the percentage of its joint trust beneficiary interest) of the total, as described in relevant lease agreements. In the case of the leasable areas, by rounding to the nearest hundredth of a square meter

Portfolio Overview (2)

Appraisal cap rate

Asset Category	Property Number (Note 2)	Property Name	Dec 2008 (3rd Period)							(Reference) Jun 2008 (2nd Period)				
			Book Value (JPY mn)	Appraisal Value (JPY mn)			Direct Cap Rate	DCF Discount Rate	DCF Terminal Cap Rate	Book Value (JPY mn)	Appraisal Value (JPY mn)	Direct Cap Rate	DCF Discount Rate	DCF Terminal Cap Rate
				Appraisal Value	Change	% of Change								
Industrial Property	L-1	IIF Shinonome Logistics Center(Note 3)	13,727	15,300	0	0.0%	4.9%	4.5%	5.1%	13,773	15,300	4.9%	4.5%	5.1%
	L-2	IIF Musashi Murayama Logistics Center	7,863	8,750	10	0.1%	5.6%	5.3%	5.7%	7,951	8,740	5.6%	5.3%	5.7%
	L-3	IIF Funabashi Logistics Center	8,791	10,500	0	0.0%	5.3%	4.9%	5.7%	8,908	10,500	5.3%	4.9%	5.7%
	L-4	IIF Noda Logistics Center	6,424	7,170	△ 70	△1.0%	5.4%	5.2%	5.6%	6,483	7,240	5.3%	5.1%	5.6%
	L-5	IIF Shinsuna Logistics Center	5,329	5,820	△ 50	△0.9%	5.0%	4.6%	5.0%	5,340	5,870	5.0%	4.6%	4.9%
	L-6	IIF Atsugi Logistics Center	2,049	2,300	△ 50	△2.1%	5.6%	5.1%	5.9%	2,080	2,350	5.5%	5.0%	5.7%
	L-7	IIF Koshigaya Logistics Center	1,984	2,240	△ 30	△1.3%	5.7%	5.4%	5.8%	2,002	2,270	5.6%	5.3%	5.7%
	L-8	IIF Nishinomiya Logistics Center	1,296	1,540	△ 20	△1.3%	5.8%	5.5%	6.0%	1,308	1,560	5.7%	5.5%	5.9%
	Sub Total of Industrial Properties		47,467	53,620	△ 210	△0.4%	-	-	-	47,848	53,830	-	-	-
Infrastructure Property	I-1	IIF Kobe District Heating and Cooling Center	18,360	17,300	△ 700	△3.9%	4.3%	3.7%	4.3%	18,477	18,000	4.1%	3.7%	4.1%
	I-2	IIF Haneda Airport Maintenance Center	42,611	40,500	△ 1,000	△2.4%	4.4%	3.7%	4.9%	42,568	41,500	4.3%	3.5%	4.8%
	Sub Total of Infrastructure Properties		60,972	57,800	△ 1,700	△2.9%	-	-	-	61,045	59,500	-	-	-
Total			108,439	111,420	△ 1,910	△1.7%	-	-	-	108,894	113,330	-	-	-

Note 1: The appraisal value, Direct cap rate, DCF discount rate and DCF terminal cap rate are based on appraisals by licensed real estate agents (Japan Real Estate Institute and CBRE)
Note 2: The prefix indicates the property category (L for logistics facilities and I for infrastructure facilities). Each category is numbered in order of acquisition.
Note 3: The appraisal value for IIF Shinonome Logistics Center indicates the value for 53% of joint trust beneficiary interest.

