

Japan Retail Fund Investment Corporation

8953



Japan Retail Fund Investment Corporation

**Aug., 2005 (7th) Period Results
(March 1, 2005 through August 31, 2005)
Oct., 2005**

<http://www.jrf-reit.com/>



Mitsubishi Corp UBS Realty

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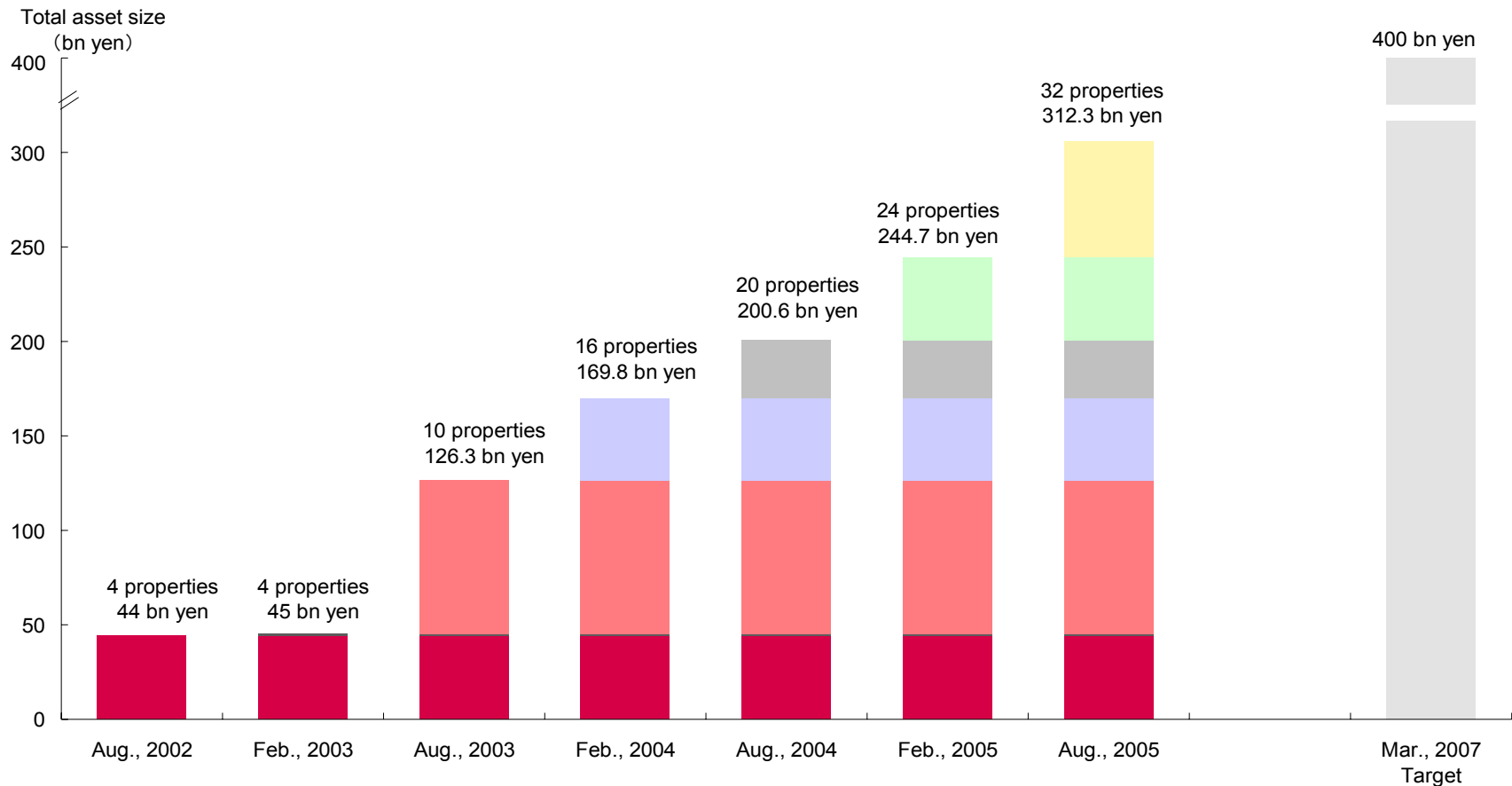
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1. JRF history

History of portfolio growth



(Note1) Not including the following properties: JUSCO City Nishi-Otsu, Loc City Ogaki, Urawa PARCO and Diamond City Tsurumi Shopping Center. These will be acquired after Aug.31, 2005

**The number and value of properties in the deal flow from Jul., 2004 to Jun., 2005:
146 properties (cumulative total 650), approx. 760 billion yen (cumulative total 4.2 trillion yen)**

Portfolio growth history

	At IPO (Mar., 2002)	1st Follow-on (Mar., 2003)	2nd Follow-on (Mar., 2004)	3rd Follow-on (Mar., 2005)	4th Follow-on (Sep., 2005)
Number of properties	4	9	18	28	32
Acquisition costs (bn yen)	41	111	180	259	291
Average cap rate	6.3%	6.7%	6.3%	6.2%	6.2%
Key tenants (more than 5% of total annual rents)	AEON (48.2%)	AEON (19.2%)	Ito-Yokado (21.8%)	Ito-Yokado (17.9%)	AEON (16.7%)
	Tokyu Hands (29.1%)	Ito-Yokado (18.2%)	AEON (17.6%)	AEON (12.7%)	Ito-Yokado (16.5%)
	Ito-Yokado (19.7%)	Kintetsu Dept. Store (15.0%)	Kintetsu Dept. Store (9.8%)	AEON Mall (8.6%)	AEON Mall (8.0%)
		Tokyu Hands (8.2%)	AEON Kyushu (6.1%)	Kintetsu Dept. Store (7.3%)	Kintetsu Dept. Store (6.7%)
		Otsuka Kagu (5.4%)	Tokyu Hands (5.3%)	Mycal (5.6%)	Mycal (5.2%)
Number of tenants	5	255	308	349	351
Geographic diversification					
Tokyo metropolitan area	42.7%	30.7%	41.1%	50.1%	46.6%
Osaka/Nagoya and surrounding area	33.6%	49.1%	33.7%	29.8%	31.8%
Other major cities	23.7%	20.2%	25.2%	20.1%	21.6%
Investment types					
Income-type	100.0%	51.3%	62.0%	67.4%	70.4%
Growth-type	0.0%	48.7%	38.0%	32.6%	29.6%
Portfolio PML	4.4%	2.3%	2.7%	3.3%	3.0%

(Note1) Calculation of geographic diversification and investment type diversification based on acquisition price

(Note2) From Feb., 2006 period, income/growth type properties are reclassified with growth-type properties

(Note3) Number of tenants is the summation of the tenants within each properties

(Note4) The cap rate calculation: DCF discount rates are used for JUSCO Chigasaki Shopping Center & 8953 Osaka Shinsaibashi Building, and direct cap rates for the other properties. As for Sendai Nakayama Shopping Center, only JUSCO portion is included in the calculation

(Note5) For the 1st follow-on offering, the number of tenants is based on data from Dec., 2002. (For Nara Family, the estimated number of tenants after renewal is used)

(Note6) Figures for the 2nd follow-on offering is based on data from Dec., 2003. However, cap rates for the existing properties are based on Aug., 2003. Sendai Nakayama Shopping Center's cap rate is only for JUSCO's leased space

(Note7) The 3rd follow-on offering is based on data from Dec., 2004. For 8953 Jiyugaoka, cap rate is only for NEXT, and for Sendai Nakayama Shopping Center, it only includes JUSCO's leased space

(Note8) The 4th follow-on offering is based on data from Jun., 2005. For 8953 Jiyugaoka, cap rate is only for NEXT, and for Sendai Nakayama Shopping Center, it only includes JUSCO's leased space

(Note9) Portfolio PML is based on data from the reports in Feb., 2002, Nov., 2002, Jan., 2004, Jan., 2005 and Aug., 2005

Enhanced financial flexibility

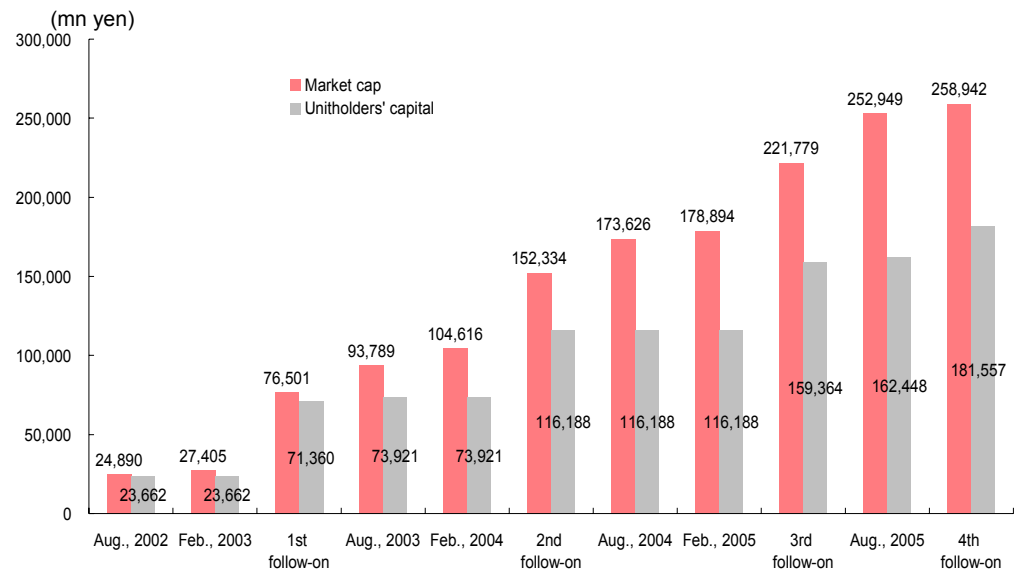
Equity

- ◆ Most frequent issuer within the J-REIT sector: 5 equity offerings including IPO (4 of them were global offerings)
- ◆ The first J-REIT to file a shelf registration of investment securities (Aug. 26, 2005)
- ◆ Quick and flexible equity financing utilizing a shelf-registration system (launched on Sep. 5, 2005; priced on Sep. 6, 2005)

