



Fourth Fiscal Period Results
(September 1, 2003 – February 29, 2004)

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The financial statements of JRF have been prepared in accordance with generally accepted accounting principles in Japan (Japanese GAAP) which may materially differ in certain respects from generally accepted accounting principles in other jurisdictions.

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April 15, 2004

Japan Retail Fund Investment Corporation
Announcement of Fourth Fiscal Period Results

Distribution Per Unit +7.6% Above Estimates

Summary of Financial Results

Japan Retail Fund Investment Corporation ("JRF"; TSE ticker code: 8953) today announced the financial results of its fourth fiscal period for the six-months ending February 29, 2004.

For the fourth fiscal period, JRF reported gross revenues of ¥6,948 million, operating income of ¥2,870 million, income before income taxes of ¥2,581 million, net income of ¥2,580 million and earnings and cash distributions per unit of ¥16,918. The cash distributions per unit exceeded the estimate of ¥15,724 reported to the Tokyo Stock Exchange on January 29, 2004 by 7.6%.

As of February 29, 2004, JRF's property portfolio consisted of sixteen retail properties and was independently appraised at ¥159,280 million in aggregate.

The assets of JRF totaled ¥169,891 million as of February 29, 2004, short-term loans and long-term borrowings were ¥38,528 million and ¥4,170 million, respectively, and total unitholders' equity was ¥76,501 million, or ¥501,643 per unit, with a total of 152,502 units outstanding.

"We are quite pleased with these operating results," said Mr. Yuichi Hiromoto, JRF's Executive Director as well as the President and Chief Executive Officer of JRF's Asset Manager, Mitsubishi Corp.-UBS Realty Inc. "In our view, these results demonstrate the continued strong performance of our retail property ownership business and the strength and quality of our properties, which continue to deliver a steady basis for ongoing distributions per unit."

Fourth Fiscal Period Highlights

Additional Acquisitions: During the period, JRF completed the acquisition of six specified additional retail properties with an aggregate purchase price of ¥44,117 million. These acquisitions were financed through a combination of cash on hand and the assumption of tenant leasehold and security deposits due upon lease termination, with the remainder from short-term bank loans, totaling ¥38,528 million for the period. Details are as follows:

(JPY in millions)			
<u>Name of Property</u>	<u>Acquisition Date</u>	<u>Acquisition Price</u>	<u>Amount of Short-term Loans</u>
Ito-Yokado Kamifukuoka-higashi	September 18, 2003	6,900	3,500
Ito-Yokado Nishikicho	November 28, 2003	13,212	12,620
Daikanyama DK Building	December 10, 2003	1,235	1,110
Harajuku FACE Building	January 9, 2004	2,770	2,598
AEON Higashiura Shopping Center	January 15, 2004	6,700	6,200
AEON Kashiihama Shopping Center	January 29, 2004	<u>13,300</u>	<u>12,500</u>
Total		<u>44,117</u>	<u>38,528</u>

Bank Loans and Credit Facilities: In order to finance the acquisitions of six specified additional retail properties during the period as described in the previous paragraph, the Company obtained six additional short-term loans from a bank syndicate, totaling ¥38,528 million for the period.

Leverage: As of February 29, 2004, JRF's overall leverage level was 53.5% (25.1% excluding tenant deposits).

JRF's Portfolio Profile: As of February 29, 2004, JRF's portfolio was comprised of sixteen retail properties with 721,948 square meters of leaseable space and with a weighted average building age of 6.1 years.

Forecasts for the Fifth and Sixth Accounting Periods

Operating Environment: On March 2, 2004, JRF issued a total of 67,000 new investment units at a price per unit of ¥654,910, of which 44,300 of such units were issued in connection with a Japanese Primary Offering, and 22,700 of such units were issued in connection with an International Offering pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933. Net proceeds of approximately ¥42.3 billion from these Offerings were primarily utilized towards the acquisition of two additional retail properties on March 2, 2004, namely Esquisse Omotesando and AEON Sapporo Naebo Shopping Center, with an aggregate purchase price of ¥23.8 billion, with the remainder of ¥18.5 billion utilized to partially repay its outstanding short-term loans totaling ¥38.5 billion incurred in connection with the acquisitions of six properties during the fourth fiscal period, as described in the previous section.