【Reference】 Anticipated acquisition after December 2010 (7th Period)

Asset Category	Property Number	Property Name (Anticipated to acquire)	Dec 2008 (3rd Period)							(Reference) Jun 2, 2008			
			Anticipated Acquisition Price (JPYmn)	Appraisal Value (JPY mn)			Direct Cap Rate	DCF Discount Rate	DCF Terminal Cap Rate	Appraisal Value (JPY mn)	Direct Cap Rate	DCF Discount Rate	DCF Terminal Cap Rate
				Appraisal Value	Change	% of Change							
Infrastructure Property	—	IIF Shinsuna Data Center	15,100	16,000	△400	△2.4%	5.6%	5.0%	6.0%	16,400	5.4%	4.8%	5.8%

5. Reference Materials

Balance Sheet as of the End of December 2008

('000 yen)

	Dec 2008 Period	Jun 2008 Period	Change Amount	(%)
Assets				
Current assets				
Cash and cash equivalents	2,115,220	3,128,809	△ 1,013,589	
Entrusted cash and deposits	1,364,133	1,358,365	5,768	
Rental receivables	8,966	153,556	△ 144,590	
Prepaid expenses	121,563	56,152	65,411	
Deferred tax assets	18	18	0	
Account receivable	—	1	△ 1	
Corporate tax refundable	61	—	61	
Consumption tax refundable	—	1,061,371	△ 1,061,371	
Other current assets	262	2,953	△ 2,691	
Total current assets	3,610,227	5,761,229	△ 2,151,001	△ 37.3
Non-current assets				
Tangible assets				
Buildings (net)	22,777,895	22,734,723	43,171	
Entrusted buildings (net)	28,374,733	28,838,519	△ 463,786	
Entrusted building improvements (net)	512,622	546,568	△ 33,946	
Entrusted furniture & fixtures (net)	426	—	426	
Entrusted land	36,940,337	36,940,337	—	
Total tangible assets	88,606,015	89,060,150	△ 454,134	△ 0.5
Intangible assets				
Leasehold land	19,833,966	19,833,966	—	
Total intangible assets	19,833,966	19,833,966	—	0.0
Investments				
Lease deposit	10,000	10,000	—	
Long-term prepaid expenses	62,292	78,938	△ 16,645	
Total investments	72,292	88,938	△ 16,645	△ 18.7
Total non-current assets	108,512,274	108,983,054	△ 470,779	△ 0.4
Deferred assets				
Issuance costs of investment units	119,966	154,243	△ 34,276	
Total deferred assets	119,966	154,243	△ 34,276	△ 22.2
Total Assets	112,242,469	114,898,526	△ 2,656,057	△ 2.3

('000 yen)

	Dec 2008 Period	Jun 2008 Period	Change Amount	(%)
Liabilities				
Current liabilities				
Account payable	16,487	140,659	△ 124,172	
Short-term debt	52,300,000	55,000,000	△ 2,700,000	
Accrued liabilities	201,745	202,122	△ 376	
Accrued expenses	2,181	—	2,181	
Accrued income taxes	—	325	△ 325	
Accrued consumption taxes	130,633	—	130,633	
Rent received in advance	558,057	529,147	28,909	
Other current liabilities	11,683	1,157	10,526	
Total current liabilities	53,220,788	55,873,411	△ 2,652,623	△ 4.7
Non-current liabilities				
Long-term debt	15,000,000	15,000,000	—	
Lease deposits	973,369	973,369	—	
Tenant leasehold and security deposits	5,421,161	5,421,161	—	
Other non-current liabilities	138,916	147,073	△ 8,157	
Total non-current liabilities	21,533,448	21,541,605	△ 8,157	0.0
Total Liabilities	74,754,236	77,415,017	△ 2,660,780	△ 3.4
Unitholders' equity				
Total investment				
Unitholders' capital	36,529,370	36,529,370	—	0.0
Retained earnings				
Retained earnings or loss (△)	958,862	954,139	4,723	
Total retained earnings	958,862	954,139	4,723	0.5
Total unitholders' equity	37,488,232	37,483,509	4,723	0.0
Total Net Assets	37,488,232	37,483,509	4,723	0.0
Total Liabilities and Unitholders' Equity	112,242,469	114,898,526	△ 2,656,057	△ 2.3

Income Statement for December 2008

('000 yen)

