

**Japan Retail Fund Investment Corporation**

**Fourth Accounting Period Financial Report  
For the Period from September 1, 2003 to February 29, 2004**

Report of Independent Auditors

To the Board of Directors of  
Japan Retail Fund Investment Corporation

We have audited the accompanying balance sheets of Japan Retail Fund Investment Corporation as of February 29, 2004 and August 31, 2003, and the related statements of income and retained earnings and cash flows for the six months then ended, all expressed in Japanese Yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Retail Fund Investment Corporation as of February 29, 2004 and August 31, 2003, and the results of its operations and its cash flows for the six months then ended in conformity with accounting principles and practices generally accepted in Japan (see Note 2 (a)).

As described in Note 12, Issuance of additional units is stated as significant subsequent events.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying financial statements.



May 25, 2004  
Tokyo, Japan

**JAPAN RETAIL FUND INVESTMENT CORPORATION**  
**BALANCE SHEETS**  
**As of August 31, 2003 and February 29, 2004**

	<u>August 31, 2003</u>	<u>February 29, 2004</u>	<u>February 29, 2004</u>
	<u>(¥ in millions)</u>	<u>(¥ in millions)</u>	<u>(US\$ in thousands)</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	¥7,178	¥6,125	\$55,875
Rental receivables	310	398	3,631
Consumption tax refundable	1,586	912	8,320
Prepaid expenses and other assets	225	245	2,235
<b>Total current assets</b>	<u>9,299</u>	<u>7,680</u>	<u>70,061</u>
<b>Non-current assets:</b>			
<b>Property and equipment, at cost:</b>			
Land	62,441	85,644	781,281
Buildings	48,033	67,814	618,628
Building improvements	1,936	3,507	31,992
Machinery and equipment	104	142	1,295
Furniture and fixtures	274	693	6,322
	<u>112,788</u>	<u>157,800</u>	<u>1,439,518</u>
Less: Accumulated depreciation	<u>(1,420)</u>	<u>(2,494)</u>	<u>(22,751)</u>
<b>Net property and equipment</b>	<u>111,368</u>	<u>155,306</u>	<u>1,416,767</u>
<b>Other assets:</b>			
Leasehold rights	2,468	3,595	32,795
Other intangible assets	98	123	1,122
Lease deposits	2,843	2,835	25,862
Long-term prepaid expenses	30	41	374
Organization costs	84	70	639
Other	188	241	2,199
<b>Total other assets</b>	<u>5,711</u>	<u>6,905</u>	<u>62,991</u>
<b>TOTAL ASSETS</b>	<u>¥126,378</u>	<u>¥169,891</u>	<u>\$1,549,819</u>

The accompanying notes form an integral part of these financial statements.

**JAPAN RETAIL FUND INVESTMENT CORPORATION**  
**BALANCE SHEETS**  
**As of August 31, 2003 and February 29, 2004**

	<u>August 31, 2003</u>	<u>February 29, 2004</u>	<u>February 29, 2004</u>
	<u>(¥ in millions)</u>	<u>(¥ in millions)</u>	<u>(US\$ in thousands)</u>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term debt	¥ —	¥38,528	\$351,469
Accounts payable	770	475	4,333
Rent received in advance	368	553	5,045
Deposit received	835	710	6,477
Accrued expenses and other liabilities	305	727	6,632
<b>Total current liabilities</b>	<u>2,278</u>	<u>40,993</u>	<u>373,956</u>
<b>Non-current liabilities:</b>			
Long-term debt	4,170	4,170	38,041
Tenant leasehold and security deposits	43,704	48,184	439,555
Other	3	42	383
<b>Total non-current liabilities</b>	<u>47,877</u>	<u>52,396</u>	<u>477,979</u>
<b>TOTAL LIABILITIES</b>	<u>50,155</u>	<u>93,389</u>	<u>851,935</u>
<b>Unitholders' equity:</b>			
Unitholders' capital, 2,000,000 units authorized,			
152,502 units issued and outstanding	73,922	73,922	674,348
Retained earnings	2,302	2,580	23,536
<b>TOTAL UNITHOLDERS' EQUITY</b>	<u>76,224</u>	<u>76,502</u>	<u>697,884</u>
<b>TOTAL LIABILITIES AND UNITHOLDERS' EQUITY</b>	<u>¥126,378</u>	<u>¥169,891</u>	<u>\$1,549,819</u>

The accompanying notes form an integral part of these financial statements.

**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>(¥ in millions)</u>	<u>September 1, 2003 to</u> <u>February 29, 2004</u> <u>(¥ in millions)</u>	<u>September 1, 2003 to</u> <u>February 29, 2004</u> <u>(US\$ in thousands)</u>
<b>Operating revenues</b>			
Rental and other operating revenues	¥5,920	¥6,948	\$63,383
<b>Operating expenses</b>			
Property-related expenses	2,886	3,465	31,609
Asset management fees	362	473	4,315
Custodian fees	10	23	210
General administration fees	47	59	538
Other	43	58	530
	<u>3,348</u>	<u>4,078</u>	<u>37,202</u>
<b>Operating income</b>	<u>2,572</u>	<u>2,870</u>	<u>26,181</u>
<b>Non-operating revenues</b>			
Non-operating revenues	—	15	137
<b>Non-operating expenses</b>			
Interest expense	27	106	967
Offering costs	214	158	1,441
Amortization of organization costs	14	14	128
Other non-operating expenses	13	26	237
	<u>2,303</u>	<u>2,581</u>	<u>23,545</u>
<b>Income before income taxes</b>	<u>2,303</u>	<u>2,581</u>	<u>23,545</u>
Income taxes	<u>1</u>	<u>1</u>	<u>9</u>
<b>Net income</b>	<u>2,302</u>	<u>2,580</u>	<u>23,536</u>
<b>Retained earnings at beginning of period</b>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Retained earnings at end of period</b>	<u>¥2,302</u>	<u>¥2,580</u>	<u>\$23,536</u>

The accompanying notes form an integral part of these financial statements.

