

**Japan Retail Fund Investment Corporation**

**Financial Statements**

**For the Periods**

**from September 1, 2003 to February 29, 2004 and**

**from March 1, 2004 to August 31, 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 August 31, 2004 and February 29, 2004 and the related statements of income and retained earnings and cash flows for the six months ended August 31, 2004 and February 29, 2004, 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 generally accepted 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 August 31, 2004 and February 29, 2004 and the results of its operations and its cash flows for the six months ended August 31, 2004 and February 29, 2004 in conformity with accounting principles generally accepted in Japan.

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.



November 24, 2004  
Tokyo, Japan

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

	<u>February 29, 2004</u> <u>(¥ in millions)</u>	<u>August 31, 2004</u> <u>(¥ in millions)</u>	<u>August 31, 2004</u> <u>(US\$ in thousands)</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	¥6,125	¥8,359	\$76,074
Rental receivables	398	423	3,850
Consumption tax refundable	912	203	1,847
Prepaid expenses and other assets	245	218	1,984
<i>Total current assets</i>	7,680	9,203	83,755
<b>Non-current assets:</b>			
<b>Property and equipment, at cost:</b>			
Land	85,644	106,802	971,988
Buildings	67,814	76,866	699,545
Building improvements	3,507	3,787	34,465
Machinery and equipment	142	142	1,292
Furniture and fixtures	693	851	7,745
	157,800	188,448	1,715,035
Less: Accumulated depreciation	(2,494)	(3,985)	(36,267)
<i>Net property and equipment</i>	155,306	184,463	1,678,768
<b>Other assets:</b>			
Leasehold rights	3,595	3,692	33,600
Other intangible assets	123	125	1,138
Lease deposits	2,835	2,819	25,655
Long-term prepaid expenses	41	53	482
Organization costs	70	56	510
Other	241	275	2,503
<i>Total other assets</i>	6,905	7,020	63,888
<b>TOTAL ASSETS</b>	¥169,891	¥200,686	\$1,826,411

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

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

	<u>February 29, 2004</u> <u>(¥ in millions)</u>	<u>August 31, 2004</u> <u>(¥ in millions)</u>	<u>August 31, 2004</u> <u>(US\$ in thousands)</u>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term debt	¥38,528	¥4,760	\$43,320
Accounts payable	475	537	4,887
Rent received in advance	553	648	5,897
Deposits received	710	746	6,789
Accrued expenses and other liabilities	727	436	3,968
<b>Total current liabilities</b>	<b>40,993</b>	<b>7,127</b>	<b>64,862</b>
<b>Non-current liabilities:</b>			
Long-term debt	4,170	24,170	219,967
Tenant leasehold and security deposits	48,184	49,961	454,687
Other	42	67	610
<b>Total non-current liabilities</b>	<b>52,396</b>	<b>74,198</b>	<b>675,264</b>
<b>TOTAL LIABILITIES</b>	<b>93,389</b>	<b>81,325</b>	<b>740,126</b>
<b>Unitholders' equity:</b>			
Unitholders' capital, 2,000,000 units authorized; 152,502 units (as of February 29, 2004) and 219,502 units (as of August 31, 2004) issued and outstanding	73,922	116,189	1,057,417
Retained earnings	2,580	3,172	28,868
<b>TOTAL UNITHOLDERS' EQUITY</b>	<b>76,502</b>	<b>119,361</b>	<b>1,086,285</b>
<b>TOTAL LIABILITIES AND UNITHOLDERS' EQUITY</b>	<b>¥169,891</b>	<b>¥200,686</b>	<b>\$1,826,411</b>

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

**JAPAN RETAIL FUND INVESTMENT CORPORATION**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**

For the period  
for the six months ended  
February 29, 2004 and August 31, 2004

	<u>September 1, 2003 to</u> <u>February 29, 2004</u> <u>(¥ in millions)</u>	<u>March 1, 2004 to</u> <u>August 31, 2004</u> <u>(¥ in millions)</u>	<u>March 1, 2004 to</u> <u>August 31, 2004</u> <u>(US\$ in thousands)</u>
<b>Operating revenues</b>			
Rental and other operating revenues	¥6,948	¥8,692	\$79,104
<b>Operating expenses</b>			
Property-related expenses	3,465	4,422	40,244
Asset management fees	473	598	5,442
Custodian fees	23	33	300
General administration fees	59	87	792
Other	58	81	737
	4,078	5,221	47,515
<b>Operating income</b>	2,870	3,471	31,589
<b>Non-operating revenues</b>			
Non-operating revenues	15	20	182
<b>Non-operating expenses</b>			
Interest expense	106	142	1,292
Offering costs	158	99	901
Amortization of organization costs	14	14	127
Other non-operating expenses	26	61	555
<b>Income before income taxes</b>	2,581	3,175	28,895
Income taxes	1	3	27
<b>Net income</b>	2,580	3,172	28,868
<b>Retained earnings at beginning of period</b>	-	-	-
<b>Retained earnings at end of period</b>	¥2,580	¥3,172	\$28,868