	Dec 2008 Period	Jun 2008 Period	Change Amount	Change (%)
Operating revenue				
Rental revenue	3,261,045	2,850,626	410,418	
Total rental revenue	3,261,045	2,850,626	410,418	14.4
Operating expenses				
Property-related expenses	1,286,236	1,070,195	216,040	
Asset management fees	343,511	342,453	1,058	
Directors' fees	5,820	5,820	—	
Custodian fees	5,703	5,417	285	
General administration fees	22,253	21,667	586	
Other operating expenses	36,300	54,915	△ 18,614	
Total operating expenses	1,699,826	1,500,469	199,356	13.3
Operating Income	1,561,218	1,350,156	211,062	15.6
Non-operating revenue				
Interest revenue	6,006	4,137	1,868	
Other	3,416	8,968	△ 5,551	
Total non-operating revenue	9,423	13,106	△ 3,682	△ 28.1
Non-operating expenses				
Interest expense	419,330	332,074	87,256	
Finance-related costs	64,219	41,054	23,165	
Depreciation of offering costs	34,276	34,276	—	
Others	92,996	754	92,242	
Total non-operating expenses	610,823	408,159	202,664	49.7
Recurring Profit	959,818	955,103	4,715	0.5
Net icome before income taxes	959,818	955,103	4,715	0.5
Income, inhabitant and corporate taxes	985	981	3	
Tax adjustments	△0	14	△ 14	
Total taxes	985	995	△ 10	△ 1.1
Net Income	958,833	954,107	4,725	0.5
Retained earnings (beginning balance)	29	31	△ 2	
Retained Earnings or Loss (-) (ending balance)	958,862	954,139	4,723	

Note 1: The 2nd period (June 2008 period) begins on January 1, 2008, and ends on June 30, 2008 (182 operating days).
Note 2: The 3rd period (December 2008 period) begins on July 1, 2008, and ends on December 31, 2008 (184 operating days).

Cashflow and Dividend Statements for December 2008

('000 yen)

	Dec 2008 Period	Jun 2008 Period	Change Amount
Cash flow from operating activities			
Income before income taxes	959,818	955,103	4,715
Depreciation	768,136	721,411	46,725
Amortization of offering costs	34,276	34,276	—
Interest revenue	△ 6,006	△ 4,137	△ 1,868
Interest expense	419,330	332,074	87,256
Increase/Decrease in Rental receivables (△ means increase)	144,590	△ 143,764	288,355
Increase/Decrease in Account receivables (△ means increase)	1	1,700	△ 1,699
Increase/Decrease in Corporate tax refundable (△ means increase)	△ 61	—	△ 61
Increase/Decrease in Consumption tax refundable (△ means increase)	1,061,371	460,566	600,805
Increase/Decrease in Prepaid expenses (△ means increase)	△ 65,411	△ 9,583	△ 55,828
Increase/Decrease in Long-term prepaid expenses (△ means increase)	16,645	16,320	324
Increase/Decrease in Accrued liabilities (△ means decrease)	△ 124,172	136,561	△ 260,733
Increase/Decrease in Accrued payable (△ means decrease)	△ 376	96,502	△ 96,879
Increase/Decrease in Accrued expenses (△ means decrease)	96	△ 129	226
Increase/Decrease in Accrued taxes (△ means decrease)	130,633	—	130,633
Increase/Decrease in Rent received in advance (△ means decrease)	28,909	170,232	△ 141,323
Increase/Decrease in Other non-current liabilities (△ means decrease)	△ 8,157	△ 8,166	9
Others	10,519	△ 39,931	50,451
Sub-total	3,370,145	2,719,036	651,108
Interest received	6,006	4,137	1,868
Interest paid	△ 417,246	△ 335,012	△ 82,233
Tax paid	△ 1,310	△ 2,208	898
Net Cash from Operating Activities	2,957,595	2,385,953	571,641
Cash flow from investing activities			
Purchase of tangible assets	△ 305,106	△ 22,950,143	22,645,036
Purchase of entrusted tangible assets	△ 8,896	△ 84,084	75,187
Purchase of intangible assets	—	△ 19,833,966	19,833,966
Proceeds from tenant leasehold and security deposits	—	973,369	△ 973,369
Payment of tenant leasehold and security deposits	—	△ 38,566	38,566
Net Cash from Investment Activities	△ 314,002	△ 41,933,389	41,619,386
Cash flow from financing activities			
Proceeds from short-term debt	12,300,000	40,000,000	△ 27,700,000
Payment of short-term debt	△ 15,000,000	—	△ 15,000,000
Payment of issuance costs of investment units	—	△ 9,250	9,250
Distribution payment	△ 951,413	△ 182,654	△ 768,758
Net Cash from Financing Activities	△ 3,651,413	39,808,094	△ 43,459,507
Net change in cash and cash equivalents (△ means decrease)	△ 1,007,820	260,657	△ 1,268,478
Cash and cash equivalents at beginning of period	4,487,175	4,226,517	260,657
Cash and Cash Equivalents at end of Period	3,479,354	4,487,175	△ 1,007,820