**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>September 1, 2003 to</u>	<u>September 1, 2003 to</u>
	<u>August 31, 2003</u>	<u>February 29, 2004</u>	<u>February 29, 2004</u>
<b>Cash Flows from Operating Activities:</b>	<b>(¥ in millions)</b>	<b>(¥ in millions)</b>	<b>(US\$ in thousands)</b>
Income before income taxes	¥2,303	¥2,581	\$23,545
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation	844	1,081	9,861
Amortization of organization costs	14	14	128
Interest expense	27	106	967
Loss on disposal of fixed assets	—	45	411
Changes in assets and liabilities:			
Rental receivables	(265)	(88)	(803)
Consumption tax refundable	(1,586)	675	6,158
Accounts payable	770	(295)	(2,691)
Rent received in advance	225	185	1,688
Deposits received and others	835	(125)	(1,140)
Accrued expenses and other liabilities	48	237	2,162
Other, net	(179)	39	356
Net cash provided by operating activities	3,036	4,455	40,640
<b>Cash Flows from Investing Activities:</b>			
Purchases of property and equipment	(71,749)	(46,217)	(421,611)
Proceeds from tenant leasehold and security deposits	32,511	4,480	40,868
Payment of deposits	(3,029)	(4)	(36)
Net cash used in investing activities	(42,267)	(41,741)	(380,779)
<b>Cash Flows from Financing Activities:</b>			
Proceeds from short-term debt	—	38,528	351,469
Repayments of short-term debt	(4,830)	—	—
Proceeds from issuance of investment units	50,259	—	—
Distribution payments	(754)	(2,295)	(20,936)
Net cash provided by financing activities	44,675	36,233	330,533
<b>Net change in cash and cash equivalents</b>	<b>5,444</b>	<b>(1,053)</b>	<b>(9,606)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,734</b>	<b>7,178</b>	<b>65,481</b>
<b>Cash and cash equivalents at end of period</b>	<b>¥7,178</b>	<b>¥6,125</b>	<b>\$55,875</b>

The accompanying notes form an integral part of these financial statements.

# **JAPAN RETAIL FUND INVESTMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

**For the period from March 1, 2003 to August 31, 2003 and  
the period from September 1, 2003 to February 29, 2004**

### **Note 1 – Organization**

Japan Retail Fund Investment Corporation (the “Company”), a real estate investment corporation, with initial capital of ¥200 million, was established on September 14, 2001, under the Law Concerning Investment Trusts and Investment Corporations of Japan, or (the “Investment Trust Law”). The sponsors of the Company are Mitsubishi Corporation, UBS Global Asset Management (Japan) Ltd. and Mitsubishi Corp.-UBS Realty Inc. The Company was formed to invest primarily in retail real estate in Japan. On March 12, 2002, the Company raised ¥23.46 billion through an initial public offering of investment units at a price of ¥470,000 per unit.

On March 13, 2002, the day after the Company was listed on the J-REIT section of the Tokyo Stock Exchange, four retail properties were acquired, and substantial operations of the Company were commenced from this date.

On March 4, 2003, the Company completed its second public offering of 95,000 new investment units at a price of ¥521,228 (US\$4,755) per unit, 67,910 of such units were issued in connection with a Japanese Primary Offering, and the remaining 27,090 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 ¥47.7 billion (US\$435 million) from these offerings were substantially utilized in the acquisition of five specified additional retail properties with an aggregate purchase price of ¥67.9 billion (US\$619 million).

On March 26, 2003, 5,102 additional units were issued by the Company in connection with underwriter stabilization activities within the Japanese Secondary Offering, generating an additional ¥2.6 billion (US\$24 million).

Subsequent to that, the Company acquired one additional property during the period ended August 31, 2003 by utilizing internal cash, and six additional properties during the period ended February 29, 2004 by utilizing bank borrowings from a bank syndication. As a result, the Company owned a portfolio of sixteen retail properties as of February 29, 2004.

## **Note 2 – Summary of Significant Accounting Policies**

### ***(a) Basis of Presentation***

The Company maintains its accounts and records in conformity with accounting principles and practices generally accepted in Japan (“Japanese GAAP”), including provisions set forth in the Investment Trust Law, the Japanese Commercial Code, the Securities and Exchange Law of Japan and related regulations, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards or accounting principles generally accepted in the United States of America.

The accompanying financial statements are a translation of the financial statements of the Company, which were prepared in accordance with Japanese GAAP and are presented in the Securities Registration Statement of the Company filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, relevant notes have been added and certain reclassifications have been made from financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan.

The financial statements are not intended to present the financial position and the results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The Company’s fiscal period is a six-month period which ends at the end of each February and August, respectively, of each year.

### ***(b) Cash and Cash Equivalents***

Cash and cash equivalents consist of cash, demand deposits and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of price fluctuation, and which expire within three months from the date of acquisition.

### ***(c) Property and Equipment***

Property and equipment is recorded at cost. Depreciation of property and equipment, except for land, is calculated on a straight-line basis over the estimated useful lives of the assets as stated below:

Buildings	3-39 years
Building improvements	10-60 years
Machinery and equipment	5-17 years
Furniture and fixtures	2-39 years

***(d) Organization Costs***

Organization costs are amortized over a period of approximately five years, comprised of nine fiscal periods, with an equal amount amortized in each fiscal period.

***(e) Unit Issuance Costs***

Underwriters' commissions related to the issuance of unitholders' equity are offset directly against proceeds raised. Other offering costs associated with the issuance of investment units are charged as expenses when incurred.

***(f) Income Taxes***

Deferred tax assets and liabilities are computed based on the difference between the financial statement and income tax bases of assets and liabilities utilizing the applicable statutory tax rate.

***(g) Taxes on Property and Equipment***

Property and equipment are subject to various taxes annually, such as property taxes and urban planning taxes. An owner of a property is registered in the record maintained by the local government in each jurisdiction, and the taxes are imposed on the owner registered in the record as of January 1st based on the assessment made by the local government.