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

**JAPAN RETAIL FUND INVESTMENT CORPORATION**  
**STATEMENTS OF CASH FLOWS**

For the period  
for the six months ended  
February 29, 2004 and August 31, 2004

	<u>September 1, 2003 to</u> <u>February 29, 2004</u> <u>(¥ in millions)</u>	<u>March 1, 2004 to</u> <u>August 31, 2004</u> <u>(¥ in millions)</u>	<u>March 1, 2004 to</u> <u>August 31, 2004</u> <u>(US\$ in thousands)</u>
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes	¥2,581	¥3,175	\$28,895
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation	1,081	1,497	13,624
Amortization of organization costs	14	14	127
Interest expense	106	142	1,292
Changes in assets and liabilities:	45	23	209
Rental receivables	(88)	(25)	(228)
Consumption tax refundable	675	709	6,452
Accounts payable	(295)	62	564
Rent received in advance	185	95	865
Deposits received	(125)	36	328
Accrued expenses and other liabilities	237	(82)	(746)
Other, net	39	(342)	(3,112)
Sub-total	4,455	5,304	48,271
Cash payments of organization costs	-	-	-
Net cash provided by operating activities	4,455	5,304	48,271
<b>Cash Flows from Investing Activities:</b>			
Purchases of property and equipment	(46,217)	(30,777)	(280,096)
Proceeds from tenant leasehold and security deposits	4,480	1,777	16,172
Payment of deposits and others	(4)	8	73
Net cash used in investing activities	(41,741)	(28,992)	(263,851)
<b>Cash Flows from Financing Activities:</b>			
Proceeds from short-term debt	38,528	4,760	43,320
Repayments of short-term debt	-	(38,528)	(350,637)
Proceeds from long-term debt	-	20,000	182,017
Proceeds from issuance of investment units	-	42,267	384,665
Distribution payment	(2,295)	(2,577)	(23,453)
Net cash provided by/(used in) financing activities	36,233	25,922	235,912
<b>Net change in cash and cash equivalents</b>	(1,053)	2,234	20,331
<b>Cash and cash equivalents at beginning of period</b>	7,178	6,125	55,743
<b>Cash and cash equivalents at end of period</b>	¥6,125	¥8,359	\$76,074

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

# JAPAN RETAIL FUND INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

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

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\$4,744) 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\$434 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\$608 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\$22 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 syndicate.

On March 2, 2004, JRF completed its third public offering totaling 67,000 new investment units at a price of ¥654,910 (US\$5,960) per unit, 44,300 of such units were issued in connection with a Japanese Primary Offering, and the remaining 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 (US\$385 million) from these Offerings were primarily utilized towards the acquisition of two additional retail properties on March 2, 2004, for an aggregate purchase price of ¥23.8 billion (US\$217 million), and the remaining balance utilized to partially repay its outstanding short-term borrowings incurred in connection with the acquisitions of six properties in the period ended February 29, 2004.

Subsequent to that, the Company acquired two additional properties during the period ended August 31, 2004 by utilizing internal cash and bank borrowings from the same bank syndicate.

As a result, the Company owned a portfolio of twenty retail properties as of August 31, 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.

**(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	2-39 years
Building improvements	2-60 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 August 31, 2004, taxes on property and equipment capitalized amounted to ¥415 million (US\$3,777 thousand), ¥31 million for the period ended February 29, 2004.

**(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 August 31, 2004 is ¥543,781 (US\$4,949), ¥501,643 as of February 29, 2004. Net income per unit for the period ended August 31, 2004 is ¥14,475 (US\$132), ¥16,918 for the period ended February 29, 2004.

The computation of net income per unit is based on the weighted average number of investment units outstanding during the period ended August 31, 2004, which was 219,138 units (152,502 units for the period ended February 29, 2004).