('000 yen)

	Dec 2008 Period	Jun 2008 Period	Change Amount
Retained earnings (ending balance)	958,862	954,139	4,723
Distribution amount	958,852	954,110	4,742
DPU (yen)	12,132	12,072	60
Retaind earnings carried forward	10	29	△ 19

Note 1: The 2nd period (June 2008 period) begins on January 1, 2008, and ends on June 30, 2008 (182 operating days).
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Earning Performance by Property

Items		L1(Shinonome)		L2 (Musashi)		L3 (Funabashi)		L4 (Noda)		L5 (Shinsuna)		L6 (Atsugi)	
		3rd Period	2nd Period	3rd Period	2nd Period	3rd Period	2nd Period	3rd Period	2nd Period	3rd Period	2nd Period	3rd Period	2nd Period
Income	Rental revenue	397	397	276	276	313	313	224	224	163	163	74	74
	Other income	-	-	0	0	28	27	19	17	-	-	0	0
	Total property income	397	397	276	276	341	340	244	242	163	163	74	74
Cost	Property management fees	0	0	0	1	7	7	6	6	0	0	0	0
	Utility expenses	-	-	-	-	21	20	12	11	-	-	-	-
	Tax and public charges	28	14	29	14	27	13	23	11	15	7	7	3
	Maintenance expenses	1	6	-	-	-	-	-	-	-	-	-	0
	Other property expenses	1	1	2	2	1	1	1	1	1	1	1	1
	Total expenses	31	22	32	18	58	43	45	31	18	10	9	6
NOI		366	375	244	258	283	297	199	211	145	153	65	68
Depreciation and amortization		46	46	87	87	116	116	58	58	13	13	31	31
Operating profit		319	328	156	170	167	180	141	152	132	140	33	37
Tenant leasehold		1,457	1,457	273	273	313	313	224	224	84	84	74	74
Guaranteed deposits		-	-	-	-	-	-	-	-	385	385	-	-
Deposits (ending balance)		1,457	1,457	273	273	313	313	224	224	470	470	74	74

(JPY million)

Items		L7 (Koshigaya)		L8 (Nishinomiya)		I1 (Kobe)		I2 (Haneda)		3rd Period Result	2nd Period Result
		3rd Period	2nd Period	3rd Period	2nd Period	3rd Period	2nd Period	3rd Period	2nd Period		
Income	Rental revenue	74	74	59	59	377	377	1,249	840	3,212	2,804
	Other income	0	0	-	-	1	1	-	-	48	46
	Total property income	74	74	59	59	378	378	1,249	840	3,261	2,850
Cost	Property management fees	0	0	0	0	0	0	1	1	20	21
	Utility expenses	-	-	-	-	3	2	-	-	38	34
	Tax and public charges	5	2	9	4	13	6	0	0	158	79
	Maintenance expenses	0	-	1	-	1	2	-	-	5	8
	Other property expenses	1	1	1	1	1	1	281	190	295	204
	Total expenses	7	4	13	6	20	13	283	191	518	348
NOI		66	70	46	53	357	364	965	649	2,742	2,501
Depreciation and amortization		17	17	11	11	122	122	261	215	768	721
Operating profit		49	52	35	41	234	242	704	433	1,974	1,780
Tenant leasehold		22	22	89	89	2,493	2,493	973	973	6,008	6,008
Guaranteed deposits		-	-	-	-	-	-	-	-	385	385
Deposits (ending balance)		22	22	89	89	2,493	2,493	973	973	6,394	6,394