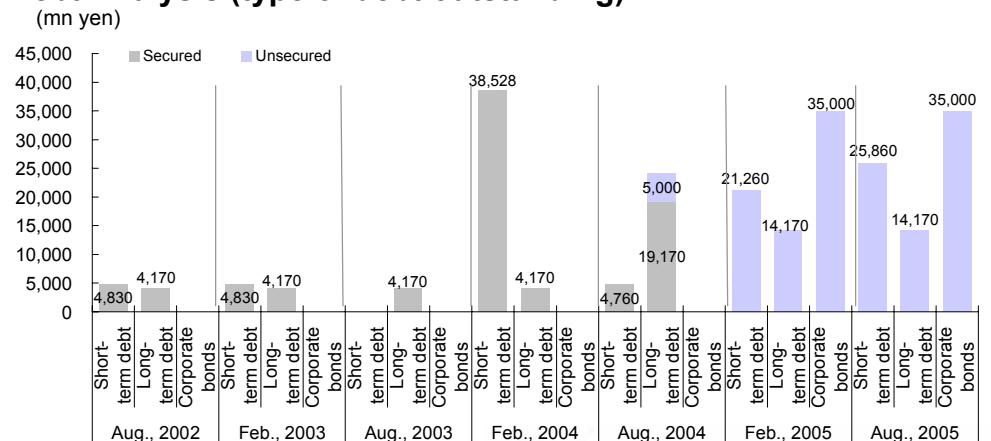
Debt

- ◆ The first J-REIT to file a shelf registration of corporate bonds (Dec. 17, 2004)
- ◆ The first public issuance of unsecured corporate bonds (Feb. 9, 2005)
- ◆ Versatile access to capital markets through unsecured debt facility

Equity Analysis (trend of market cap and unitholders' capital)



Debt Analysis (type of debt outstanding)



2. 4th follow-on offering summary (Sep., 2005)

4th follow-on offering summary

Offering type	Accelerated Book Building (“ABB”) using a shelf-registration system
Total offering size	Domestic 11,600 units <u>International 11,400 units</u> Total 23,000 units
Units outstanding	302,502 units (Pre-offering: 279,502 units)
Launch date	Monday, September 5, 2005
Discount range	0.9~1.0 (Monday, September 5, 2005)
Pricing	1.0% discount (Tuesday, September 6, 2005)
Offer price	861,300 yen
Total proceeds	19,810 mn yen
Total equity	181,557 mn yen (Pre-offering: 162,448 mn yen)

Properties acquired in the Aug., 2005 period

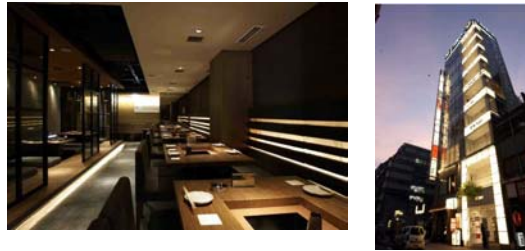
JUSCO Naha: The first property in Okinawa



Location: Kinjo, Naha-shi, Okinawa
Gross floor area: 72,997.08m²
Investment type: Income
No. of tenants: 1
Key tenant: JUSCO



Cheers Ginza: Restaurant-building (9 restaurants)



Location: Ginza, Chuo-ku, Tokyo
Gross floor area: 1,974.90m²
Investment type: Income
No. of tenants: 9
Key tenants: Chanko Dining Waka (Japanese cuisine), Syoutaien (Charcoal grilled beef), Lengua de Gaudi (Spanish style tavern)



JUSCO City Yagoto: Community based property with a sports club



Location: Showa-ku, Nagoya-shi, Aichi
Gross floor area: 56,054.11m²
Investment type: Income
No. of tenants: 2
Key tenant: JUSCO



3. Highlights of Aug., 2005 (7th) period performance

Highlights of Aug., 2005 (7th) period performance

Financial results

- ◆ Operating revenue and net income increased by 2,711 mn yen and 1,011 mn yen respectively, attributed to properties acquired in the Feb., 2005 and Aug., 2005 periods
- ◆ Distribution per unit was 15,730 yen; 629 yen higher than the estimate announced on Sep. 5, 2005

Financial strategy

- ◆ The first Japanese company that used a shelf-registration system for investment securities (capacity to issue up to 100 bn yen in two years starting on Sep. 3, 2005)
- ◆ Completed the follow-on offerings of investment units within a very short period (1 day pricing) using a shelf registration system (in Sep., 2005)

External growth

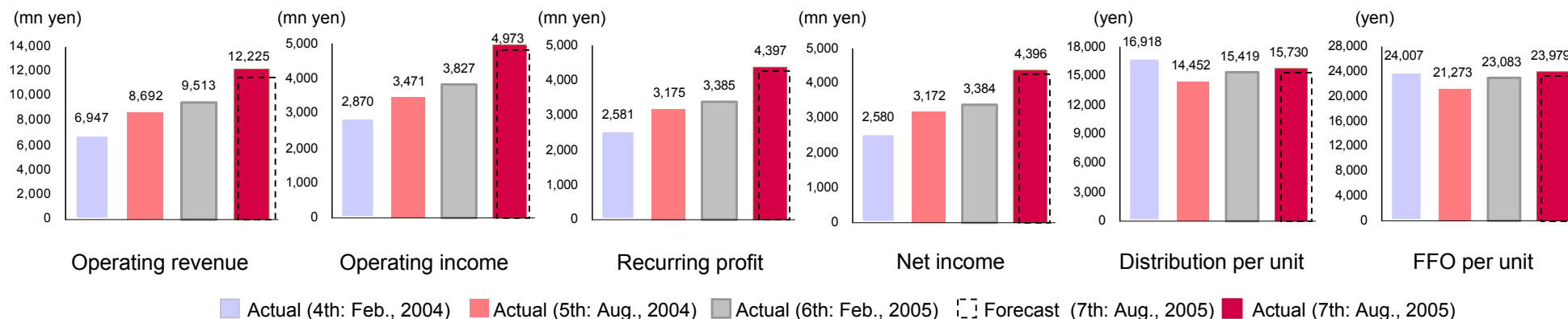
- ◆ Expanded portfolio with the acquisition of 8 new properties at a cost of 61.3 bn yen (since Mar., 2005)
- ◆ New investment style was explored
 - Loc City Ogaki's case: acquired trust beneficiary rights where the trust holds a fixed-term land lease

Internal growth

- ◆ Commenced a large-scale renovation of Abiko Shopping Plaza
- ◆ Continuous cost reduction and application of successful strategies previously implemented on other projects

Summary of Aug., 2005 period results of operations

1. Historical trend of operating results



2. Aug., 2005 period results and forecasts

Items	Aug., 2005 (actual)	Aug., 2005 (forecast)	Variance	Variance (%)
Operating revenue (mn yen)	12,225	12,155	70	0.6%
Operating income (mn yen)	4,973	4,809	164	3.4%
Recurring profit (mn yen)	4,397	4,222	175	4.1%
Net income (mn yen)	4,396	4,221	175	4.1%
Distribution per unit (yen)	15,730	15,101	629	4.2%
FFO per unit (yen)	23,979	23,438	541	2.3%

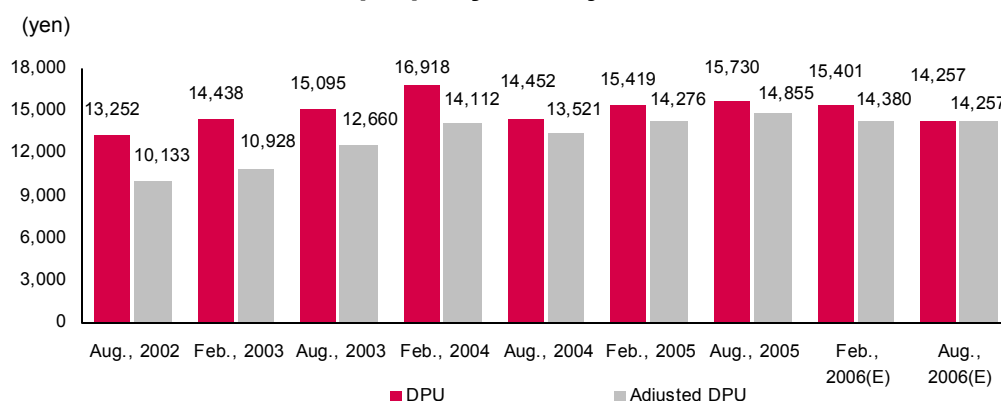
Forecasts for Feb., 2006 and Aug., 2006 periods

(mn yen)			
Items (Net operating days)	Aug., 2005 period (184 days)	Feb., 2006 period (Forecast)	Aug., 2006 period (Forecast)
Operating revenue	12,225	12,968	12,867
Operating income	4,397	4,660	4,314
Net income	4,396	4,659	4,313
Distribution per unit (yen)	15,730	15,401	14,257
(Note1)			
FFO per unit (yen)	23,979	23,735	22,350
FFO payout ratio	66%	65%	64%