Under the above tax rules, a seller of a property at the time of disposal is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued tax liabilities and the amount of settlement reflects this adjustment. For the purchaser, a portion of such taxes so calculated from the acquisition date until the end of the calendar year is capitalized as a cost of the property in accordance with generally accepted accounting principles in Japan. In subsequent calendar years, half of such taxes on property and equipment for each calendar year are charged as operating expenses in each fiscal period.

For the period ended February 29, 2004, taxes on property and equipment capitalized amounted to ¥31 million (US\$283 thousand) and ¥627 million for the period ended August 31, 2003.

***(h) Revenue Recognition***

Revenue from the leasing of retail space is recognized on an accrual basis over the life of each lease. Revenue includes fixed rental revenues, variable rental revenues, sales-based rental revenues, recoveries of utility charges and other income.

***(i) Accounting Treatment of Trust Beneficiary Interests in Real Estate***

For trust beneficiary interests in real estate, which are commonly utilized in the ownership of commercial properties in Japan and through which the Company holds all of its real property, all accounts of assets and liabilities with respect to assets in trust, as well as all income generated and expenses incurred with respect to assets in trust, are recorded in the relevant balance sheet and income statement accounts of the Company in proportion to the percentage interest of the trust that such trust beneficiary interest represents.

***(j) Accounting Treatment of Equipment Leases***

With respect to lease commitments relating to equipment utilized by the Company, which have the characteristics of finance leases but for which ownership of the leased property is not transferred to the Company during the lease term, such leased property is not capitalized in accordance with generally accepted accounting principles in Japan and related rental expenses are charged to income in the periods in which they are incurred.

***(k) Per Unit Information***

The net asset value per unit as of February 29, 2004 is ¥501,643 (US\$4,576), and ¥499,820 as of August 31, 2003. Net income per unit for the period ended February 29, 2004 is ¥16,918 (US\$154), and ¥15,320 for the period ended August 31, 2003.

The computation of net income per unit is based on the weighted average number of investment units outstanding during the period ended February 29, 2004, which was 152,502 units (150,260 units for the period ended August 31, 2003).

**Note 3 – U.S. Dollar Amounts**

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes thereto represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥109.62 = US\$1, the effective rate of exchange prevailing at February 29, 2004. The inclusion of such U.S. dollar amounts associated with the fiscal period ended February 29, 2004 is solely for the convenience of the reader outside Japan and is not intended to imply that Japanese yen amounts have been or could have been converted, realized or settled in U.S. dollars at that or any other rate.

**Note 4 – Bank Borrowings and Credit Facilities**

In order to finance the acquisitions of six additional retail properties during the period ended February 29, 2004, the Company obtained six short-term borrowings from a bank syndicate, totaling ¥38,528 million (US\$351 million) for the period ended February 29, 2004.

The interest rate for the period ended February 29, 2004 was 1.1% for these short-term borrowings.

The Company was also provided from a bank syndicate with long-term borrowings and the amount outstanding was ¥4.17 billion (US\$38 million) as of February 29, 2004 and August 31, 2003. The long-term borrowings having a floating rate structure were fixed by a swap agreement and after taking into account the swap agreement, interest rate was 1.1% for both the period ended February 29, 2004 and the period ended August 31, 2003.

In addition, the Company was provided with a back up facility of ¥800 million (US\$ 7,298 thousand) and an additional credit facility of ¥3 billion (US\$ 27.4 million). These facilities have not been drawn down as of February 29, 2004 and August 31, 2003.

Certain of our properties and beneficiary interests in trusts (comprising properties and cash), with an aggregate book value of ¥135 billion (US\$1,232 million) were pledged as collateral to secure liabilities totaling ¥85 billion (US\$775 million) for the period ended February 29, 2004, and ¥51 billion were pledged against liabilities totaling ¥25 billion for the period ended August 31, 2003.

**Note 5 – Unitholders' Equity**

The Company issues only non-par value units in accordance with the Investment Trust Law, and the entire amount of the issue price of new units is designated as stated capital. The Company is required to maintain net assets of at least ¥50 million (US\$456 thousand), as required pursuant to the Investment Trust Law.

The units issued and outstanding as of February 29, 2004 were 152,502 (152,502 units as of August 31, 2003). (see Note 1)

**Note 6 – Cash Distributions**

In accordance with the distribution policy prescribed in the Company's articles of incorporation, the Company distributed approximately 100% of its distributable income for the period ended February 29, 2004 (equivalent to ¥16,918 (US\$154) per investment unit) to its unitholders. ¥15,095 per investment unit was distributed for the period ended August 31, 2003. The Company intends to make regular

distributions to unitholders with respect to its fiscal periods, ending at the end of February and August of each year.

The following distributions from retained earnings of the Company were declared for the periods ended August 31, 2003 and February 29, 2004 , respectively:

	<u>Period ended</u> <u>August 31, 2003</u> (¥ in millions)	<u>Period ended</u> <u>February 29, 2004</u> (¥ in millions)	<u>Period ended</u> <u>February 29, 2004</u> (US\$ in thousands)
Retained earnings at the end of period	¥2,302	¥2,580	\$23,536
Cash distribution declared	<u>(2,302)</u>	<u>(2,580)</u>	<u>(23,536)</u>
Retained earnings carried forward	<u>¥ –</u>	<u>¥ –</u>	<u>\$ –</u>

#### **Note 7 – Breakdown of Property-Related Expenses**

Property-related expenses for the periods ended August 31, 2003 and February 29, 2004 consist of the following:

	<u>Period ended</u> <u>August 31, 2003</u> (¥ in millions)	<u>Period ended</u> <u>February 29, 2004</u> (¥ in millions)	<u>Period ended</u> <u>February 29, 2004</u> (US\$ in thousands)
Property management fees	¥293	¥332	\$3,029
Facility management fees	363	342	3,120
Utilities	635	636	5,802
Property-related taxes	177	183	1,669
Repair and maintenance	39	86	785
Insurance	24	29	265
Trust fees	48	55	502
Rent expense	195	224	2,043
Other	268	497	4,533
Depreciation	<u>844</u>	<u>1,081</u>	<u>9,861</u>
Total property-related expenses	<u>¥2,886</u>	<u>¥3,465</u>	<u>\$31,609</u>

Note:

(i) Rent expense represents rental payments to the owners of the buildings and/or land in which the Company has leasehold rights.