**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 ¥109.88 = US\$1, the effective rate of exchange prevailing at August 31, 2004. The inclusion of such U.S. dollar amounts associated with the fiscal period ended August 31, 2004 is solely for the convenience of readers 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**

On March 31, 2004, ¥18.5 billion (US\$168 million) of the net proceeds from the third public offering in March 2004 was utilized to partially repay its outstanding short-term debts totaling ¥38.5 billion (US\$350 million) incurred in connection with property acquisitions completed during the period ended February 29, 2004. The remainder of ¥20 billion (US\$182 million) was restructured into a 5-year term loan of ¥5 billion (US\$46 million) obtained from a financial institution, and the balance into a 5-year term loan of ¥5 billion (US\$46 million) and a 2-year term loan of ¥10 billion (US\$91 million) obtained from a bank syndicate. The interest rates for the period ended August 31, 2004 ranged from 0.6% to 1.3% for these borrowings.

The Company was also provided from the bank syndicate with long-term borrowings and the amount outstanding was ¥4.17 billion (US\$38 million) as of August 31, 2004 and February 29, 2004. 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 August 31, 2004 and the period ended February 29, 2004.

In order to finance the acquisition of additional retail properties during the period ended August 31, 2004, the Company obtained additional short-term borrowings from the same bank syndicate, totaling ¥4,760 million (US\$43 million) for the period ended August 31, 2004. The interest rate for the period ended August 31, 2004 was 1.1%.

In addition, the Company was provided with a back up facility of ¥800 million (US\$ 7,281 thousand) and an additional credit facility of ¥3 billion (US\$ 27 million). These facilities have not been drawn down as of August 31, 2004, February 29, 2004.

Certain of our properties and beneficiary interests in trusts (comprising properties and cash), with an aggregate book value of ¥135 billion (US\$1,229 million) were pledged as collateral to secure liabilities totaling ¥66 billion (US\$601 million) for the period ended August 31, 2004, and ¥135 billion were pledged against liabilities totaling ¥85 billion for the period ended February 29, 2004.

**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\$455 thousand), as required pursuant to the Investment Trust Law.

The units issued and outstanding as of August 31, 2004 were 219,502 (152,502 units as of February 29, 2004). (see Note 1)

**Note 6 – Cash Distributions**

In accordance with the distribution policy prescribed in the Company's articles of incorporation, the Company intends to distribute approximately 100% of its distributable income for the period ended August 31, 2004 (equivalent to ¥14,452 (US\$132) per investment unit) to its unitholders. ¥16,918 per investment unit was distributed for the period ended February 29, 2004. The Company intends to make regular distributions to unitholders with respect to its semi-annual 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 February 29, 2004 and August 31, 2004, respectively:

	<u>Period ended</u> <u>February 29, 2004</u> (¥ in millions)	<u>Period ended</u> <u>August 31, 2004</u> (¥ in millions)	<u>Period ended</u> <u>August 31, 2004</u> (US\$ in thousands)
Retained earnings at the end of period	¥2,580	¥3,172	\$28,868
Cash distribution declared	<u>(2,580)</u>	<u>(3,172)</u>	<u>(28,868)</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 February 29, 2004 and August 31, 2004 consist of the following:

	<u>Period ended</u> <u>February 29, 2004</u> (¥ in millions)	<u>Period ended</u> <u>August 31, 2004</u> (¥ in millions)	<u>Period ended</u> <u>August 31, 2004</u> (US\$ in thousands)
Property management fees	¥332	¥353	\$3,213
Facility management fees	342	390	3,549
Utilities	636	716	6,516
Property-related taxes	177	612	5,570
Repair and maintenance	86	42	382
Insurance	29	35	319
Trust fees	55	67	610
Rent expense	224	302	2,748
Other	503	408	3,713
Depreciation	<u>1,081</u>	<u>1,497</u>	<u>13,624</u>
Total property-related expenses	<u>¥3,465</u>	<u>¥4,422</u>	<u>\$40,244</u>

**Note:**

(i) Rent expense represents 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>February 29, 2004</u> Rate	<u>Period ended</u> <u>August 31, 2004</u> Rate
Statutory effective tax rate	39.39%	39.39%
Deductible cash distributions	(39.36)	(39.30)
Other	<u>0.00</u>	<u>0.00</u>
Effective tax rate	<u>0.03%</u>	<u>0.09%</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 February 29, 2004 and August 31, 2004 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

	<u>Period ended</u> <u>February 29, 2004</u> (¥ in millions)	<u>Period ended</u> <u>August 31, 2004</u> (¥ in millions)	<u>Period ended</u> <u>August 31, 2004</u> (US\$ in thousands)
Due within one year	¥ 10,386	¥ 11,152	\$101,493
Due after one year	<u>96,242</u>	<u>97,021</u>	<u>882,972</u>
Total	<u>¥ 106,628</u>	<u>¥ 108,173</u>	<u>\$984,465</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 ¥13 million (US\$118 thousand) for the period ended August 31, 2004, ¥20 million for the period ended February 29, 2004.