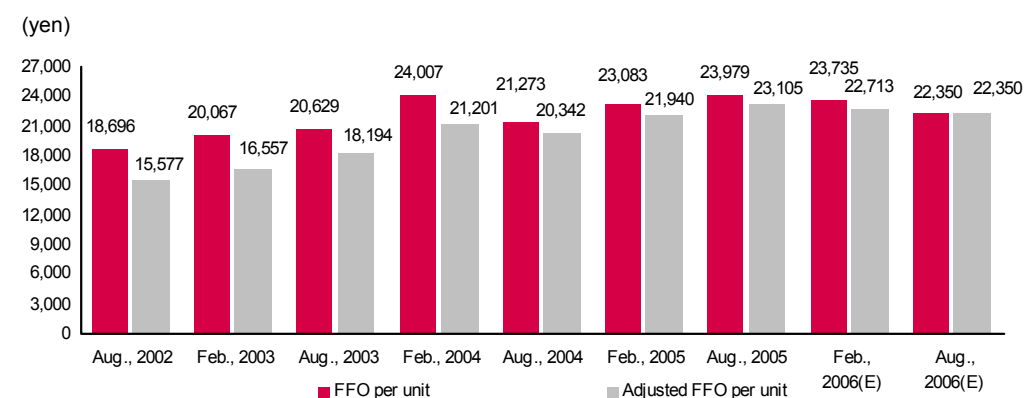
(Note1) (Net income + net depreciation + other property related amortization) / total units outstanding

(Note2) The above adjusted DPUs and FFO per unit are calculated by subtracting the property tax amounts that were capitalized, or included in the acquisition values, from the distributable income for the period in which the acquisitions were made. In accordance with the Japanese GAAP, the property tax is capitalized and not recognized as an expense for the period in which the acquisition is made. Please note that the above adjusted DPUs and FFO per unit are unaudited figures

DPU without and after property tax adjustments (Note2)

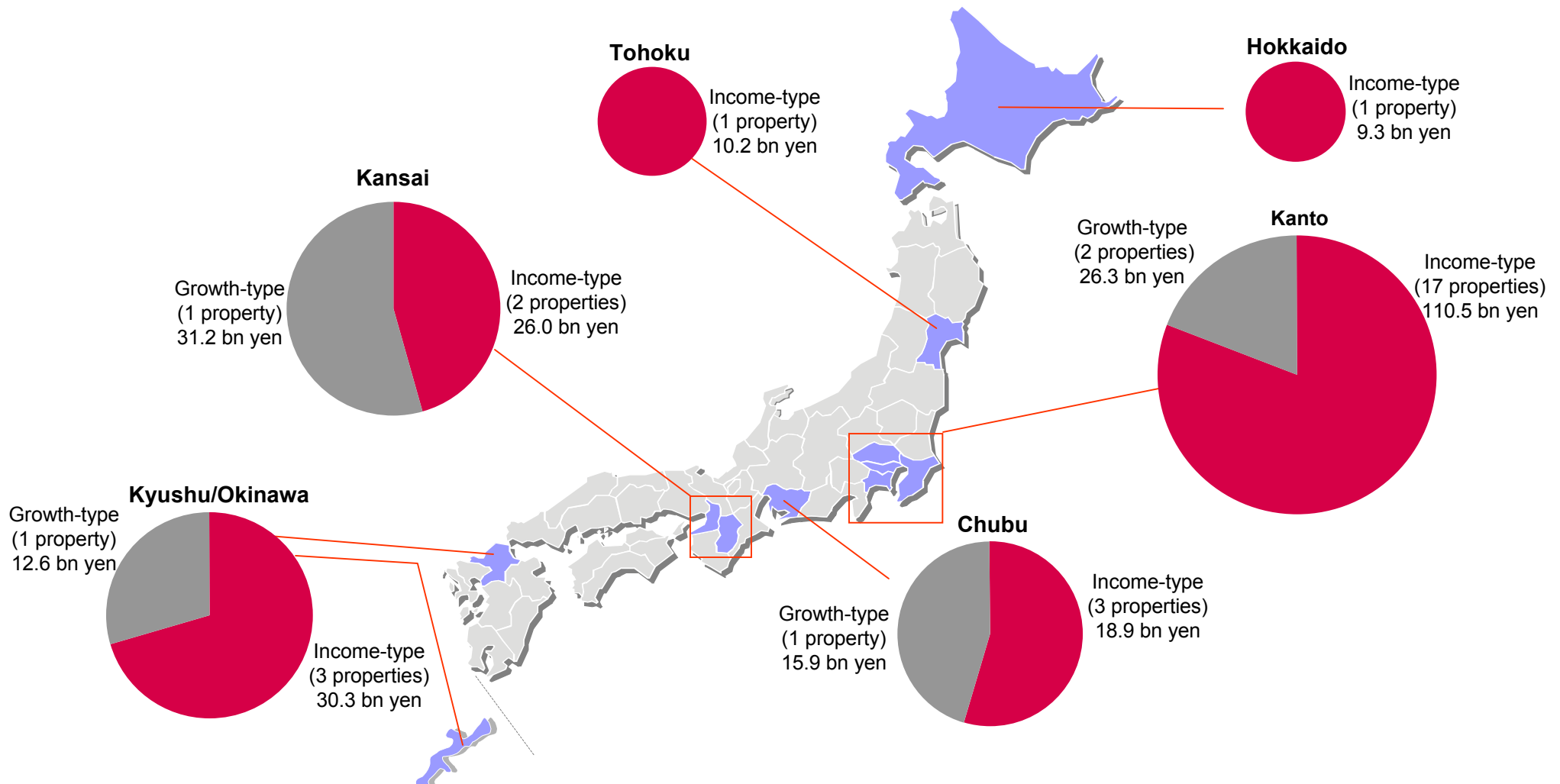


FFO per unit without and after property tax adjustments (Note2)



4. Portfolio overview

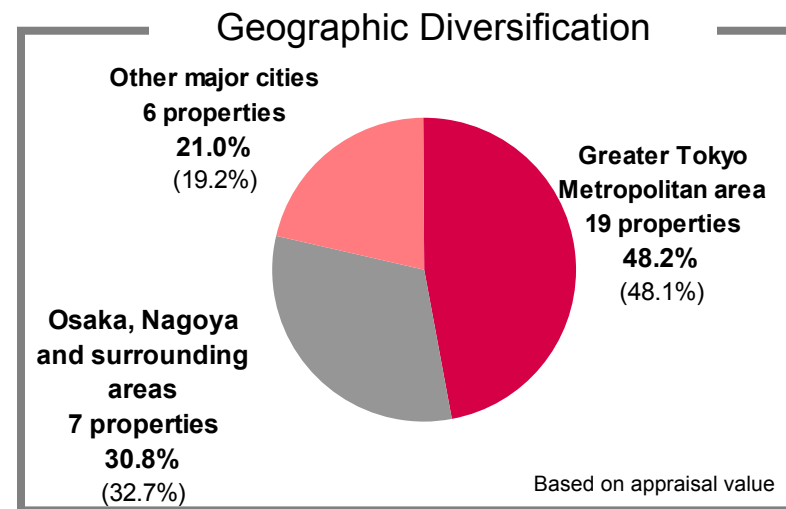
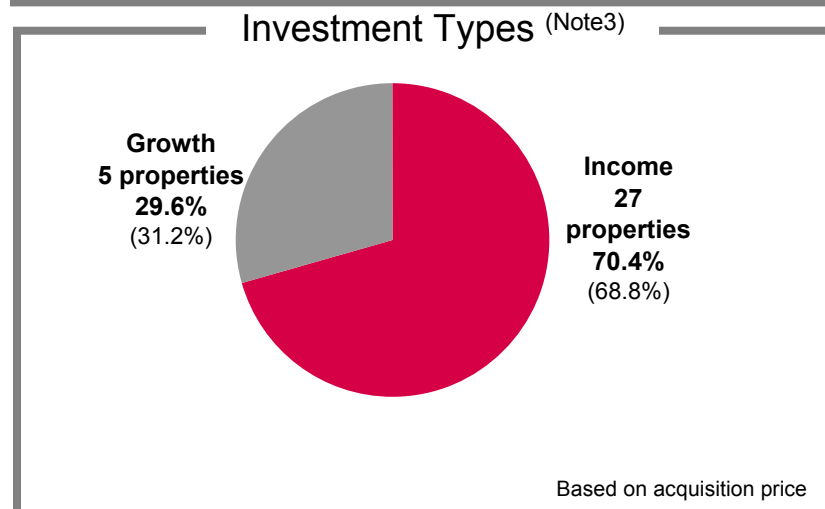
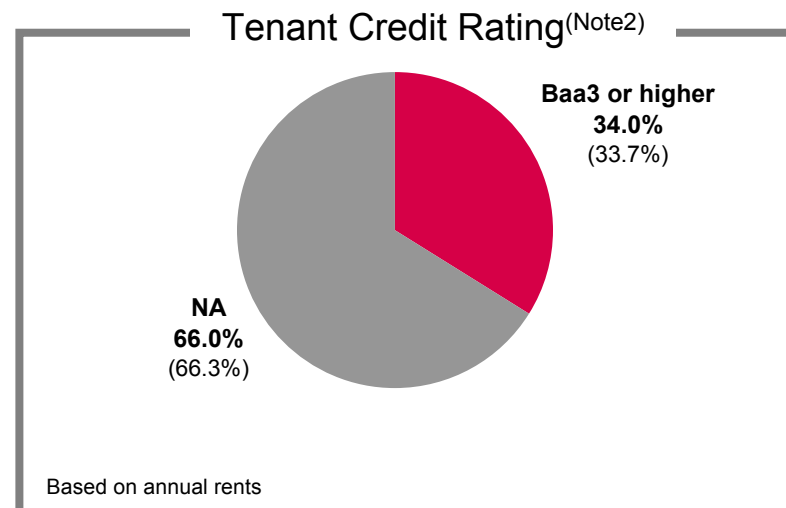
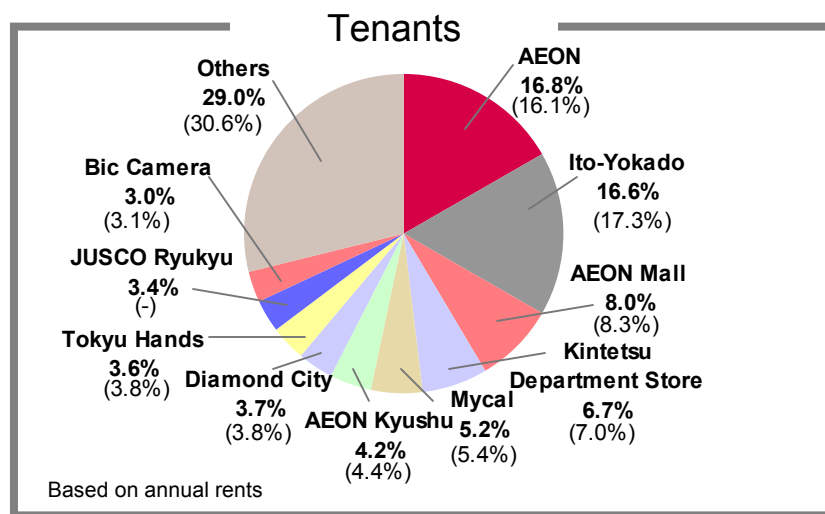
Portfolio map (Note1)