## Note 8 – Income Taxes

The effective tax rates on the Company's income as well as applicable statutory tax rates are reflected as follows:

	<u>Period ended</u>	<u>Period ended</u>
	<u>August 31, 2003</u>	<u>February 29, 2004</u>
Statutory effective tax rate	39.39%	39.39%
Deductible cash distributions	(39.39)	(39.36)
Other	<u>0.00</u>	<u>0.00</u>
Effective tax rate	<u>0.00%</u>	<u>0.03%</u>

The Company has a policy of making distributions in excess of 90% of distributable income for the fiscal period to qualify for conditions set forth in the Special Taxation Measures Law of Japan to achieve a deduction of distributions for income tax purposes. Based on such policy, the Company treated the distribution as a tax allowable distribution as defined in the Special Taxation Measures Law of Japan.

## Note 9 – Leases

### (a) Lease Rental Revenues

The Company leases its properties to retail tenants. Future minimum rental revenues pursuant to existing rental contracts as of August 31, 2003 and February 29, 2004 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

	<u>Period ended</u>	<u>Period ended</u>	<u>Period ended</u>
	<u>August 31, 2003</u>	<u>February 29, 2004</u>	<u>February 29, 2004</u>
	(¥ in millions)	(¥ in millions)	(US\$ in thousands)
Due within one year	¥ 8,008	¥ 10,386	\$94,746
Due after one year	<u>65,917</u>	<u>96,242</u>	<u>877,960</u>
Total	<u>¥ 73,925</u>	<u>¥ 106,628</u>	<u>\$972,706</u>

### (b) Lease Commitments

Lease expenses incurred in connection with various finance leases on equipment utilized by the Company (see Note 2(j)) amounted to ¥20 million (US\$182 thousand) for the period ended February 29, 2004, and also ¥20 million for the period ended August 31, 2003.

Future minimum lease payments required under the terms of these finance leases as of August 31, 2003 and February 29, 2004 are as follows:

	<u>Period ended</u> <u>August 31, 2003</u> (¥ in millions)	<u>Period ended</u> <u>February 29, 2004</u> (¥ in millions)	<u>Period ended</u> <u>February 29, 2004</u> (US\$ in thousands)
Due within one year	¥ 31	¥ 19	\$173
Due after one year	<u>19</u>	<u>12</u>	<u>110</u>
Total	<u>¥ 50</u>	<u>¥ 31</u>	<u>\$283</u>

Additional financial information related to the Company's lease commitments, assuming they were capitalized (see Note 2(j)), is as follows:

	<u>Period ended</u> <u>August 31, 2003</u> (¥ in millions)	<u>Period ended</u> <u>February 29, 2004</u> (¥ in millions)	<u>Period ended</u> <u>February 29, 2004</u> (US\$ in thousands)
Equipment, at cost	¥ 165	¥ 165	\$1,505
Accumulated depreciation	<u>115</u>	<u>134</u>	<u>1,222</u>
Net book value	<u>¥ 50</u>	<u>¥ 31</u>	<u>\$283</u>

Depreciation expense would be ¥20 million (US\$182 thousand) for the period ended February 29, 2004 and also ¥20 million for the period ended August 31, 2003. This depreciation amount is calculated utilizing the straight-line method over the term of the lease based on the acquisition cost which is equivalent to the total lease payments.

Given that the value of the leased assets is not deemed material, interest implicit in these leases is included in minimum lease payments and in the cost of these assets provided in the disclosures above.

## **Note 10 – Related-Party Transactions**

### **(a) *Real estate acquisitions:***

There were no real estate transactions with related-parties during the fiscal period ended February 29, 2004.

During the fiscal period ended August 31, 2003, the Company acquired four retail properties, namely Ito-Yokado Narumi, Hakata Riverain (formerly known as Hakata Super Brand City), Abiko Shopping Plaza and 8953 Minami Aoyama Building from special purpose companies created by Mitsubishi Corporation, which owned 6.3% of the Company's outstanding units, as well as a 51% interest in Mitsubishi Corp.-UBS Realty Inc., the asset manager of the Company as of August 31, 2003, in connection with the acquisition and short-term holding of such properties over periods ranging from two to six months in contemplation of sale to the Company. These four properties were acquired by the Company with the proceeds from the Company's second public offerings in March 2003 at an aggregate acquisition price of ¥36.7 billion (US\$335 million), as compared to their appraised value of ¥37.4 billion (US\$341 million).

### **(b) *Issuance and purchase of investment units***

There were no issuance and purchase of investment units to/from related parties during the fiscal period ended February 29, 2004.

During the fiscal period ended August 31, 2003, on March 4, 2003, the Company issued 95,000 units, including 4,500 units to Mitsubishi Corporation and 200 units to its asset manager, Mitsubishi Corp.-UBS Realty Inc. during its second public offering (see Note 1) at an aggregate amount of ¥2,346 million (US\$21 million) and ¥104 million (US\$949 thousand) respectively.

### **(c) *Fees paid to the asset manager***

Fees paid to the asset manager, Mitsubishi Corp.-UBS Realty Inc., are comprised of asset management as well as acquisition fees. Asset management fees in the aggregate amount of ¥473 million (US\$4,315 thousand) were paid by the Company for the period ended February 29, 2004, and ¥362 million were paid for the period ended August 31, 2003. These fees are calculated at 0.6% of the Company's total assets. Acquisition fees amounting to ¥353 million (US\$3,220 thousand) were paid by the Company for the period ended February 29, 2004, and

¥556 million were paid for the period ended August 31, 2003. These fees are calculated at 0.8% of the purchase price of the property acquired. Such acquisition fees are capitalized as part of the acquisition cost of the properties.