In connection with underwriter stabilization activities within the Japanese offering, Nikko Citigroup, as principal, offered up to 3,427 units of our issued and outstanding units in Japan in order to provide for over-allotment and to create a short position in our units. Our largest unitholder at the time, Mitsubishi Corporation, granted to Nikko Citigroup an option to purchase up to 3,427 units to cover such short position, and the option was fully exercised on March 19, 2004.

Performance Forecasts: For the fifth accounting period from March 1, 2004 to August 31, 2004, JRF estimates gross revenue at ¥8,546 million and net income at ¥3,075 million, or ¥14,008 per unit. For the sixth accounting period from September 1, 2004 to February 28, 2005, JRF estimates gross revenue at ¥8,620 million and net income at ¥3,127 million, or ¥14,246 per unit. The forecast decline in distributions per unit in the fifth accounting period, compared to the fourth accounting period, is primarily attributable to increases in property-related tax expense. In accordance with Generally Accepted Accounting Principles in Japan, property-related taxes are capitalized in the year of acquisition. Our forecasts assume no further property acquisitions during the fifth and sixth accounting periods apart from the two additional acquisitions in March 2004 as described in the previous section.

JRF and its Asset Manager, having considered the operating environment in which JRF operates, believe that the above forecasts, based on operating assumptions associated with JRF's current portfolio, are reasonable. However, these numbers are not a

guarantee of JRF's fifth and sixth period performance and that final results may differ due to unforeseen circumstances.

Please also refer to "Disclaimer" accompanying this document.

About JRF

Japan Retail Fund Investment Corporation is the third listed Japanese Real Estate Investment Trust ("J-REIT") and the first J-REIT to focus primarily on retail properties.

As of the date of this announcement, JRF owned eighteen retail properties containing approximately 800,372 square meters of leaseable space, with a weighted average building age of 7.1 years.

Investor Relations: *For further information relating to this press release as well as the Fund and its Asset Manager, please feel free to contact Mr. Hidenori Asai, Deputy President and Head of Investor Relations at Mitsubishi Corp.-UBS Realty Inc. (Telephone Number: 81-3-3511-1692)*

(Summary Financial Information Attached)

JAPAN RETAIL FUND INVESTMENT CORPORATION

BALANCE SHEETS

As of August 31, 2003 and February 29, 2004

	<u>August 31, 2003</u> <u>(JPY in Millions)</u>	<u>February 29, 2004</u> <u>(JPY in Millions)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	7,178	6,125
Rental receivables	310	398
Consumption tax refundable	1,586	912
Prepaid expenses and other assets	225	245
Total current assets	<u>9,299</u>	<u>7,680</u>
Non-current assets:		
Property and equipment, at cost:		
Land	62,441	85,644
Buildings	48,033	67,814
Building improvements	1,936	3,507
Machinery and equipment	377	835
	<u>112,787</u>	<u>157,800</u>
Less: Accumulated depreciation	(1,420)	(2,494)
Net property and equipment	<u>111,367</u>	<u>155,306</u>
Other assets:		
Leasehold rights	2,468	3,595
Other intangible assets	98	123
Deposits	2,843	2,835
Long-term prepaid expenses	30	41
Organization costs	84	70
Other	189	241
Total other assets	<u>5,712</u>	<u>6,905</u>
TOTAL ASSETS	<u><u>126,378</u></u>	<u><u>169,891</u></u>

JAPAN RETAIL FUND INVESTMENT CORPORATION

BALANCE SHEETS

As of August 31, 2003 and February 29, 2004

	<u>August 31, 2003</u> <u>(JPY in Millions)</u>	<u>February 29, 2004</u> <u>(JPY in Millions)</u>
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	—	38,528
Rent received in advance	368	553
Accrued expenses and other liabilities	1,910	1,913
Total current liabilities	<u>2,278</u>	<u>40,994</u>
Non-current liabilities:		
Long-term debt	4,170	4,170
Tenant leasehold and security deposits	43,704	48,184
Other	3	42
Total non-current liabilities	<u>47,877</u>	<u>52,396</u>
TOTAL LIABILITIES	<u>50,155</u>	<u>93,390</u>
Unitholders' equity:		
Unitholders' capital, 2,000,000 units authorized,		
152,502 units issued and outstanding	73,921	73,921
Retained earnings	2,302	2,580
TOTAL UNITHOLDERS' EQUITY	<u>76,223</u>	<u>76,501</u>
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	<u>126,378</u>	<u>169,891</u>