(Note1) Not including the following properties: JUSCO City Nishi-Otsu, Loc City Ogaki, Urawa PARCO and Diamond City Tsurumi Shopping Center. These will be acquired after Aug. 31, 2005

(Note2) From Feb., 2006 period, income/growth type properties are reclassified as growth-type properties

Portfolio diversification (Total 32 properties) (Note1)



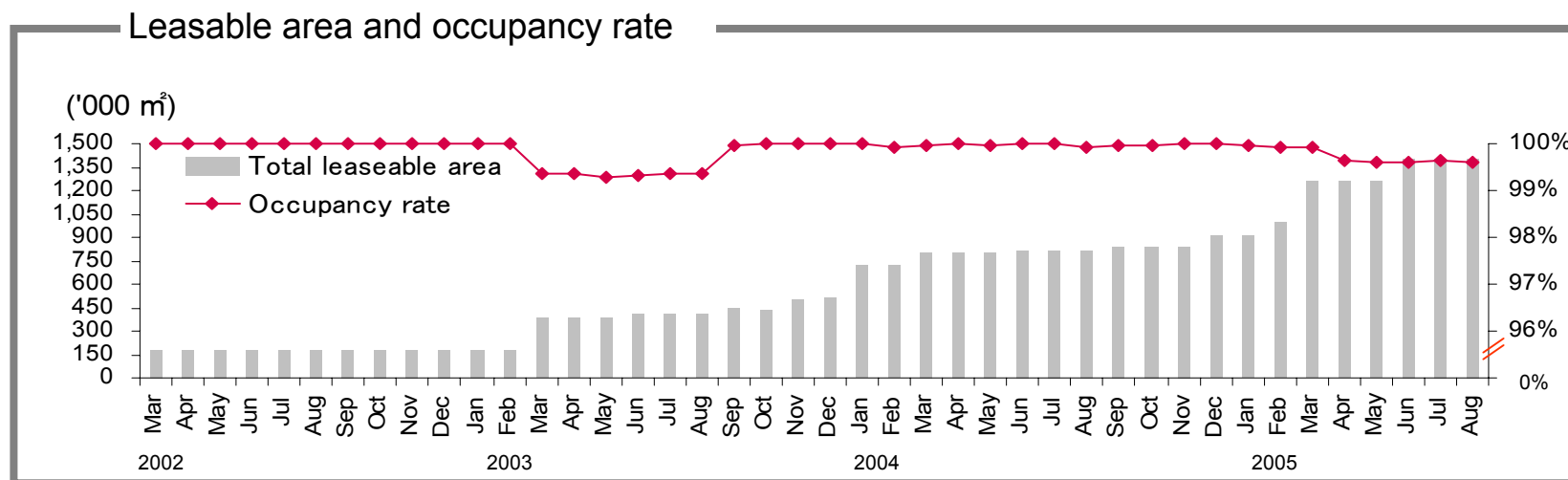
(Note1) As of Aug. 31, 2005, figures above do not include the following properties: JUSCO City Nishi-Otsu, Loc City Ogaki, Urawa PARCO and Diamond City Tsurumi Shopping Center. These will be acquired after Aug. 31, 2005

(Note2) Moody's Investors Service Inc. (as of Aug. 31, 2005)

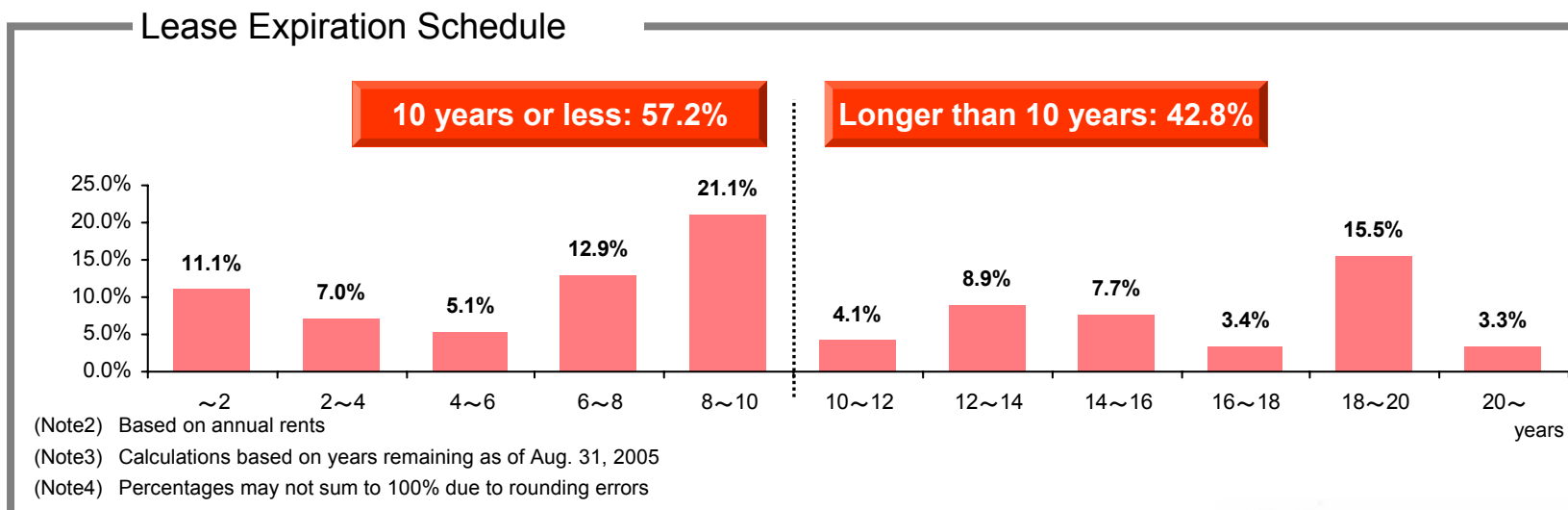
(Note3) From Feb., 2006 period, income/growth type properties are reclassified as growth-type properties