**(d) *Property management fees***

The Company utilizes Diamond City Co., Ltd. an affiliate of Mitsubishi Corporation, as the property manager for two of its properties as of February 29, 2004 and August 31, 2003. Fees paid to Diamond City Co., Ltd. for the period ended February 29, 2004 amounted to ¥256.9 million (US\$2,344 thousand), and ¥55.5 million were paid for the period ended August 31, 2003.

**(e) *Brokerage fees***

The Company paid brokerage fees in relation to the acquisition of AEON Higashiura Shopping Center and AEON Kashiihama Shopping Center to Mitsubishi Corporation totaling ¥400 million (US\$3,649 thousand) for the period ended February 29, 2004 and ¥511 million were paid in relation to the acquisition of Nara Family for the period ended August 31, 2003.

## Note 11 – Property Information

(a)(i) Details of the Company's property portfolio as of August 31, 2003 are as follows:

<u>Name of Property</u>	<u>Location of Property</u>	<u>Leasable Area</u>	<u>Net book Value</u>		<u>Appraisal Value</u>		<u>Rental Income as Percentage of Total Revenue (%)</u>
		<u>(m<sup>2</sup>)</u>	<u>(¥ in millions)</u>	<u>(US\$ in thousands)</u>	<u>(¥ in millions)</u>	<u>(US\$ in thousands)</u>	
Sendai Nakayama Shopping Center	35-40, 57, 5 Minami Nakayama 1-chome, Izumi-ku, Sendai-city, Miyagi	46,248.96	10,152	86,658	10,200	87,068	7.9
ESPA Kawasaki	1 & 2 Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-city, Kanagawa	56,891.15	10,066	85,924	10,200	87,068	5.9
8953 Osaka Shinsaibashi Building	4-12 Minamisenba 3-chome, Chuo-ku, Osaka-city, Osaka	13,666.96	14,243	121,579	14,600	124,627	7.1
JUSCO Chigasaki Shopping Center	5-16 Chigasaki 3-chome, Chigasaki-city, Kanagawa	63,652.33	8,267	70,568	8,350	71,276	4.7
Nara Family	1-4, 2-chome, Nishi Saidaiji Higashi, Nara-city, Nara	87,526.45	32,438	276,893	31,700	270,593	37.5
Hakata Riverain	1-3, Shimokawabata-cho, Hakata-ku, Fukuoka-city, Fukuoka	25,446.35	12,711	108,502	13,300	113,530	18.1
Abiko Shopping Plaza	1-142, Kita Iizuka, Abiko-aza, Abiko-city, Chiba	43,415.03	10,296	87,887	10,900	93,043	10.0
Ito-Yokado Narumi	232, 3-chome, Midori-ku, Nagoya-city, Aichi	50,437.91	8,628	73,649	8,550	72,983	5.5
8953 Minami Aoyama Building	5-8, 5-chome, Minami Aoyama, Minato-ku, Tokyo	1,582.48	5,419	46,257	5,350	45,668	2.8
Ito-Yokado Yabashira	1-15, Higure, Matsudo City, Chiba	<u>21,581.65</u>	<u>1,714</u>	<u>14,631</u>	<u>1,750</u>	<u>14,938</u>	<u>0.5</u>
Total		<u>410,449.27</u>	<u>113,934</u>	<u>972,548</u>	<u>114,900</u>	<u>980,794</u>	<u>100.0</u>

**(a)(ii) Details of the Company's property portfolio as of February 29, 2004 are as follows:**

<u>Name of Property</u>	<u>Location of Property</u>	<u>Leasable</u>	<u>Net book Value</u>		<u>Appraisal Value</u>		<u>Rental</u>
		<u>Area</u>	<u>(¥ in</u>	<u>(US\$ in</u>	<u>(¥ in</u>	<u>(US\$ in</u>	<u>Income as</u>
		<u>(m 2)</u>	<u>millions)</u>	<u>thousands)</u>	<u>millions)</u>	<u>thousands)</u>	<u>Percentage</u>
							<u>of Total</u>
							<u>Revenue</u>
							<u>(%)</u>
Sendai Nakayama Shopping Center	35-40, 57, 5 Minami Nakayama 1-chome, Izumi-ku, Sendai-city, Miyagi	46,248.96	10,078	91,936	10,200	93,049	6.3
ESPA Kawasaki	1 & 2 Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-city,	56,891.15	9,985	91,087	10,200	93,049	5.1
8953 Osaka Shinsaibashi Building	4-12 Minamisenba 3-chome, Chuo-ku, Osaka-city, Osaka	13,666.96	14,166	129,228	14,400	131,363	6.0
JUSCO Chigasaki Shopping Center	5-16 Chigasaki 3-chome, Chigasaki-city, Kanagawa	63,652.33	8,211	74,904	8,000	72,979	3.9
Nara Family	1-4, 2-chome, Nishi Saidaiji Higashi, Nara-city, Nara	85,337.48	32,265	294,335	32,400	295,567	32.2
Hakata Riverain	1-3, Shimokawabata-cho, Hakata-ku, Fukuoka-city, Fukuoka	25,733.62	13,289	121,228	13,400	122,240	18.4
Abiko Shopping Plaza	1-142, Kita Iizuka, Abiko-aza, Abiko-city, Chiba	43,415.03	10,221	93,240	10,800	98,522	10.0
Ito-Yokado Narumi	232, 3-chome, Midori-ku, Nagoya-city, Aichi	50,437.91	8,554	78,033	8,420	76,811	4.8
8953 Minami Aoyama Building	5-8, 5-chome, Minami Aoyama, Minato-ku, Tokyo	1,582.48	5,410	49,352	5,330	48,623	2.4
Ito-Yokado Yabashira	15, Higure 1-chome, Matsudo City, Chiba	21,581.65	1,692	15,435	1,750	15,964	1.1
Ito-Yokado Kamifukuoka-higashi	30-1, Ohara 2-chome, Kamifukuoka-city, Saitama	28,316.18	6,947	63,373	6,880	62,762	3.3