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

	<u>Period ended</u> <u>February 28, 2004</u> (¥ in millions)	<u>Period ended</u> <u>August 31, 2004</u> (¥ in millions)	<u>Period ended</u> <u>August 31, 2004</u> (US\$ in thousands)
Due within one year	¥ 19	¥ 15	\$137
Due after one year	<u>12</u>	<u>14</u>	<u>127</u>
Total	<u>¥ 31</u>	<u>¥ 29</u>	<u>\$264</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>February 29, 2004</u> (¥ in millions)	<u>Period ended</u> <u>August 31, 2004</u> (¥ in millions)	<u>Period ended</u> <u>August 31, 2004</u> (US\$ in thousands)
Equipment, at cost	¥ 165	¥ 176	\$1,602
Accumulated depreciation	<u>134</u>	<u>147</u>	<u>1,338</u>
Net book value	<u>¥ 31</u>	<u>¥ 29</u>	<u>\$264</u>

Depreciation expense would be ¥13 million (US\$118 thousand) for the period ended August 31, 2004, ¥20 million for the period ended February 29, 2004. 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:**

During the fiscal period ended August 31, 2004, the Company acquired two retail properties, namely AEON Sapporo Naebo Shopping Center and Esquisse Omotesando, from special purpose companies created by Mitsubishi Corporation, which owned 5% 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, 2004, in connection with the acquisition and holding of such properties in contemplation of sale to the Company. These two properties were acquired by the Company with the proceeds from the Company's third public offerings in March 2004 at an aggregate acquisition price of ¥23.8 billion (US\$217 million), at their appraised value.

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

During the fiscal period ended August 31, 2004, on March 2, 2004, the Company issued 67,000 units, including 4,800 units to Mitsubishi Corporation and 200 units to its asset manager, Mitsubishi Corp.-UBS Realty Inc. during its third public offering (see Note 1) at an aggregate amount of ¥3,144 million (US\$29 million) and ¥131 million (US\$1,192 thousand) respectively.

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

**(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 ¥598 million (US\$5,442 thousand) were paid by the Company for the period ended August 31, 2004, ¥473 million were paid for the period ended February 29, 2004. These fees are calculated at 0.6% of the Company's total assets. Acquisition fees amounting to ¥237 million (US\$2,157 thousand) were paid by the Company for the period ended August 31, 2004, ¥353 million were paid for the period ended February 29, 2004. 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 August 31, 2004, February 29, 2004. Fees paid to Diamond City Co., Ltd. for the period ended August 31, 2004 amounted to ¥256.7 million (US\$2,336 thousand), ¥356.9 million were paid for the period ended February 29, 2004.

**(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 for the period ended February 29, 2004.

**Note 11 – Property Information**

(a)(i) 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 Area</u> (m <sup>2</sup> )	<u>Net book Value</u> (¥ in millions)	<u>Appraisal Value</u> (¥ in millions)	<u>Rental Income as Percentage of Total Revenue (%)</u>
Sendai Nakayama Shopping Center	35-40, 57, 5 Minami Nakayama 1-chome, Izumi-ku, Sendai-city, Miyagi	46,248.96	10,078	10,200	6.3
Kawasaki ESPA	1 & 2 Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-city, Kanagawa	56,891.15	9,985	10,200	5.1
8953 Osaka Shinsaibashi Building	4-12 Minamisenba 3-chome, Chuo-ku, Osaka-city, Osaka	13,666.96	14,166	14,400	6.0
JUSCO Chigasaki Shopping Center	5-16 Chigasaki 3-chome, Chigasaki-city, Kanagawa	63,652.33	8,211	8,000	3.9
Nara Family	1-4, 2-chome, Nishi Saidaiji Higashi, Nara-city, Nara	85,337.48	32,265	32,400	32.2
Hakata Riverain	1-3, Shimokawabata-cho, Hakata-ku, Fukuoka-city, Fukuoka	25,733.62	13,289	13,400	18.4
Abiko Shopping Plaza	1-142, Kita Iizuka, Abiko-aza, Abiko-city, Chiba	43,415.03	10,221	10,800	10.0
Ito-Yokado Narumi	232, 3-chome, Midori-ku, Nagoya-city, Aichi	50,437.91	8,554	8,420	4.8
8953 Minami Aoyama Building	5-8, 5-chome, Minami Aoyama, Minato-ku, Tokyo	1,582.48	5,410	5,330	2.4
Ito-Yokado Yabashira	15, Higure 1-chome, Matsudo City, Chiba	21,581.65	1,692	1,750	1.1
Ito-Yokado Kamifukuoka-higashi	30-1, Ohara 2-chome, Kamifukuoka-city, Saitama	28,316.18	6,947	6,880	3.3
Ito-Yokado Nishikicho	1-12, Nishikicho 1-chome, Warabi-city, Saitama	72,957.52	13,520	13,300	3.3
8953 Daikanyama DK Building	17-35, Ebisu-nishi 1-chome, Shibuya, Tokyo	574.46	1,285	1,260	0.2
8953 Harajuku FACE Building	5-32, Jingu-mae 2-chome, Shibuya-ku, Tokyo	1,477.62	2,813	2,780	0.3
AEON Higashiura Shopping Center	62-1, Higashisakaemachi, Ogawaaza, Ohaza, Higashiuramachi, Chitagun, Aichi	100,457.69	6,890	6,860	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>	<u>13,300</u>	<u>1.3</u>
Total		<u>721,947.76</u>	<u>159,024</u>	<u>159,280</u>	<u>100.0</u>