(Note4) Figures of the previous period (as of Mar. 31, 2005) are in brackets

Portfolio occupancy rate and lease expiration schedule



(Note1) Figures are as of the end of each month



Property portfolio

Property Name	Investment Type (Note2)	Building Age (Note3)	Total Leaseable Area (mf)	Occupancy Rate	Acquisition Price (mn yen)	Cap Rate at Acquisition (Note4)	Appraisal Value (mn yen)	Share (%)	Number of Tenants	Anchor/ Core Tenants	PML (Seismic Risk) (Note5)	Property Manager
Greater Tokyo Metropolitan area												
ESPA Kawasaki	Income	5.3	56,891.2	100.00%	10,091	6.2%	11,200	3.7%	1	Ito-Yokado	10.9%	Diamond City
JUSCO Chigasaki SC	Income	4.9	63,652.3	100.00%	8,300	6.2%	8,190	2.7%	1	JUSCO	9.1%	Geo Akamatsu
Abiko Shopping Plaza	Growth	10.9	43,390.7	98.92%	10,200	7.2%	12,300	4.0%	45	Ito-Yokado	11.8%	Diamond City
8953 Minami Aoyama Bldg.	Income	3.5	1,541.0	100.00%	5,350	5.5%	5,330	1.7%	3	Hugo Boss	13.0%	Ikoma CB Richard Ellis
Ito-Yokado Yabashira	Income	22.9	21,581.7	100.00%	1,616	6.1%	1,970	0.6%	1	Ito-Yokado	6.5%, 7.4%	Xymax Alpha
Ito-Yokado Kamifukuoka-higashi	Income	6.0	28,316.2	100.00%	6,900	6.3%	7,530	2.5%	1	Ito-Yokado	14.8%	Geo Akamatsu
Ito-Yokado Nishikicho	Income	1.8	73,438.5	100.00%	13,212	5.6%	14,600	4.8%	1	Ito-Yokado	12.6%	Geo Akamatsu
8953 Daikanyama Bldg.	Income	14.5	574.5	100.00%	1,235	5.3%	1,300	0.4%	1	Onward Kashiya	5.4%	Mitsui Fudosan Building Management
8953 Harajuku FACE Bldg.	Income	20.4	1,477.6	100.00%	2,770	5.6%	2,850	0.9%	5	Diesel	10.6%	Xymax Alpha
Esquisse Omotesando	Growth	23.6	3,782.6	91.64%	16,100	5.0%	16,900	5.5%	12	Chanel, Yves Saint-Laurent, Gucci	7.1%	Geo Akamatsu
Esquisse Omotesando Annex	Income	8.5	540.8	100.00%	860	5.5%	936	0.3%	2	LS Mode	5.0%	Mitsui Fudosan Building Management
Ito-Yokado Tsunashima	Income	23.5	16,549.5	100.00%	5,000	6.1%	5,360	1.8%	1	Ito-Yokado	16.3%	Jones Lang LaSalle
Bic Camera Tachikawa	Income	35.1	20,983.4	100.00%	11,920	5.5%	12,400	4.1%	2	Bic Camera	20.1%	Jones Lang LaSalle
Itabashi SATY	Income	5.3	72,253.9	100.00%	12,400	5.4%	13,100	4.3%	1	SATY	9.4%	Xymax Alpha
8953 Kita Aoyama Bldg.	Income	0.6	492.7	100.00%	989	5.4%	1,030	0.3%	2	NEWS, Best Bridal	10.8%	Office Mitsuki
AEON Yamato SC	Income	3.8	85,226.7	100.00%	16,823	5.5%	18,700	6.1%	1	JUSCO	9.3%	Xymax Alpha
Seiyu Hibiyaoka	Income	26.9	19,070.9	100.00%	6,100	7.6%	6,890	2.3%	1	SEIYU	13.2%	Ikoma CB Richard Ellis
8953 Jiyugaoka Bldg.	Income	6.2	1,814.1	90.14%	2,700	5.2%	2,787	0.9%	10	NEXT, Sür Jiyugaoka	4.1%, 4.4%	Xymax Alpha
Cheers Ginza	Income	0.5	1,686.6	100.00%	4,200	4.3%	4,200	1.4%	9	Chanko Dining Waka, Syoutaien, Lengua de Gaudi	9.9%	Nomura Building Management
Subtotal/Weighted Average		12.0	513,264.7	99.81%	136,767	5.8%	147,573	48.2%	100			

(Note1) As of Aug. 31, 2005, the above list does not include the following properties: JUSCO City Nishi-Otsu, Loc City Ogaki, Urawa PARCO and Diamond City Tsurumi Shopping Center. These will be acquired after Aug. 31, 2005

(Note2) From Feb., 2006 period, income/growth type properties are reclassified as growth-type properties

(Note3) Numbers of building age are the weighted average of the years for gross floor area of each building

(Note4) These represent direct cap rates at the time of acquisition of each property. These do not include subsequent additional acquisition to the existing property. The cap rate of 8953 Jiyugaoka only represents that of NEXT. COLLINE's cap rate is 5.5%. JUSCO Chigasaki's cap rate is same as the discount rate used in the DCF model

(Note5) PML (seismic risk) of building or portfolio is for the disaster/earthquake with 475 years of recovery period

Property portfolio

Property Name	Investment Type (Note2)	Building Age (Note3)	Total Leaseable Area (inf)	Occupancy Rate	Acquisition Price (mn yen)	Cap Rate at Acquisition (Note4)	Appraisal Value (mn yen)	Share (%)	Number of Tenants	Anchor/ Core Tenants	PML (Seismic Risk) (Note6)	Property Manager
<u>Osaka, Nagoya and surrounding areas</u>												
8953 Osaka Shinsaibashi Bldg.	Income	6.6	13,667.0	100.00%	14,300	5.5%	14,000	4.6%	1	Tokyu Hands	4.8%	Xymax Alpha
Nara Family	Growth	12.8	85,341.8	99.77%	31,241	7.4%	32,400	10.6%	131	Kintetsu Department, JUSCO	4.6%	Diamond Family
Ito-Yokado Narumi	Income	8.1	50,437.9	100.00%	8,540	7.3%	8,300	2.7%	1	Ito-Yokado	4.3%	Xymax Alpha
AEON Higashiura SC	Income	4.1	100,457.7	100.00%	6,700	6.3%	7,230	2.4%	1	JUSCO	7.5%	Xymax Alpha
Wonder City	Growth	14.6	72,399.2	100.00%	15,900	6.5%	16,200	5.3%	28	Diamond City (Note5), Keiyo D2	5.2%	Xymax Alpha
JUSCO City Takatsuki	Income	11.5	77,267.2	100.00%	11,700	6.0%	12,300	4.0%	1	JUSCO	2.9%	Ikoma CB Richard Ellis
JUSCO Yagoto	Income	12.0	63,778.4	100.00%	3,700	7.0%	3,840	1.3%	2	JUSCO	2.6%	Xymax Alpha
Subtotal/Weighted Average		10.9	463,349.2	99.96%	92,081	6.7%	94,270	30.8%	165		-	
<u>Other major cities</u>												
Sendai Nakayama SC	Income	9.2	46,249.0	92.08%	10,200	7.6%	11,000	3.6%	2	JUSCO	1.1%-2.8%	Xymax Alpha
Hakata Riverain	Growth	6.7	25,742.7	96.94%	12,619	6.5%	13,300	4.3%	76	IDC Otsuka Kagu, Louis Vuitton, Gucci	1.9%	Geo Akamatsu
AEON Kashihama SC	Income	1.8	109,616.7	100.00%	13,300	6.2%	12,900	4.2%	1	JUSCO	0.8%	Geo Akamatsu
AEON Sapporo Naebo SC	Income	2.2	74,625.5	100.00%	9,260	6.2%	9,270	3.0%	1	JUSCO	2.6%	Xymax Alpha
Tobata SATY	Income	6.5	93,258.2	100.00%	6,290	6.6%	6,450	2.1%	1	SATY	1.3%	Geo Akamatsu
JUSCO Naha	Income	11.9	79,090.5	100.00%	10,700	6.0%	11,400	3.7%	1	JUSCO	4.9%	Jones Lang Lasalle
Subtotal/Weighted Average		6.3	428,582.7	98.96%	62,369	6.5%	64,320	21.0%	82		-	
Total/Weighted Average		10.4	1,405,196.6	99.60%	291,217	6.2%	306,163	100.0%	347		3.0%	

(Note1) As of Aug. 31, 2005, the above list does not include the following properties: JUSCO City Nishi-Otsu, Loc City Ogaki, Urawa PARCO and Diamond City Tsurumi Shopping Center. These will be acquired after Aug. 31, 2005

(Note2) From Feb., 2006 period, income/growth type properties are reclassified as growth-type properties

(Note3) Numbers of building age are the weighted average of the years for gross floor area of each building

(Note4) These represent direct cap rates at the time of acquisition of each property. These do not include subsequent additional acquisition to the existing property. 8953 Osaka Shinsaibashi Building's cap rate is same as the discount rate used in the DCF model. Sendai Nakayama Shopping Center's cap rate is only for JUSCO's leased space

(Note5) Diamond City, a tenant of Wonder City, partly sublet the property to AEON (JUSCO)

(Note6) PML (seismic risk) of building or portfolio is for the disaster/earthquake with 475 years of recovery period

5. Management strategies

Management strategies

Internal growth

- ◆ Renovate and redevelop existing properties to maintain and improve their competitiveness
- ◆ Reduce costs and apply successful strategies previously implemented on other projects

External growth

- ◆ Continue to acquire attractive properties to achieve the asset size of 400 bn yen by Mar. 31, 2007
- ◆ Expansion of acquisition sources through the use of methods such as purchases of development-type properties and TK investments (similar to limited partnerships) and exploring new acquisition methods

Financial strategy

- ◆ Employ both ABB (Accelerated Book Building) and global offering structure to meet different capital requirements with respect to timing and broadened investor base
- ◆ Diversify funding sources through the use of unsecured loan facilities and corporate bonds

Internal growth: renovation of Abiko Shopping Plaza



Before



After

Grand re-opening scheduled on Nov. 23, 2005



Japan Retail Fund Investment Corporation

Cost reduction

- ◆ The adoption of a competitive bidding process is estimated to have achieved a cost savings of 100 million yen (the original estimated cost was 1 billion yen)

Stable profit creation

- ◆ Tenants paying rent based on a percentage of sales (including those paying percentage rents above a fixed minimum rent level) increased from 28% to 52%

Strong customer attraction

- ◆ New tenants with strong brand recognition will attract more customers (these tenants were identified by co-operating with our PM company)

【Example of new tenants】

For young families	3can4on
For young casual	Global Work Cutie Blond
Jeans & casual	Right-on
Food & beverage	Vie de France