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF INCOME AND RETAINED EARNINGS

For the Six Months Ended
August 31, 2003 and February 29, 2004

	<u>March 1, 2003 to</u> <u>August 31, 2003</u> <u>(JPY in Millions)</u>	<u>September 1, 2003 to</u> <u>February 29, 2004</u> <u>(JPY in Millions)</u>
Operating revenues		
Rental and other operating revenues	5,920	6,948
Operating expenses		
Property-related expenses	2,886	3,465
Asset management fees	362	473
Custodian fees	9	23
General administration fees	47	59
Other	44	58
	<hr/> 3,348	<hr/> 4,077
Operating income	2,572	2,870
Non-operating revenues		
Non-operating revenues	—	15
Non-operating expenses		
Interest expense	27	106
Offering costs	214	158
Amortization of organization costs	14	14
Other non-operating expenses	14	26
	<hr/> 2,303	<hr/> 2,581
Income before income taxes		
Income taxes	1	1
	<hr/> 2,302	<hr/> 2,580
Net income	<hr/> <hr/> 2,302	<hr/> <hr/> 2,580

JAPAN RETAIL FUND INVESTMENT CORPORATION

STATEMENTS OF CASH FLOWS

For the Six Months Ended

August 31, 2003 and February 29, 2004

	<u>March 1, 2003 to</u> <u>August 31, 2003</u> <u>(JPY in Millions)</u>	<u>September 1, 2003 to</u> <u>February 29, 2004</u> <u>(JPY in Millions)</u>
Cash Flows from Operating Activities:		
Income before income taxes	2,303	2,581
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation	844	1,081
Amortization of organization costs	14	14
Interest expense	27	106
Loss on disposal of fixed assets	—	45
Changes in assets and liabilities:		
Consumption tax refundable	(1,586)	675
Accounts payable	333	(319)
Rent received in advance	225	185
Accrued expenses and other liabilities	1,055	37
Other, net	(179)	50
Net cash provided by operating activities	3,036	4,455
Cash Flows from Investing Activities:		
Purchases of property and equipment	(71,749)	(46,217)
Proceeds from tenant leasehold and security deposits	32,511	4,480
Payment of deposits	(3,029)	(4)
Net cash used in investing activities	(42,267)	(41,741)
Cash Flows from Financing Activities:		
Proceeds from short-term debt	—	38,528
Repayments of short-term debt	(4,830)	—
Proceeds from issuance of investment units	50,259	—
Distribution payments	(754)	(2,295)
Net cash provided by financing activities	44,675	36,233
Net change in cash and cash equivalents	5,444	(1,053)
Cash and cash equivalents at beginning of period	1,734	7,178
Cash and cash equivalents at end of period	7,178	6,125

Property Portfolio Summary 1

					<u>Appraisal</u>		
					<u>Value as</u>		
<u>Name of Property</u>	<u>Year(s) Built</u>	<u>Location of</u>	<u>Date</u>	<u>Ownership %</u>	<u>Acquisition</u>	<u>of</u>	<u>% of</u>
		<u>Property</u>	<u>Acquired</u>		<u>Price (JPY</u>	<u>February</u>	<u>Total</u>
					<u>in Millions)</u>	<u>29, 2004</u>	<u>Portfolio</u>
						<u>(JPY in</u>	
						<u>Millions)</u>	
Tokyo 23 Wards							
Minami Aoyama 2002 Building	2002	Minato Ward, Tokyo	4-Mar-03	100	5,350	5,330	3.4%
Daikanyama DK Building	1991	Shibuya Ward, Tokyo	10-Dec-03	100	1,235	1,260	0.8%
Harajuku FACE Building	1985	Shibuya Ward, Tokyo	9-Jan-04	100	2,770	2,780	1.7%
subtotal					9,355	9,370	5.9%
Greater Tokyo Metropolitan Area							
ESPA Kawasaki	2000	Kawasaki, Kanagawa	13-Mar-02	80.4	8,117	10,200	6.4%
JUSCO Chigasaki Shopping Center	2000	Chigasaki, Kanagawa	13-Mar-02	100	8,300	8,000	5.0%
Abiko Shopping Plaza	1994	Abiko, Chiba	4-Mar-03	100	10,200	10,800	6.8%
Ito-Yokado Yabashira	1982	Matsudo, Chiba	16-Jun-03	100	1,616	1,750	1.1%
Ito-Yokado Kamifukuoka-higashi	1999	Kamikukuoka, Saitama	18-Sep-03	100	6,900	6,880	4.3%
Ito-Yokado Nishikicho	2003	Warabi, Saitama	28-Nov-03	100	13,212	13,300	8.4%
subtotal					50,319	50,930	32.0%
Osaka, Nagoya and Surrounding Areas							
Osaka Shinsaibashi Building	1999	Osaka, Osaka	13-Mar-02	100	14,300	14,400	9.0%
Ito-Yokado Narumi	1997	Nagoya, Aichi	4-Mar-03	100	8,540	8,420	5.3%
Nara Family	1992,1993	Nara, Nara	6-Mar-03	100	31,241	32,400	20.3%
AEON Higashiura Shopping Center	2001	Chita, Aichi	15-Jan-04	100	6,700	6,860	4.3%
subtotal					60,781	62,080	38.9%