(JPY million)

Note 1: The 2nd period (June 2008 period) begins on January 1, 2008, and ends on June 30, 2008 (182 operating days).
Note 2: The 3rd period (December 2008 period) begins on July 1, 2008, and ends on December 31, 2008 (184 operating days).

Overview of Portfolio (1)

Property Name	IIF Shinonome Logistics Center	IIF Musashi Murayama Logistics Center	IIF Funabashi Logistics Center
Photo			
Location	Koto Ward, Tokyo	Musashi Murayama, Tokyo	Funabashi, Chiba
Acquisition Date	October 19, 2007	October 19, 2007	October 19, 2007
Acquisition Price	13,700mn yen	8,000mn yen	9,000mn yen
Year Constructed	February 8, 2006	July 8, 2003	July 19, 2007
Total Leasable Area	27,493.29m^2	40,884.25m^2	42,336.00m^2
Land Area	30,283.33m^2	32,745.39m^2	26,607.00m^2
Total Floor Area	Main building: 34,415.56m^2 Attached building: 11.42m^2 (Total of 2 bldgs)	40,884.25m^2	Main building: 42,176.24m^2 Attached building: 4.00m^2
Tenant	Sagawa Express Co., Ltd.	Vantec Corporation	Sagawa Global Logistics Co., Ltd. Mitsubishi Corporation LT, Inc.

Overview of Portfolio (2)

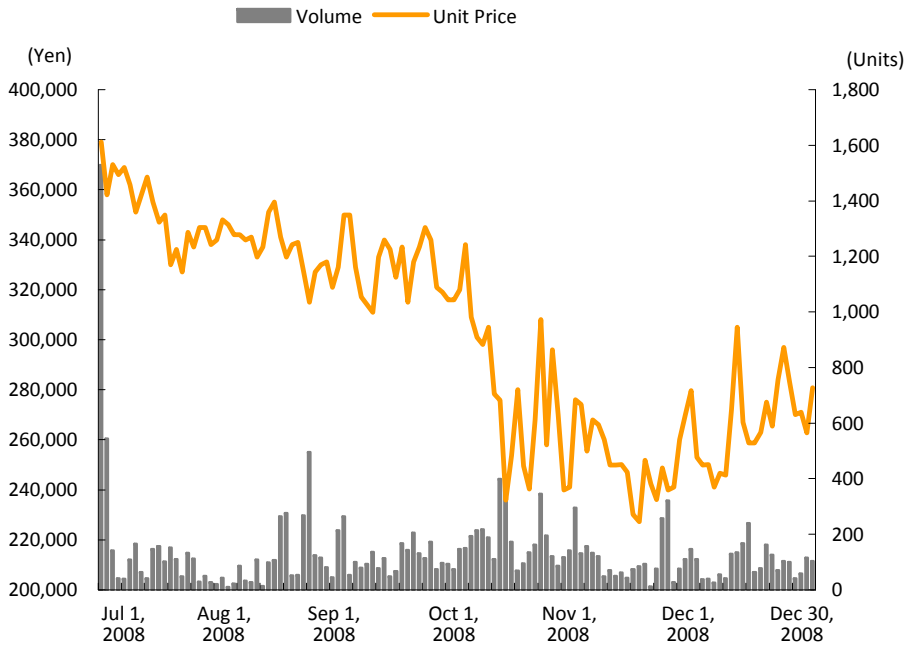
Property Name	IIF Noda Logistics Center	IIF Shinsuna Logistics Center	IIF Atsugi Logistics Center
Photo			
Location	Noda, Chiba	Koto Ward, Tokyo	Atsugi, Kanagawa
Acquisition Date	October 19, 2007	October 19, 2007	October 19, 2007
Acquisition Price	6,500mn yen	5,300mn yen	2,100mn yen
Year Constructed	March 17, 2006	June 12, 1998	January 31, 2005
Total Leasable Area	38,828.10m^2	5,741.75m^2	10,959.68m^2
Land Area	26,551.63m^2	15,615.00m^2	5,648.48m^2
Total Floor Area	38,828.10m^2	Main building: 5,620.97m^2 Attached building: 120.78m^2	10,076.58m^2
Tenant	Mitsubishi Corporation LT, Inc. Mitsubishi Electric Logistics Corporation	Sagawa Express Co., Ltd.	Mitsubishi Corporation LT, Inc.