(a)(ii) Details of the Company's property portfolio as of August 31, 2004 are as follows:

<u>Name of Property</u>	<u>Location of Property</u>	<u>Leasable Area (m<sup>2</sup>)</u>	<u>Net book Value</u>		<u>Appraisal Value</u>		<u>Rental Income as Percentage of Total Revenue (%)</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	10,004	91,045	10,700	97,379	5.4
ESPA Kawasaki	1 & 2 Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-city, Kanagawa	56,891.15	9,904	90,135	10,200	92,829	4.0
8953 Osaka Shinsaibashi Building	4-12 Minamisenba 3-chome, Chuo-ku, Osaka-city, Osaka	13,666.96	14,086	128,194	14,400	131,052	4.8
JUSCO Chigasaki Shopping Center	5-16 Chigasaki 3-chome, Chigasaki-city, Kanagawa	63,652.33	8,148	74,154	8,000	72,807	3.2
Nara Family	1-4, 2-chome, Nishi Saidaiji Higashi, Nara-city, Nara	85,350.25	32,114	292,264	32,400	294,867	26.0
Hakata Riverain	1-3, Shimokawabata-cho, Hakata-ku, Fukuoka-city, Fukuoka	25,742.69	13,137	119,558	13,400	121,951	13.0
Abiko Shopping Plaza	1-142, Kita Iizuka, Abiko-aza, Abiko-city, Chiba	43,415.03	10,236	93,156	10,800	98,289	7.9
Ito-Yokado Narumi	232, 3-chome, Midori-ku, Nagoya-city, Aichi	50,437.91	8,481	77,184	8,420	76,629	3.8
8953 Minami Aoyama Building	5-8, 5-chome, Minami Aoyama, Minato-ku, Tokyo	1,582.48	5,402	49,163	5,330	48,507	2.0
Ito-Yokado Yabashira	15, Higure 1-chome, Matsudo City, Chiba	21,581.65	1,673	15,226	1,750	15,926	0.9
Ito-Yokado Kamifukuoka- higashi	30-1, Ohara 2-chome, Kamifukuoka-city, Saitama	28,316.18	6,899	62,787	6,800	61,886	2.9
Ito-Yokado Nishikicho	1-12, Nishikicho 1-chome, Warabi-city, Saitama	72,957.52	13,384	121,806	13,100	119,221	5.1
8953 Daikanyama DK Building	17-35, Ebisu-nishi 1-chome, Shibuya, Tokyo	574.46	1,281	11,658	1,260	11,467	0.5
8953 Harajuku FACE Building	5-32, Jingu-mae 2-chome, Shibuya-ku, Tokyo	1,477.62	2,804	25,519	2,780	25,300	1.0

AEON Higashiura Shopping Center	62-1, Higashisakaemachi, Ogawaaza, Ohaza, Higashiuramachi, Chitagun, Aichi	100,457.69	6,900	62,796	6,860	62,432	4.3
AEON Kashiihama Shopping Center	1-12, Kashiihama 3-chome, Higashi-ku, Fukuoka-city, Fukuoka	109,616.72	13,720	124,863	12,900	117,401	5.5
AEON Sapporo Naebo Shopping Center	1-1, 3-chome, Higashinaebo, Higashi-ku, Sapporo City, Hokkaido	74,625.52	9,337	84,975	9,250	84,183	4.0
Esquisse Omotesando	10-1, 5-chome, Jingumae, Shibuya, Tokyo	3,798.42	14,665	133,464	14,500	131,962	4.7
Esquisse Omotesando Annex	5-1-3 Jingu-mae, Shibuya, Tokyo	540.78	895	8,145	900	8,191	0.2
Ito-Yokado Tsunashima	2-8-1 Tsunashima-Nishi, Kohoku-ku, Yokohama, Kanagawa	<u>17,502.06</u>	<u>5,210</u>	<u>47,415</u>	<u>5,000</u>	<u>45,504</u>	<u>0.8</u>
Total		<u>818,436.38</u>	<u>188,280</u>	<u>1,713,506</u>	<u>188,750</u>	<u>1,717,783</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 at February 29, 2004, August 31, 2004, in accordance with the guidelines issued by the Japanese Association of Real Estate Appraiser. These appraisal data are unaudited.
- (iii) As of February 29, 2004 and August 31, 2004, the occupancy rate of each property was 100%, except for Hakata Riverain (99.1%) and Nara Family (99.8%) as of February 29, 2004 and Esquisse Omotesando (88.5%) and Hakata Riverain (99.7%) as of August 31, 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 February 29, 2004 is as follows:*