Ito-Yokado Nishikicho	1-12, Nishikicho 1-chome, Warabi-city, Saitama	72,957.52	13,520	123,335	13,300	121,328	3.3
8953 Daikanyama DK Building	17-35, Ebisu-nishi 1-chome, Shibuya, Tokyo	574.46	1,285	11,722	1,260	11,494	0.2
8953 Harajuku FACE Building	5-32, Jingu-mae 2-chome, Shibuya-ku, Tokyo	1,477.62	2,813	25,661	2,780	25,360	0.3
AEON Higashiura Shopping Center	62-1, Higashisakaemachi, Ogawaaza, Ohaza, Higashiuramachi, Chitagun, Aichi	100,457.69	6,890	62,853	6,860	62,580	1.4
AEON Kashiihama Shopping Center	1-12, Kashiihama 3-chome, Higashi-ku, Fukuoka-city, Fukuoka	<u>109,616.72</u>	<u>13,698</u>	124,959	<u>13,300</u>	121,328	<u>1.3</u>
Total		<u>721,947.76</u>	<u>159,024</u>	<u>1,450,684</u>	<u>159,280</u>	<u>1,453,019</u>	<u>100.0</u>

#### **Notes:**

- (i) Each of the properties above is held by the Company in the form of trust beneficiary interests.
- (ii) Each of the properties was appraised by Japan Real Estate Institute, an independent appraisal firm as of August 31, 2003 and February 29, 2004, in accordance with the guidelines issued by the Japanese Association of Real Estate Appraiser and are unaudited.
- (iii) As of August 31, 2003 and February 29, 2004, the occupancy rate of each property was 100%, except for Hakata Riverain (90.0%) and Abiko Shopping Plaza (99.9%) as of August 31, 2003 and Hakata Riverain (99.1%) and Nara Family (99.8%) as of February 29, 2004.
- (iv) The Company's property portfolio is comprised entirely of retail properties.

***(b)(i) A geographical breakdown of the Company's property portfolio as of August 31, 2003 is as follows:***

<u>Region</u>	<u>Net Book Value</u> <u>(¥ in millions)</u>	<u>Net Book Value</u> <u>(US\$ in thousands)</u>	<u>Percentage of</u> <u>Total Assets</u> <u>(%)</u>
Tokyo metropolitan area	¥35,762	\$305,267	31.4
Osaka metropolitan area	55,309	472,121	48.5
Other metropolitan areas (each of which have populations over one million)	<u>22,863</u>	<u>195,160</u>	<u>20.1</u>
Total	<u>¥113,934</u>	<u>\$972,548</u>	<u>100.0</u>

***(b)(ii) A geographical breakdown of the Company's property portfolio as of February 29, 2004 is as follows:***

<u>Region</u>	<u>Net Book Value</u> <u>(¥ in millions)</u>	<u>Net Book Value</u> <u>(US\$ in thousands)</u>	<u>Percentage of</u> <u>Total Assets</u> <u>(%)</u>
Tokyo metropolitan area	¥60,084	\$548,112	37.8
Osaka metropolitan area	61,875	564,450	38.9
Other metropolitan areas (each of which have populations over one million)	<u>37,065</u>	<u>338,123</u>	<u>23.3</u>
Total	<u>¥159,024</u>	<u>\$1,450,684</u>	<u>100.0</u>

(c)(i) Details on the financial results of each property for the period ended August 31, 2003 are as follows:

<u>Name of Property</u>	<u>(¥ in millions)</u>										<u>Total</u>
	<u>Sendai Nakayama Shopping Center</u>	<u>ESPA Kawasaki</u>	<u>8953 Osaka Shinsaibashi Building</u>	<u>JUSCO Chiqasaki Shopping Center</u>	<u>Nara Family</u>	<u>Hakata Riverain</u>	<u>Abiko Shopping Plaza</u>	<u>Ito-Yokado Narumi</u>	<u>8953 Minami Aoyama Building</u>	<u>Ito-Yokado Yabashira</u>	
<b>Rental and other operating revenue</b>	<u>¥466</u>	<u>¥351</u>	<u>¥418</u>	<u>¥275</u>	<u>¥2,219</u>	<u>¥1,073</u>	<u>¥592</u>	<u>¥325</u>	<u>¥168</u>	<u>¥33</u>	<u>¥5,920</u>
<b>Property-related expenses</b>											
Property management fees	4	4	4	3	167	48	52	4	6	1	293
Facility management fees	—	—	—	—	147	160	56	—	—	—	363
Utilities	—	—	—	—	310	224	91	—	10	—	635
Property-related taxes	42	60	31	44	—	—	—	—	—	—	177
Repair and maintenance	3	—	—	1	16	17	2	—	—	—	39
Insurance	2	2	1	2	7	6	2	2	—	—	24
Trust fees	10	9	3	3	9	4	5	4	1	—	48
Rent expense	—	—	—	—	187	8	—	—	—	—	195
Other	—	—	—	—	87	161	20	—	—	—	268
Depreciation	<u>77</u>	<u>81</u>	<u>80</u>	<u>63</u>	<u>216</u>	<u>156</u>	<u>79</u>	<u>74</u>	<u>9</u>	<u>9</u>	<u>844</u>
<b>Total property-related expenses</b>	<u>138</u>	<u>156</u>	<u>119</u>	<u>116</u>	<u>1,146</u>	<u>784</u>	<u>307</u>	<u>84</u>	<u>26</u>	<u>10</u>	<u>2,886</u>
<b>Operating income from property leasing activities</b>	<u>¥328</u>	<u>¥195</u>	<u>¥299</u>	<u>¥159</u>	<u>¥1,073</u>	<u>¥289</u>	<u>¥285</u>	<u>¥241</u>	<u>¥142</u>	<u>¥23</u>	<u>¥3,034</u>
<b>Property-level net operating income (1)</b>	<u>¥405</u>	<u>¥276</u>	<u>¥379</u>	<u>¥222</u>	<u>¥1,289</u>	<u>¥445</u>	<u>¥364</u>	<u>¥315</u>	<u>¥151</u>	<u>¥32</u>	<u>¥3,878</u>

(1) Calculated as income from property leasing activities adjusted for depreciation.