Overview of Portfolio (3)

Property Name	IIF Koshigaya Logistics Center	IIF Nishinomiya Logistics Center	IIF Kobe District Heading and Cooling Center	IIF Haneda Airport Maintenance Center
Photo				
Location	Koshigaya, Saitama	Nishinomiya, Hyogo	Kobe, Hyogo	Haneda Airport, Ota-ku, Tokyo
Acquisition Date	October 19, 2007	October 19, 2007	October 19, 2007	February 29, 2008
Acquisition Price	2,000mn yen	1,300mn yen	18,100mn yen	41,110mn yen
Year Constructed	September 30, 1985	May 15, 1997	April 12, 1990	June 30, 1993
Total Leasable Area	10,113.50m^2	10,608.00m^2	11,189.36m^2	81,995.81m^2
Land Area	8,581.86m^2	9,997.84m^2	6,002.21m^2	—
Total Floor Area	9,688.47m^2	Main building: 10,608.00m^2 Attached building: 9.00m^2	54,485.71m^2	M1: (Main bldg) 49,823.52m^2 / (Attached bldg) 159.81m^2 M2: (Main bldg) 31,940.32m^2 / (Attached bldg) 72.16m^2
Tenant	Logione Co., Ltd.	Suzuyo & Co., Ltd.	Osaka Gas Co., Ltd.	Japan Airlines International Co, Ltd.

IIF Unit Price Performance

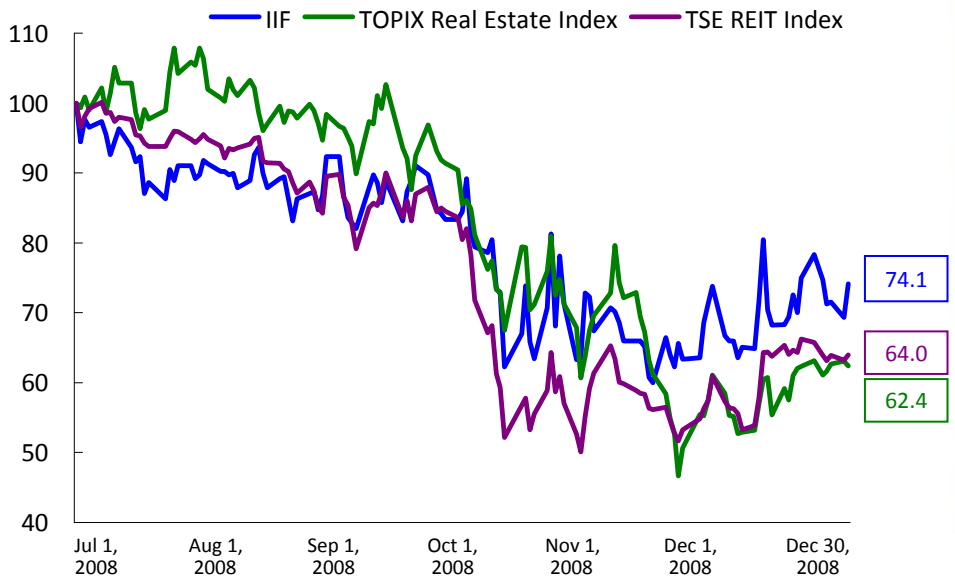
IIF unit price performance in the 3rd period (Jul 1-Dec 30, 2008)