<u>Region</u>	<u>Net Book Value</u> <u>(¥ in millions)</u>	<u>Percentage of Total Assets</u> <u>(%)</u>
Tokyo metropolitan area	¥60,084	37.8
Osaka metropolitan area	61,875	38.9
Other metropolitan areas (each of which have populations over one million)	<u>37,065</u>	<u>23.3</u>
Total	<u>¥159,024</u>	<u>100.0</u>

*(b)(ii) A geographical breakdown of the Company's property portfolio as of August 31, 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 Total</u> <u>Assets</u> <u>(%)</u>
Tokyo metropolitan area	¥80,501	\$732,627	42.8
Osaka metropolitan area	61,581	560,439	32.7
Other metropolitan areas (each of which have populations over one million)	<u>46,198</u>	<u>420,440</u>	<u>24.5</u>
Total	<u>¥188,280</u>	<u>\$1,713,506</u>	<u>100.0</u>

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

(¥ in millions)

<u>Name of Property</u>	<u>Sendai Nakavama 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 Aovama Building</u>	<u>Ito-Yokado Yabashira</u>	<u>Ito-Yokado Kamifukuo ka-higashi</u>	<u>Ito-Yokado Nishikicho</u>	<u>8953 Daikanva ma DK Building</u>	<u>8953 Harajuku FACE Building</u>	<u>AEON Higashiura Shopping Center</u>	<u>AEON Kashiihama 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>

(c)(ii) Details on the financial results of each property for the period ended August 31, 2004 are as follows:

(¥ in millions)

<u>Name of Property</u>	<u>Sendai Nakavama 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 Daikanvama DK Building</u>	<u>8953 Harajuku FACE Building</u>	<u>AEON Higashiura Shopping Center</u>	<u>AEON Kashihama Shopping Center</u>	<u>AEON Sapporo Nabo Shopping Center</u>
<b>Rental and other operating revenue</b>	<u>¥466</u>	<u>¥351</u>	<u>¥418</u>	<u>¥274</u>	<u>¥2,257</u>	<u>¥1,128</u>	<u>¥688</u>	<u>¥331</u>	<u>¥170</u>	<u>¥78</u>	<u>¥256</u>	<u>¥443</u>	<u>¥40</u>	<u>¥92</u>	<u>¥376</u>	<u>¥477</u>	<u>¥352</u>
<b>Property-related expenses</b>																	
Property management fees	4	4	4	3	214	48	38	3	3	1	2	2	1	4	3	3	3
Facility management fees	–	–	–	–	105	144	110	–	2	–	–	–	1	3	–	–	–
Utilities	–	–	–	–	321	237	116	–	10	–	–	–	3	5	–	–	–
Property-related taxes	42	61	30	43	111	122	37	42	7	18	39	58	2	–	–	–	–
Repair and maintenance	2	–	1	–	19	9	9	–	–	–	–	–	–	–	–	–	–
Insurance	2	2	1	2	6	5	2	2	–	1	1	3	–	–	3	3	2
Trust fees	9	8	3	3	9	6	5	4	2	1	2	3	–	2	2	3	1
Rent expense	–	–	–	–	193	9	–	–	–	–	2	–	–	–	78	–	20
Other	–	–	–	–	127	216	29	–	–	–	–	–	–	–	2	–	–
Depreciation	<u>77</u>	<u>82</u>	<u>80</u>	<u>63</u>	<u>221</u>	<u>177</u>	<u>80</u>	<u>74</u>	<u>9</u>	<u>18</u>	<u>48</u>	<u>136</u>	<u>4</u>	<u>9</u>	<u>101</u>	<u>98</u>	<u>133</u>
<b>Total property-related expenses</b>	<u>136</u>	<u>157</u>	<u>119</u>	<u>114</u>	<u>1,326</u>	<u>973</u>	<u>426</u>	<u>125</u>	<u>33</u>	<u>39</u>	<u>94</u>	<u>202</u>	<u>11</u>	<u>23</u>	<u>189</u>	<u>107</u>	<u>159</u>
<b>Operating income from property leasing activities</b>	<u>¥330</u>	<u>¥194</u>	<u>¥299</u>	<u>¥160</u>	<u>¥931</u>	<u>¥155</u>	<u>¥262</u>	<u>¥206</u>	<u>¥137</u>	<u>¥39</u>	<u>¥162</u>	<u>¥241</u>	<u>¥29</u>	<u>¥69</u>	<u>¥187</u>	<u>¥370</u>	<u>¥193</u>
<b>Property-level net operating income (1)</b>	<u>¥407</u>	<u>¥276</u>	<u>¥379</u>	<u>¥223</u>	<u>¥1,152</u>	<u>¥332</u>	<u>¥342</u>	<u>¥280</u>	<u>¥146</u>	<u>¥57</u>	<u>¥210</u>	<u>¥377</u>	<u>¥33</u>	<u>¥78</u>	<u>¥288</u>	<u>¥468</u>	<u>¥326</u>