**(c)(ii) Details on the financial results of each property for the period ended February 29, 2004 are as follows:**

(¥ in millions)																	
<b>Name of Property</b>	<u>Sendai Nakayama Shopping Center</u>	<u>ESPA Kawasaki</u>	<u>8953 Osaka Shinsaibashi Building</u>	<u>JUSCO Chigasaki Shopping Center</u>	<u>Nara Family</u>	<u>Hakata Riverain</u>	<u>Abiko Shopping Plaza</u>	<u>Ito-Yokado Narumi</u>	<u>8953 Minami Aoyama Building</u>	<u>Ito-Yokado Yabashira</u>	<u>Ito-Yokado Kamifukuoka- higashi</u>	<u>Ito-Yokado Nishikicho</u>	<u>8953 Daikanyama DK Building</u>	<u>8953 Harajuku FACE Building</u>	<u>AEON Higashiura Shopping Center</u>	<u>AEON Kashiikama Shopping Center</u>	<u>Total</u>
<b>Rental and other operating revenue</b>	<u>¥439</u>	<u>¥351</u>	<u>¥418</u>	<u>¥274</u>	<u>¥2,233</u>	<u>¥1,275</u>	<u>¥691</u>	<u>¥331</u>	<u>¥170</u>	<u>¥79</u>	<u>¥232</u>	<u>¥229</u>	<u>¥17</u>	<u>¥25</u>	<u>¥97</u>	<u>¥87</u>	<u>¥6,948</u>
<b>Property-related expenses</b>																	
Property management fees	4	4	4	3	214	51	39	3	6	1	2	1	—	—	1	—	332
Facility management fees	—	—	—	—	102	160	75	—	—	—	—	—	1	—	—	—	342
Utilities	—	—	—	—	289	220	117	—	10	—	—	—	1	—	—	—	636
Property-related taxes	42	60	31	44	—	—	—	—	—	—	—	—	—	—	—	—	177
Repair and maintenance	6	—	1	—	10	60	6	—	—	1	—	—	—	—	—	—	86
Insurance	2	2	1	2	6	6	2	2	—	1	1	1	—	—	1	—	29
Trust fees	10	9	3	3	9	6	5	4	2	1	2	1	—	—	—	1	55
Rent expense	—	—	—	—	193	9	—	—	—	—	2	—	—	—	20	—	224
Other	—	—	—	—	125	339	30	—	—	1	2	2	1	2	2	2	503
Depreciation	<u>77</u>	<u>82</u>	<u>80</u>	<u>63</u>	<u>219</u>	<u>172</u>	<u>80</u>	<u>74</u>	<u>9</u>	<u>18</u>	<u>48</u>	<u>91</u>	<u>2</u>	<u>3</u>	<u>33</u>	<u>33</u>	<u>1,081</u>
<b>Total property-related expenses</b>	<u>141</u>	<u>157</u>	<u>120</u>	<u>115</u>	<u>1,167</u>	<u>1,023</u>	<u>354</u>	<u>83</u>	<u>27</u>	<u>23</u>	<u>56</u>	<u>96</u>	<u>5</u>	<u>5</u>	<u>57</u>	<u>36</u>	<u>3,465</u>
<b>Operating income from property leasing activities</b>	<u>¥298</u>	<u>¥194</u>	<u>¥298</u>	<u>¥159</u>	<u>¥1,066</u>	<u>¥252</u>	<u>¥337</u>	<u>¥248</u>	<u>¥143</u>	<u>¥56</u>	<u>¥176</u>	<u>¥133</u>	<u>¥12</u>	<u>¥20</u>	<u>¥40</u>	<u>¥51</u>	<u>¥3,483</u>
<b>Property-level net operating income (1)</b>	<u>¥375</u>	<u>¥276</u>	<u>¥378</u>	<u>¥222</u>	<u>¥1,285</u>	<u>¥424</u>	<u>¥417</u>	<u>¥322</u>	<u>¥152</u>	<u>¥74</u>	<u>¥224</u>	<u>¥224</u>	<u>¥14</u>	<u>¥23</u>	<u>¥73</u>	<u>¥84</u>	<u>¥4,567</u>

(1) Calculated as income from property leasing activities adjusted for depreciation.

(US\$ in thousands)