High	¥379,000	(Jul 1, 2008)
Low	¥227,300	(Nov 14, 2008)
Unit price (simple average)	¥302,490	(As of Dec 30, 2008)
Total volume	16,628 units	(As of Dec 30, 2008)
Average daily trading volume	134 units	(As of Dec 30, 2008)

Note: Based on closing price.
Source: Bloomberg

Comparison of price performance in the 3rd period (Note 1,2)



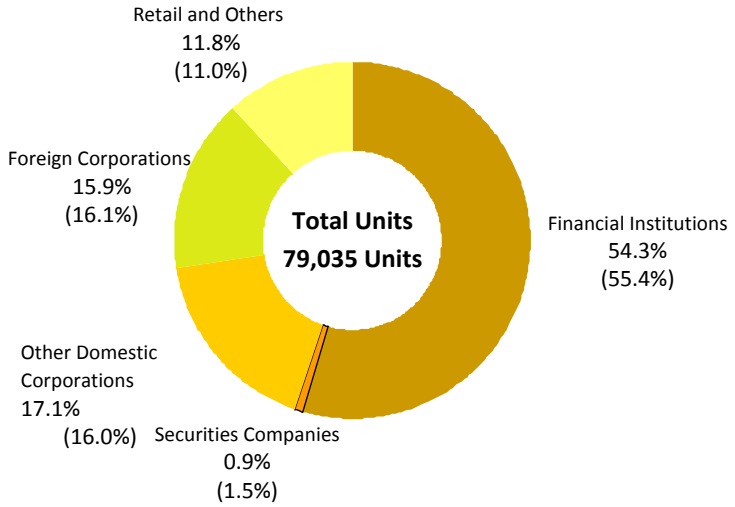
Note 1: Based on closing price.
Note 2: Rebased to closing price on Jul 1, 2008 = 100.
Source: Bloomberg

Analysis of Unitholder Attributes

Top 20 investors as of the end of Dec. 2008

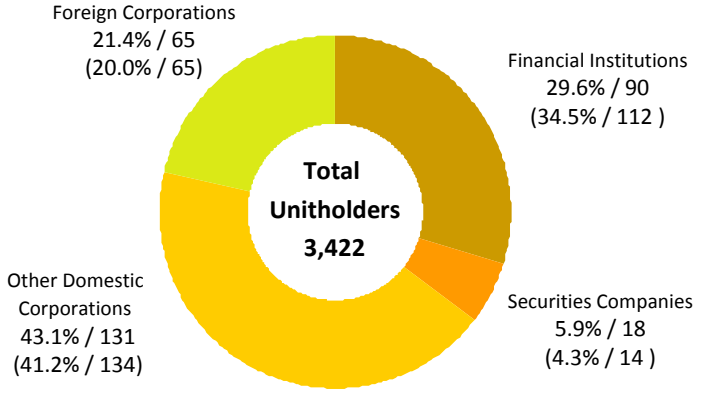
Ranking	Investor name	# of Units	Ownership (%)
1	Mitsubishi Corporation	9,600	12.14
2	NikkoCiti Trust and Banking Corporation (Investment trust account)	6,628	8.38
3	UBS AG LONDON JAPAN SEED CAPITAL FUNDING	5,200	6.57
4	Development Bank of Japan, Inc.	5,000	6.32
5	Japan Trustee Services Bank, Ltd (Trust Account)	3,373	4.26
6	North Pacific Bank, Ltd.	3,205	4.05
7	The Master Trust Bank of Japan, Ltd. (Trust account)	2,400	3.03
8	JP Morgan Chase Bank 385058	2,128	2.69
9	Trust & Custody Services Bank, Ltd. (Securities investment trust account)	2,117	2.67
10	Trust & Custody Services Bank, Ltd. (Money trust account, taxable)	1,259	1.59
11	The Asahi Fire and Marine Insurance Company Limited	1,000	1.26
12	Nippon Tosho Fukyu Co., LTD.	965	1.22
13	Government of Singapore Investment Corporation Pte Ltd.	959	1.21
14	THE HOKKAIDO BANK, LTD.	881	1.11
15	The Shikoku Bank, Ltd.	850	1.07
16	THE BANK OF IKEDA, LTD.	831	1.05
17	THE TAIKO BANK, LTD.	790	0.99
18	The Nomura Trust and Banking Co., Ltd, (Trust account)	735	0.92
19	Northern Trust AVFC Re Northern Trust Guernsey Non Treaty Clients	689	0.87
20	The Ogaki Kyoritsu Bank, Ltd.	649	0.82
	Total	49,259	62.32