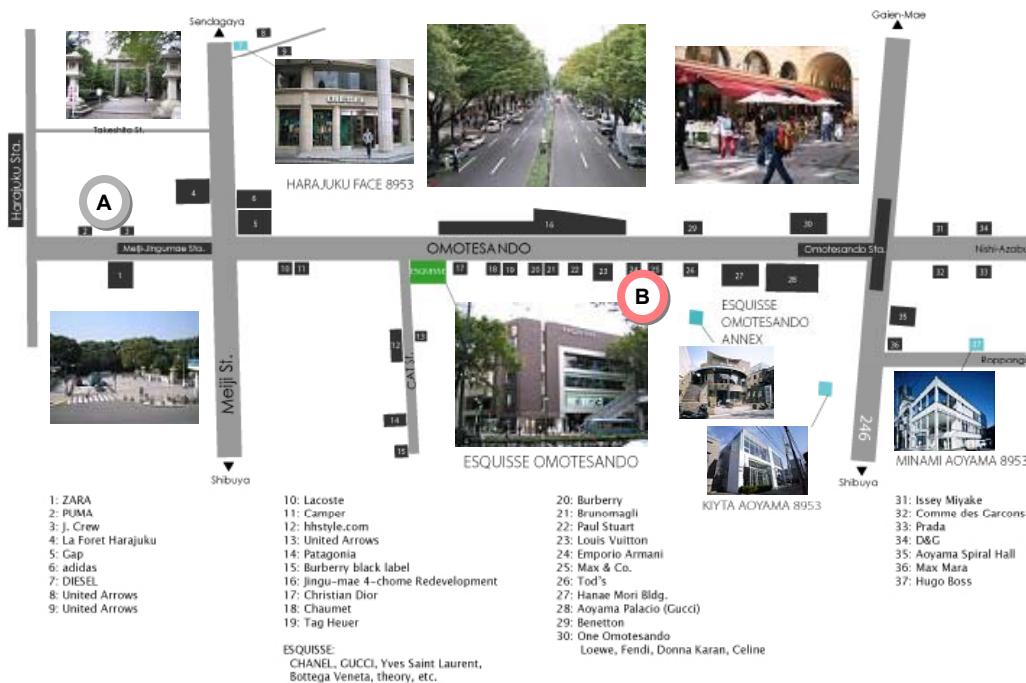


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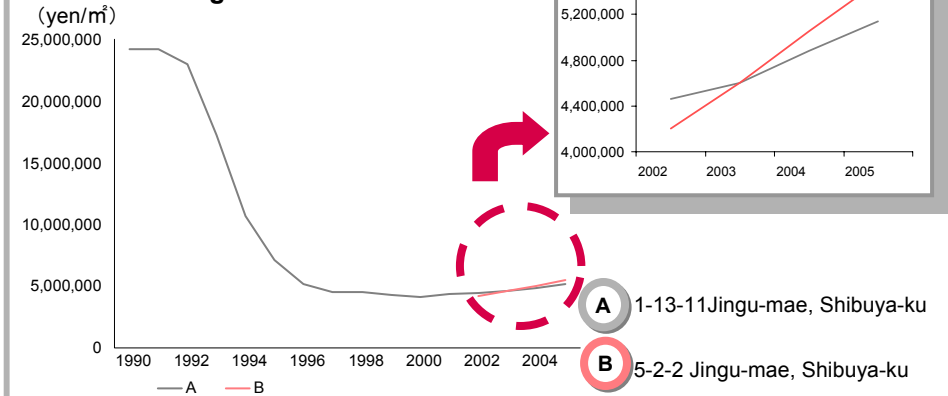
Internal growth strategy: redevelopment of Esquisse Omotesando (1)

First redevelopment project by a J-REIT

Omotesando is one of the most exciting areas in Tokyo. Esquisse Omotesando will be expanded with the recent acquisition of an adjacent property and become a leading destination for retail consumers in the area.



Trend: publicly appraised land value of the surrounding area



Source: Land, Infrastructure and Transportation Ministry Land information library

Examples of MVRDV's (a famous architect from Holland) major works



Villa VPRO (Office 1997 Holland)
Hans Werleemann



Wozocos (Residence 1997 Holland)
Hans Werleemann

Internal growth strategy: redevelopment of Esquisse Omotesando (2)

Before



After



Image as of Oct., 2005 (subject to subsequent modification)

Autumn 2005

Spring 2006

Autumn 2007

● Conclusion of preliminary agreement

● Agreement of the transfer of building and land lease rights finalized

【Summary of contract】

Buyer:

Takenaka Corporation ("TC")

Contents:

Land lease rights agreement will be concluded between JRF and TC and TC will rebuild the property. JRF has the first refusal should TC decide to sell the property upon completion of the redevelopment

● Completion of construction - (Opening)

Construction start date: Feb., 2006

Completion: Nov., 2007

Location: Jingu-mae, Shibuya-ku, Tokyo

Gross floor area: Approx. 5,000m² (Now: 3,782.55m²)

Investment type: Growth

* Total leasable area is estimated to increase by 30%



Japan Retail Fund Investment Corporation



Mitsubishi Corp UBS Realty

Business environment: diversified deal flow

Diamond City Tsurumi Shopping Center (tentative name)



Properties under development

Develop large retail properties in order to sell them to third-parties including J-REIT

Urawa PARCO (tentative name)



Property sale

Japan Retail Fund

Owens retail properties

JRF's unique features

- Network with retail companies
- Network with corporations
- Network with investment funds

Property sale

Property sale

JUSCO Naha



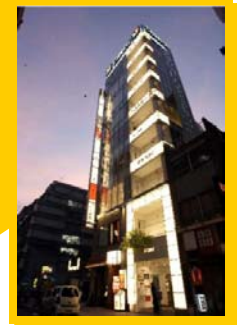
Corporations

Own in-house properties

Investment fund

Invest in a wide range of properties

Cheers Ginza



Japan Retail Fund Investment Corporation



Mitsubishi Corp UBS Realty

Diversified acquisition methods :Urawa PARCO (tentative name) :Diamond City Tsurumi SC (tentative name)

Urawa PARCO (tentative name)

Concluded purchase agreement of the
property under development



Computer-generated rendition for illustrative purpose only.

Completion year: Sep., 2007 (planned)
Location: Kasago-cho, Urawa-ku, Saitama-shi,
Saitama
Gross floor area: Total GFA 108,173.72m²;
portion to be acquired - 56,306.80m²
Investment type: Income
Tenant: PARCO
(lease period: 20 years from the
commencement of operation)

Diamond City Tsurumi SC (tentative name)

Secured the first refusal right through the
acquisition of TK interest in a SPC



Computer-generated rendition for illustrative purpose only.

Construction start date: Dec., 2005 (planned)
Completion: Dec., 2006 (planned)
Location: Tsurumi-ku, Osaka-shi, Osaka
Gross floor area: Approx. 150,000m²
Investment type: Income
Tenant: Diamond City
(lease period: 15 years from the
commencement of operation)

Properties that will be acquired after Aug. 31, 2005

Loc City Ogaki

Acquisition of trust beneficiary rights where the trust holds a fixed-term land lease



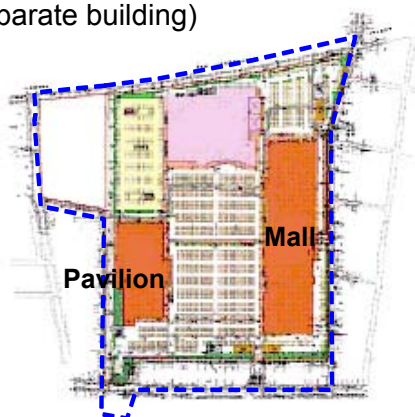
Mall (East)

Location: Nakashima, Mitsuka-cho,
Ogaki-shi, Gifu

Gross floor area: 47,704.72 m² (mall building),
14,530.99 m² (separate building)

Investment type: Income

Key tenants: Max Valu,
Sports Authority



JUSCO City Nishi-Otsu

Located in suburban between Kyoto & Shiga

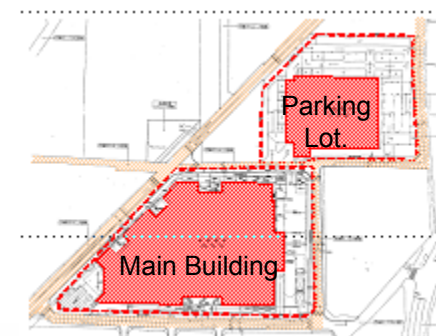


Location: Ojigaoka, Otsu-shi, Shiga

Gross floor area: 46,485.44 m² (main building),
19,977.60 m² (multi-level parking facility)