(¥ in millions)

<u>Name of Property</u>	<u>Esquisse Omotesando</u>	<u>Esquisse Omotesando Annex</u>	<u>Ito-Yokado Tsunashima</u>	<u>Total</u>
<b>Rental and other operating revenue</b>	<u>¥410</u>	<u>¥18</u>	<u>¥67</u>	<u>¥8,692</u>
<b>Property-related expenses</b>				
Property management fees	11	1	1	353
Facility management fees	25	–	–	390
Utilities	24	–	–	716
Property-related taxes	–	–	–	612
Repair and maintenance	2	–	–	42
Insurance	–	–	–	35
Trust fees	3	–	1	67
Rent expense	–	–	–	302
Other	34	–	–	408
Depreciation	<u>73</u>	<u>1</u>	<u>13</u>	<u>1,497</u>
<b>Total property-related expenses</b>	<u>172</u>	<u>2</u>	<u>15</u>	<u>4,422</u>
<b>Operating income from property leasing activities</b>	<u>¥238</u>	<u>¥16</u>	<u>¥52</u>	<u>¥4,270</u>
<b>Property-level net operating income (1)</b>	<u>¥311</u>	<u>¥17</u>	<u>¥65</u>	<u>¥5,767</u>

(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 Daikanvama DK Building</u>	<u>8953 Harajuku FACE Building</u>	<u>AEON Higashiura Shopping Center</u>	<u>AEON Kashihama Shopping Center</u>	<u>AEON Sapporo Nabo Shopping Center</u>
<b>Rental and other operating revenue</b>	<u>\$4,241</u>	<u>\$3,194</u>	<u>\$3,804</u>	<u>\$2,494</u>	<u>\$20,541</u>	<u>\$10,266</u>	<u>\$6,261</u>	<u>\$3,012</u>	<u>\$1,547</u>	<u>\$710</u>	<u>\$2,330</u>	<u>\$4,032</u>	<u>\$364</u>	<u>\$837</u>	<u>\$3,422</u>	<u>\$4,341</u>	<u>\$3,203</u>
<b>Property-related expenses</b>																	
Property management fees	36	36	36	27	1,948	437	346	27	27	9	18	18	9	36	27	27	27
Facility management fees	–	–	–	–	956	1,311	1,001	–	18	–	–	–	9	27	–	–	–
Utilities	–	–	–	–	2,921	2,157	1,056	–	91	–	–	–	27	46	–	–	–
Property-related taxes	382	555	273	391	1,010	1,110	337	382	64	164	355	528	18	–	–	–	–
Repair and maintenance	18	–	9	–	173	82	82	–	–	–	–	–	–	–	–	–	–
Insurance	18	18	9	18	55	46	18	18	–	9	9	27	–	–	27	27	18
Trust fees	82	73	27	27	82	55	46	36	18	9	18	27	–	18	18	27	9
Rent expense	–	–	–	–	1,756	82	–	–	–	–	18	–	–	–	710	–	182
Other	–	–	–	–	1,156	1,966	264	–	–	–	–	–	–	–	18	–	–
Depreciation	<u>701</u>	<u>746</u>	<u>728</u>	<u>573</u>	<u>2,011</u>	<u>1,611</u>	<u>728</u>	<u>673</u>	<u>82</u>	<u>164</u>	<u>437</u>	<u>1,238</u>	<u>36</u>	<u>82</u>	<u>919</u>	<u>892</u>	<u>1,210</u>
<b>Total property-related expenses</b>	<u>1,238</u>	<u>1,429</u>	<u>1,083</u>	<u>1,037</u>	<u>12,068</u>	<u>8,855</u>	<u>3,877</u>	<u>1,138</u>	<u>300</u>	<u>355</u>	<u>855</u>	<u>1,838</u>	<u>100</u>	<u>209</u>	<u>1,720</u>	<u>974</u>	<u>1,447</u>
<b>Operating income from property leasing activities</b>	<u>\$3,003</u>	<u>\$1,766</u>	<u>\$2,721</u>	<u>\$1,456</u>	<u>\$8,473</u>	<u>\$1,411</u>	<u>\$2,384</u>	<u>\$1,875</u>	<u>\$1,247</u>	<u>\$355</u>	<u>\$1,474</u>	<u>\$2,193</u>	<u>\$264</u>	<u>\$628</u>	<u>\$1,702</u>	<u>\$3,367</u>	<u>\$1,756</u>
<b>Property-level net operating income (1)</b>	<u>\$3,704</u>	<u>\$2,512</u>	<u>\$3,449</u>	<u>\$2,029</u>	<u>\$10,484</u>	<u>\$3,021</u>	<u>\$3,112</u>	<u>\$2,548</u>	<u>\$1,329</u>	<u>\$519</u>	<u>\$1,911</u>	<u>\$3,431</u>	<u>\$300</u>	<u>\$710</u>	<u>\$2,621</u>	<u>\$4,259</u>	<u>\$2,967</u>