Breakdown of units by investor type based on number of shares



Note: ( ) indicate figures as of the end of 2nd period.

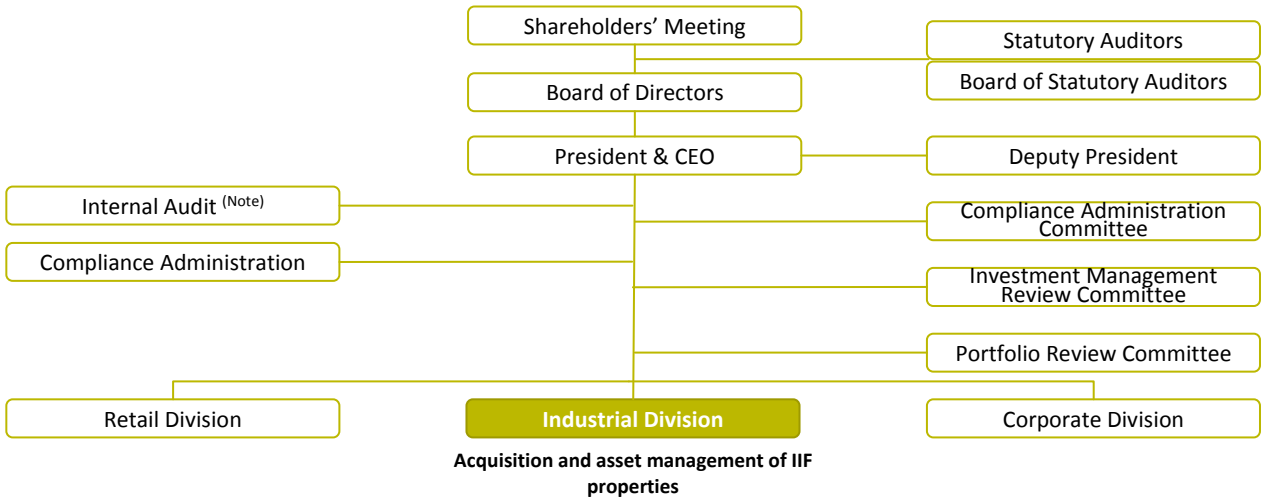
Breakdown of investors by investor type based on number of investors



Note 1: This graph excludes Retail and Others (3,118)
Note 2: ( ) indicate figures as of the end of 2nd period

Overview of the Asset Manager

Organizational structure



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

Asset Manager:
# of Directors & Employees: 90 (excl. non-executive directors)

# of licensed persons out of the above

Licensed real estate agents	30
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	1
Certified tax accountants	4
MBAs (incl. US & UK)	5

Note: As of Feb. 1, 2009

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) [1]
May 17, 2005	Distributor of Trust Certificates Registration (Kanto Financial Bureau No. 131) [1]
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; Currently not in use.

Major shareholders

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

Note: As of December 31, 2008.

Disclaimer

- 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 according to J-GAAP.
- This document is intended solely for analysis of the Investment Corporations' financial results and is not intended for the purpose of soliciting investment in, or as a recommendation to purchase/sell any specific financial products. Any investment by an investor should be based on the investors' own judgment and responsibility.

Asset manager : Mitsubishi Corp.-UBS Realty Inc.
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