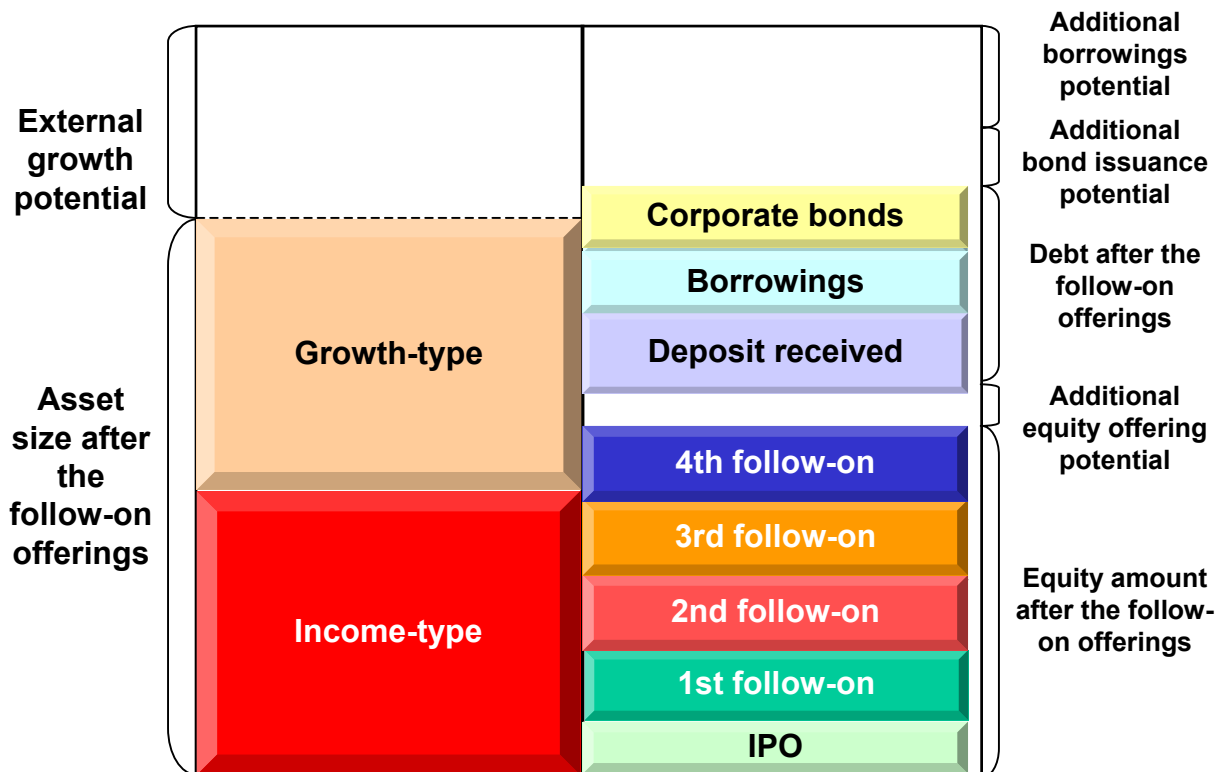
Investment type: Income

Key tenant: JUSCO



JRF's growth and financial strategy

JRF Balance Sheet (Image)



Debt Financing Strategy

- ◆ **Maintain a conservative leverage ratio**
- ◆ **Continue to issue unsecured corporate bonds**
- ◆ **Utilize tenant leaseholds and security deposits**

Equity Financing Strategy

- ◆ **Continue to raise additional equity capital for specific acquisitions while mitigating dilution impacts**
- ◆ **Utilize flexible offering structure to meet different capital requirements**
 - **ABB focusing on timing and speed**
 - **Global offering focusing on a broader investor base**

6. Aug., 2005 (7th) period results of operations

Income statements

('000 yen)

Items	Aug.,2005 Period		Feb.,2005 Period		Changes	
	Amount	%	Amount	%	Amount	%
	(in '000)	(%)	(in '000)	(%)	(in '000)	(%)
Recurring Items						
I Operating Activities						
1.Operating revenue	12,225,558	100.0	9,513,644	100.0	2,711,914	28.5
Rental revenue	12,225,558		9,513,644		2,711,914	
2.Operating expenses	7,252,452	59.3	5,686,503	59.8	1,565,948	27.5
Property related expenses	6,080,183		4,808,402		1,271,781	
Other property related expenses						
TK distribution (loss)	2,284		—		2,284	
Asset management fees	910,704		680,067		230,636	
Directors' fees	3,347		1,800		1,547	
Custodian fees	44,988		37,868		7,120	
General administration fees	105,010		83,429		21,581	
Other	105,933		74,936		30,997	
Operating Income	4,973,105	40.7	3,827,140	40.2	1,145,965	29.9
II Non-operating Activities						
1.Non-operating revenue	3,242	0.0	9,475	0.1	△6,233	△65.8
Interest revenue	63		40		22	
Other	3,178		9,434		△6,255	
2.Non-operating expenses	578,927	4.7	451,088	4.7	127,838	28.3
Interest expense	155,830		183,614		△27,784	
Interest expense of corporate bonds	205,721		22,390		183,331	
Amortization of corporate bonds' issuance costs	29,639		29,639		—	
Finance related cost	33,116		46,603		△13,486	
Offering costs	114,829		130,220		△15,390	
Amortization of organization costs	13,924		13,924		—	
Other non-operating expenses	25,865		24,696		1,168	
Recurring Profit	4,397,420	36.0	3,385,527	35.6	1,011,893	29.9
Income before income taxes	4,397,420	36.0	3,385,527	35.6	1,011,893	29.9
Income taxes	927		1,024		△97	
Tax adjustments	△16		△21		4	
Net Income	4,396,509	36.0	3,384,523	35.6	1,011,986	29.9
Retained earnings (beginning balance)	100		78		22	
Retained earnings (ending balance)	4,396,610		3,384,601		1,012,008	

(Note1) Aug., 2005 period : Mar. 1, 2005 – Aug. 31, 2005 (184 days)

(Note2) Feb., 2005 period : Sep. 1, 2004 – Feb. 28, 2005 (181 days)



Japan Retail Fund Investment Corporation



Mitsubishi Corp UBS Realty

Balance sheets

('000 yen)

Items	Aug., 2005 Period		Feb., 2005 Period		Changes	
	Amount	%	Amount	%	Amount	%
ASSETS		(%)		(%)		(%)
I Current assets						
Cash and cash equivalents	3,294,281		3,474,364		△ 180,082	
Entrusted cash and cash equivalents	9,126,964		5,888,570		3,238,394	
Rental receivables	545,324		476,798		68,525	
Consumption tax refundable	757,167		444,015		313,151	
Other current assets	526,914		326,029		200,885	
Total current assets	14,250,652	4.6	10,609,778	4.3	3,640,874	34.3
II Non-current assets						
1. Property and equipment, at cost						
Buildings	103,719,183		84,459,563		19,259,620	
Building improvements	4,912,301		4,173,260		739,041	
Machinery and equipment	357,240		383,674		△ 26,434	
Tools, furniture & fixtures	903,032		876,051		26,981	
Land	179,611,104		136,865,206		42,745,898	
Net property and equipment	289,502,861	92.7	226,757,753	92.7	62,745,107	27.7
2. Intangible assets						
Leasehold land	4,165,710		3,691,999		473,711	
Other intangible assets	167,615		161,005		6,610	
Total intangible assets	4,333,326	1.4	3,853,005	1.6	480,321	12.5
3. Investments						
Deposit	2,801,310		2,809,907		△ 8,597	
Securities	849,220		—		849,220	
Long-term prepaid expenses	134,747		147,572		△ 12,825	
Deferred hedge loss	125,214		113,492		11,721	
Other	206,063		225,316		△ 19,252	
Total investments	4,116,555	1.3	3,296,290	1.3	820,265	24.9
Total non-current assets	297,952,743	95.4	233,907,049	95.6	64,045,694	27.4
III Deferred assets						
Organization costs	27,848		41,772		△ 13,924	
Issuance costs of corporate bonds	118,559		148,199		△ 29,639	
Total deferred assets	146,407	0.0	189,971	0.1	△ 43,563	△ 22.9
TOTAL ASSETS	312,349,803	100.0	244,706,798	100.0	67,643,004	27.6

('000 yen)

Items	Aug., 2005 Period		Feb., 2005 Period		Changes	
	Amount	%	Amount	%	Amount	%
LIABILITIES		(%)		(%)		(%)
I Current liabilities						
Accounts payable	765,881		628,893		136,987	
Short-term debt	25,860,000		21,260,000		4,600,000	
Accrued liabilities	66,235		162,372		△ 96,137	
Accrued expenses	605,800		477,153		128,646	
Accrued income taxes	927		1,024		△ 97	
Rent received in advance	1,007,978		881,864		126,113	
Deposits	737,214		616,204		121,010	
Other	109,401		20,062		89,339	
Total current liabilities	29,153,438	9.3	24,047,575	9.8	5,105,862	21.2
II Non-current liabilities						
Corporate bonds-unsecured	35,000,000		35,000,000		—	
Long-term debt	14,170,000		14,170,000		—	
Tenant leasehold and security deposits	67,056,445		51,802,432		15,254,012	
Other	125,214		113,492		11,721	
Total non-current liabilities	116,351,659	37.3	101,085,925	41.3	15,265,733	15.1
TOTAL LIABILITIES	145,505,097	46.6	125,133,501	51.1	20,371,596	16.3
UNITHOLDERS' EQUITY						
I Total investment						
Unitholders' capital	162,448,096	52.0	116,188,696	47.5	46,259,400	39.8
II Retained earnings						
Retained earnings	4,396,610		3,384,601		1,012,008	
Total retained earnings	4,396,610	1.4	3,384,601	1.4	1,012,008	29.9
Total unitholders' equity	166,844,706	53.4	119,573,297	48.9	47,271,408	39.5
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	312,349,803	100.0	244,706,798	100.0	67,643,004	27.6

(Note1) Aug., 2005 period : Mar. 1, 2005 – Aug. 31, 2005 (184 days)

(Note2) Feb., 2005 period : Sep. 1, 2004 – Feb. 28, 2005 (181 days)

Cashflows and distribution statements

Cashflows statement

('000 yen)