<u>Name of Property</u>	<u>Sendai Nakayama Shopping Center</u>	<u>ESPA Kawasaki</u>	<u>8953 Osaka Shinsaibashi Building</u>	<u>JUSCO Chigasaki Shopping Center</u>	<u>Nara Family</u>	<u>Hakata Riverain</u>	<u>Abiko Shopping Plaza</u>	<u>Ito-Yokado Narumi</u>	<u>8953 Minami Aoyama Building</u>	<u>Ito-Yokado Yabashira</u>	<u>Ito-Yokado Kamifukuoka- higashi</u>	<u>Ito-Yokado Nishikicho</u>	<u>8953 Daikanyama DK Building</u>	<u>8953 Harajuku FACE Building</u>	<u>AEON Higashiura Shopping Center</u>	<u>AEON Kashiwaha Shopping Center</u>	<u>Total</u>
<b>Rental and other operating revenue</b>	<u>\$4,005</u>	<u>\$3,202</u>	<u>\$3,813</u>	<u>\$2,500</u>	<u>\$20,370</u>	<u>\$11,631</u>	<u>\$6,304</u>	<u>\$3,020</u>	<u>\$1,551</u>	<u>\$721</u>	<u>\$2,116</u>	<u>\$2,089</u>	<u>\$155</u>	<u>\$228</u>	<u>\$885</u>	<u>\$794</u>	<u>\$63,383</u>
<b>Property-related expenses</b>																	
Property management fees	36	36	36	27	1,952	465	356	27	55	9	18	9	—	—	9	—	3,029
Facility management fees	—	—	—	—	930	1,460	684	—	—	—	—	—	9	—	—	—	3,120
Utilities	—	—	—	—	2,636	2,007	1,067	—	91	—	—	—	9	—	—	—	5,802
Property-related taxes	383	547	283	401	—	—	—	—	—	—	—	—	—	—	—	—	1,615
Repair and maintenance	55	—	9	—	91	547	55	—	—	9	—	—	—	—	—	—	785
Insurance	18	18	9	18	55	55	18	18	—	9	9	9	—	—	9	—	265
Trust fees	91	82	27	27	82	55	46	36	18	9	18	9	—	—	—	9	502
Rent expense	—	—	—	—	1,761	82	—	—	—	—	18	—	—	—	182	—	2,043
Other	—	—	—	—	1,140	3,093	274	—	—	9	18	18	9	18	18	18	4,607
<u>Depreciation</u>	<u>702</u>	<u>748</u>	<u>730</u>	<u>575</u>	<u>1,998</u>	<u>1,569</u>	<u>730</u>	<u>675</u>	<u>82</u>	<u>164</u>	<u>438</u>	<u>830</u>	<u>18</u>	<u>27</u>	<u>301</u>	<u>301</u>	<u>9,861</u>
<b>Total property-related expenses</b>	<u>1,286</u>	<u>1,432</u>	<u>1,095</u>	<u>1,049</u>	<u>10,646</u>	<u>9,332</u>	<u>3,229</u>	<u>757</u>	<u>246</u>	<u>210</u>	<u>511</u>	<u>876</u>	<u>46</u>	<u>46</u>	<u>520</u>	<u>328</u>	<u>31,609</u>
<b>Operating income from property leasing activities</b>	<u>\$2,718</u>	<u>\$1,770</u>	<u>\$2,718</u>	<u>\$1,450</u>	<u>\$9,725</u>	<u>\$2,299</u>	<u>\$3,074</u>	<u>\$2,262</u>	<u>\$1,305</u>	<u>\$511</u>	<u>\$1,606</u>	<u>\$1,213</u>	<u>\$109</u>	<u>\$182</u>	<u>\$365</u>	<u>\$465</u>	<u>\$31,773</u>
<b>Property-level net operating income (1)</b>	<u>\$3,421</u>	<u>\$2,518</u>	<u>\$3,448</u>	<u>\$2,025</u>	<u>\$11,722</u>	<u>\$3,868</u>	<u>\$3,804</u>	<u>\$2,937</u>	<u>\$1,387</u>	<u>\$675</u>	<u>\$2,043</u>	<u>\$2,043</u>	<u>\$128</u>	<u>\$210</u>	<u>\$666</u>	<u>\$766</u>	<u>\$41,662</u>

(1) Calculated as income from property leasing activities adjusted for depreciation.

**(d)(i) Other Data:**

**For the period ended August 31, 2003:**

<u>Name of Property</u>	<u>Sendai Nakayama Shopping Center</u>	<u>ESPA Kawasaki</u>	<u>8953 Osaka Shinsaibashi Building</u>	<u>JUSCO Chigasaki Shopping Center</u>	<u>Nara Family</u>	<u>Hakata Riverain</u>	<u>Abiko Shopping Plaza</u>	<u>Ito-Yokado Narumi</u>	<u>8953 Minami Aoyama Building</u>	<u>Ito-Yokado Yabashira</u>
Operating days during the fiscal period	184	184	184	184	179	181	181	181	181	77
Occupancy rate	100.0%	100.0%	100.0%	100.0%	100.0%	90.0%	99.9%	100.0%	100.0%	100.0%
Number of tenants	2	1	1	1	138	57	50	1	3	1
JRF ownership	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ownership structure	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner

**(d)(ii) Other Data:**

**For the period ended February 29, 2004:**

<u>Name of Property</u>	<u>Sendai Nakayama Shopping Center</u>	<u>ESPA Kawasaki</u>	<u>8953 Osaka Shinsaibashi Building</u>	<u>JUSCO Chigasaki Shopping Center</u>	<u>Nara Family</u>	<u>Hakata Riverain</u>	<u>Abiko Shopping Plaza</u>	<u>Ito-Yokado Narumi</u>	<u>8953 Minami Aoyama Building</u>	<u>Ito-Yokado Yabashira</u>	<u>Ito-Yokado Kamifukuoka -hiqashi</u>	<u>Ito-Yokado Nishikicho</u>	<u>8953 Daikanyama DK Building</u>	<u>8953 Harajuku FACE Building</u>	<u>AEON Hiqashiura Shopping Center</u>	<u>AEON Kashihami Shopping Center</u>
Operating days during the fiscal period	182	182	182	182	182	182	182	182	182	182	165	94	82	52	46	32
Occupancy rate	100.00%	100.00%	100.00%	100.00%	99.80%	99.10%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Number of tenants	2	1	1	1	133	79	51	1	3	1	1	1	1	5	1	1

<b>JRF ownership</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Ownership structure</b>	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner	Sole owner



## **Note 12 – Subsequent Events**

On March 2, 2004, JRF issued a total of 67,000 new investment units at a price of ¥654,910 per unit, of which 44,300 units were issued in connection with a Japanese Primary Offering and 22,700 units were issued in connection with an International Offering pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933.

As a result of the issuance of additional units, the Company had total equity of ¥116 billion (US\$1,060 million), with 219,502 units outstanding as of March 2, 2004.

Details of the Offerings are as follows:

Total number of units offered:	67,000 units
Offer price per unit:	¥654,910
Total amount of offerings:	¥43,878,970,000
Price to international joint lead managers per unit:	¥630,852
Net proceeds:	¥42,267,084,000

Net proceeds of approximately ¥42.3 billion from these Offerings were primarily utilized for the acquisition of two additional retail properties on March 2, 2004, namely Esquisse Omotesando and AEON Sapporo Naebo Shopping Center, as well as the repayment of a portion of outstanding short-term loans, which totaled ¥38.5 billion as of February 29, 2004, as described in Note 4 to the financial statements.