(US\$ in thousands)

<u>Name of Property</u>	<u>Esquisse Omotesando</u>	<u>Esquisse Omotesando</u> <u>Annex</u>	<u>Ito-Yokado</u> <u>Tsunashima</u>	<u>Total</u>
<b>Rental and other operating revenue</b>	<u>\$3,731</u>	<u>\$164</u>	<u>\$610</u>	<u>\$79,104</u>
<b>Property-related expenses</b>				
Property management fees	100	9	9	3,213
Facility management fees	228	–	–	3,549
Utilities	218	–	–	6,516
Property-related taxes	–	–	–	5,570
Repair and maintenance	18	–	–	382
Insurance	–	–	–	319
Trust fees	27	–	9	610
Rent expense	–	–	–	2,748
Other	309	–	–	3,713
Depreciation	<u>664</u>	<u>9</u>	<u>118</u>	<u>13,624</u>
<b>Total property-related expenses</b>	<u>1,565</u>	<u>18</u>	<u>137</u>	<u>40,244</u>
<b>Operating income from property leasing activities</b>	<u>\$2,166</u>	<u>\$146</u>	<u>\$473</u>	<u>\$38,861</u>
<b>Property-level net operating income (1)</b>	<u>\$2,830</u>	<u>\$155</u>	<u>\$592</u>	<u>\$52,485</u>

(d)(i) Other Data:

For the period ended February 29, 2004:

<u>Name of Property</u>	<u>Sendai Nakavama 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 Daikanvama DK Building</u>	<u>8953 Harajuku FACE Building</u>	<u>AEON Higashiura Shopping Center</u>	<u>AEON Kashiihama Shopping Center</u>
<b>Operating days during the fiscal period</b>	182	182	182	182	182	182	182	182	182	182	165	94	82	52	46	32
<b>Occupancy rate</b>	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%
<b>Number of tenants</b>	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

(d)(ii) Other Data:

For the period ended August 31, 2004:

<u>Name of Property</u>	<u>Sendai Nakavama 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 Daikanvama DK Building</u>	<u>8953 Harajuku FACE Building</u>	<u>AEON Higashiura Shopping Center</u>	<u>AEON Kashiihama Shopping Center</u>
<b>Operating days during the fiscal period</b>	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184
<b>Occupancy rate</b>	100.00%	100.00%	100.00%	100.00%	100.00%	99.70%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Number of tenants</b>	2	1	1	1	136	80	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

<u>Name of Property</u>	<u>AEON Sapporo Naicho Shopping Center</u>	<u>Esquisse Omotesando</u>	<u>Esquisse Omotesando Annex</u>	<u>Ito-Yokado Tsunashima</u>
<b>Operating days during the fiscal period</b>	183	183	124	69
<b>Occupancy rate</b>	100.00%	88.50%	100.00%	100.00%
<b>Number of tenants</b>	1	18	1	1
<b>JRF ownership</b>	100.00%	100.00%	100.00%	100.00%
<b>Ownership structure</b>	Sole owner	Sole owner	Sole owner	Sole owner