Other Major Cities

Sendai Nakayama Shopping Center	1995-1999	Sendai City, Miyagi	13-Mar-02	100	10,200	10,200	6.4%
8953 Hakata Riverain	1998	Fukuoka, Fukuoka	4-Mar-03	100	12,600	13,400	8.4%
AEON Kashiihama Shopping Center	2003	Fukuoka, Fukuoka	29-Jan-04	100	13,300	13,300	8.4%
subtotal					36,100	36,900	23.2%
Grand Total					156,555	159,280	100.0%

Property Portfolio Summary 2

Name of Property	Net Book				Occupancy Rate as of February 29, 2004	Rental	% of Total Revenue
	Number of Tenants	Value as	Leasable Space (sq. m.)	Leased Area (sq. m.)		Revenue	
		of				in	
		February 29, 2004 (JPY in Millions)				Fourth Fiscal Period (JPY in Millions)	
Tokyo 23 Wards							
Minami Aoyama 2002 Building	3	5,410	1,582.48	1,582.48	100.0%	170	2.4%
Daikanyama DK Building	1	1,285	574.46	574.46	100.0%	17	0.2%
Harajuku FACE Building	5	2,813	1,477.62	1,477.62	100.0%	25	0.3%
subtotal	9	9,508	3,634.56	3,634.56		212	2.9%
Greater Tokyo Metropolitan Area							
ESPA Kawasaki	1	9,985	56,891.15	56,891.15	100.0%	351	5.1%
JUSCO Chigasaki Shopping Center	1	8,211	63,652.33	63,652.33	100.0%	274	3.9%
Abiko Shopping Plaza	51	10,221	43,415.03	43,415.03	100.0%	691	10.0%
Ito-Yokado Yabashira	1	1,692	21,581.65	21,581.65	100.0%	79	1.1%
Ito-Yokado Kamifukuoka-higashi	1	6,947	28,316.18	28,316.18	100.0%	232	3.3%
Ito-Yokado Nishikicho	1	13,520	72,957.52	72,957.52	100.0%	229	3.3%
subtotal	56	50,576	286,813.86	286,813.86		1,856	26.7%
Osaka, Nagoya and Surrounding Area							
Osaka Shinsaibashi Building	1	14,166	13,666.96	13,666.96	100.0%	418	6.0%
Ito-Yokado Narumi	1	8,554	50,437.91	50,437.91	100.0%	331	4.8%
Nara Family	133	32,265	85,337.48	85,157.16	99.8%	2,232	32.2%
AEON Higashiura Shopping Center	1	6,890	100,457.69	100,457.69	100.0%	97	1.4%
subtotal	136	61,875	249,900.04	249,719.72		3,078	44.4%
Other Major Cities							
Sendai Nakayama Shopping Center	2	10,078	46,248.96	46,248.96	100.0%	439	6.3%
8953 Hakata Riverain	79	13,289	25,733.62	25,498.51	99.1%	1,275	18.4%
AEON Kashiihama Shopping Center	1	13,698	109,616.72	109,616.72	100.0%	87	1.3%
subtotal	82	37,065	181,599.30	181,364.19		1,801	26.0%
Grand Total	283	159,024	721,947.76	721,532.33	99.9%	6,947	100.0%