Items	Aug., 2005 Period	Feb., 2005 Period
I Cashflow from Operating Activities		
Income before income taxes	4,397,420	3,385,527
Depreciation and amortization	2,305,947	1,682,448
Other	5,219	614
Net Cash from Operating Activities	6,708,590	5,068,591
II Cashflow from Investing Activities		
Purchase of property and equipment	△ 65,069,971	△ 44,001,169
Proceeds from tenant leasehold and security deposits	16,103,643	2,582,797
Purchase of tenant leasehold and security deposits	△ 849,630	△ 741,205
Purchase of intangible assets	△ 488,619	△ 42,756
Tenant deposits	8,597	7,500
Purchase of securities	△ 851,505	—
Gain from other investments/other acquisition of assets	19,252	—
Loss from other investments/other acquisition of assets	—	△ 17,386
Net Cash used in Investing Activities	△ 51,128,233	△ 42,212,221
III Cashflow from Financing Activities		
Proceeds from short-term debt	30,100,000	74,500,000
Repayments of short-term debt	△ 25,500,000	△ 58,000,000
Repayments of long-term debt	—	△ 10,000,000
Proceeds from issuance of corporate bonds	—	34,822,161
Dividend payment	△ 3,381,445	△ 3,174,459
Proceeds from issuance of investment units	46,259,400	—
Net Cash from Financing Activities	47,477,954	38,147,701
IV Net change in cash and cash equivalents	3,058,311	1,004,071
V Cash and cash equivalents at beginning of period	9,362,934	8,358,863
VI Cash and cash equivalents at end of period	12,421,246	9,362,934

Distribution statement

('000 yen)

Items	Aug., 2005 Period	Feb., 2005 Period
Retained earnings (ending balance)	4,396,610	3,384,601
Distributed amount	4,396,566	3,384,501
"DPU" (yen)	(15,730)	(15,419)
Retained earnings carried forward	43	100

(Note1) Aug., 2005 period : Mar. 1, 2005 – Aug. 31, 2005 (184 days)

(Note2) Feb., 2005 period : Sep. 1, 2004 – Feb. 28, 2005 (181 days)

Performance by property (income-type properties 1)

(mn yen)

Items	Sendai Nakayama SC		ESPA Kawasaki		8953 Osaka Shinsaibashi Bldg.		JUSCO Chigasaki SC		Ito-Yokado Narumi		8953 Minami Aoyama Bldg.		Ito-Yokado Yabashira	
	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005
Rental revenue	429	442	351	351	405	418	274	274	330	330	160	160	78	78
Other income	114	0	0	0	0	0	0	0	—	—	8	9	—	—
Total property income	544	442	351	351	405	418	274	274	330	330	169	169	78	78
Tax and public charges	41	42	60	60	30	30	42	43	41	42	6	7	17	17
Facilities management	22	1	0	0	0	0	0	0	1	0	11	11	0	0
Property management fees	13	13	12	12	6	6	5	5	6	6	4	4	2	2
Other property expenses	1	1	1	1	1	1	1	1	1	1	0	0	0	0
Depreciation and amortization	77	76	82	82	80	80	63	63	73	73	8	8	18	18
Total expenses	156	135	157	157	118	118	113	114	124	124	32	32	39	39
Operating income	387	306	193	193	287	299	160	159	205	206	137	137	39	39
Rental deposits	840	956	981	981	798	798	745	745	538	538	282	282	450	450
Guaranteed deposits	801	801	3,924	3,924	—	—	2,983	2,983	4,849	4,849	—	—	—	—
Deposits (ending balance)	1,641	1,758	4,905	4,905	798	798	3,729	3,729	5,388	5,388	282	282	450	450

(mn yen)

Items	Ito-Yokado Kamifukuoka-higashi		Ito-Yokado Nishikicho		8953 Daikanyama Bldg.		AEON Higashiura SC		8953 Harajyuku Face Bldg.		AEON Kashiwara SC		AEON Sapporo Naeo SC	
	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005
Rental revenue	256	256	444	443	34	34	375	375	79	79	477	477	382	382
Other income	24	—	—	—	2	3	—	—	13	13	—	—	—	—
Total property income	280	256	444	443	37	38	375	375	92	92	477	477	382	382
Tax and public charges	39	39	57	58	1	1	57	—	2	0	65	—	63	—
Facilities management	0	0	—	0	3	3	0	3	8	8	7	2	—	0
Property management fees	4	4	4	4	1	1	4	4	4	4	6	6	3	3
Other property expenses	2	3	2	2	0	0	81	81	0	0	2	2	21	21
Depreciation and amortization	48	47	136	136	4	4	101	101	9	9	99	99	132	132
Total expenses	95	94	201	202	11	11	245	191	24	22	181	110	220	157
Operating income	185	161	243	241	26	27	130	184	68	70	296	367	161	224
Rental deposits	774	774	590	590	125	125	495	495	176	176	700	700	654	654
Guaranteed deposits	1,816	1,881	—	—	—	—	—	—	—	—	—	—	—	—
Deposits (ending balance)	2,591	2,656	590	590	125	125	495	495	176	176	700	700	654	654

(Note1) Aug., 2005 period : Mar. 1, 2005 – Aug. 31, 2005 (184 days)

(Note2) Feb., 2005 period : Sep. 1, 2004 – Feb. 28, 2005 (181 days)

Performance by property (income-type properties 2)

(mn yen)

Items	Esquisse Omotesando Annex		Ito-Yokado Tsunashima		Bic Camera Tachikawa		Itabashi SATY		8953 Kita Aoyama Bldg.		AEON Yamato SC		SEIYU Hibarigaoka	
	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005
Rental revenue	27	27	180	180	356	300	621	328	32	5	540	37	249	—
Other income	5	—	—	—	29	24	0	—	1	0	—	—	26	—
Total property income	33	27	180	180	386	325	621	328	33	5	540	37	276	—
Tax and public charges	1	—	19	—	29	0	45	—	0	—	—	—	—	—
Facilities management	0	0	—	—	28	25	—	—	2	0	0	—	—	—
Property management fees	1	1	3	3	6	5	4	2	1	0	4	0	3	—
Other property expenses	0	0	0	0	1	1	263	120	0	0	2	0	0	—
Depreciation and amortization	1	1	26	26	90	90	107	53	3	0	114	18	88	—
Total expenses	5	3	50	31	156	121	420	176	6	0	121	19	92	—
Operating income	28	23	129	149	229	203	201	151	27	4	419	17	183	—
Rental deposits	64	64	232	232	712	712	754	754	40	40	1,068	1,068	300	—
Guaranteed deposits	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Deposits (ending balance)	64	64	232	232	712	712	754	754	40	40	1,068	1,068	300	—

(mn yen)

Items	Tobata SATY		JUSCO City Takatsuki		8953 Jiyugaoka Bldg.		JUSCO City Yagoto		JUSCO Naha		Cheers Ginza		Income-type total	
	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005
Rental revenue	301	—	357	—	67	—	74	—	134	—	9	—	7,035	4,986
Other income	2	—	0	—	3	—	0	—	1	—	1	—	236	51
Total property income	303	—	358	—	70	—	74	—	135	—	11	—	7,271	5,037
Tax and public charges	—	—	—	—	—	—	—	—	—	—	—	—	623	342
Facilities management	8	—	—	—	6	—	0	—	—	—	—	—	104	59
Property management fees	5	—	2	—	2	—	1	—	1	—	0	—	119	94
Other property expenses	2	—	1	—	0	—	0	—	10	—	0	—	404	244
Depreciation and amortization	66	—	108	—	13	—	16	—	40	—	2	—	1,617	1,126
Total expenses	83	—	112	—	22	—	19	—	52	—	3	—	2,871	1,867
Operating income	220	—	245	—	47	—	54	—	83	—	7	—	4,400	3,169
Rental deposits	315	—	1,232	—	115	—	502	—	2,118	—	168	—	15,780	11,144
Guaranteed deposits	—	—	4,722	—	47	—	66	—	—	—	—	—	19,213	14,440
Deposits (ending balance)	315	—	5,955	—	162	—	569	—	2,118	—	168	—	34,993	25,584

(Note1) Aug., 2005 period : Mar. 1, 2005 – Aug. 31, 2005 (184 days)

(Note2) Feb., 2005 period : Sep. 1, 2004 – Feb. 28, 2005 (181 days)

Performance by property (growth-type properties)

Items	Hakata Riverain		Nara Family		Abiko Shopping Plaza		Esquisse Omotesando		Wonder City		Growth-type total		(mn yen) Total	
	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005	Aug., 2005	Feb., 2005
Rental revenue	891	945	1,859	1,921	469	475	300	321	511	—	4,032	3,663	11,067	8,649
Other income	219	192	383	332	195	250	87	37	35	—	921	812	1,157	863
Total property income	1,110	1,137	2,242	2,253	665	725	388	359	546	—	4,953	4,476	12,225	9,513
Tax and public charges	117	118	109	111	37	36	22	—	0	—	286	266	910	609
Facilities management	428	348	447	447	227	243	57	58	38	—	1,198	1,098	1,302	1,158
Property management fees	51	53	248	221	29	42	14	14	90	—	434	332	554	426
Sales promotion expenses	126	153	63	55	11	13	11	26	0	—	213	247	213	247
Other property expenses	113	97	230	289	10	12	3	9	3	—	360	409	765	653
Depreciation and amortization	178	177	226	222	84	81	73	73	124	—	687	555	2,305	1,682
Loss from retirement of fixed assets	—	13	27	17	—	—	—	—	—	—	27	30	27	30
Total expenses	1,016	961	1,352	1,366	399	430	183	181	256	—	3,208	2,939	6,080	4,808
Operating income	94	176	890	887	266	294	204	177	289	—	1,744	1,536	6,145	4,705
Rental deposits	754	750	5,578	5,687	900	906	788	856	834	—	8,856	8,200	24,636	19,344
Guaranteed deposits	—	—	13,414	13,414	4,354	4,602	—	—	5,436	—	23,206	18,017	42,419	32,457
Deposits (ending balance)	754	750	18,992	19,101	5,255	5,509	788	856	6,270	—	32,062	26,217	67,056	51,802

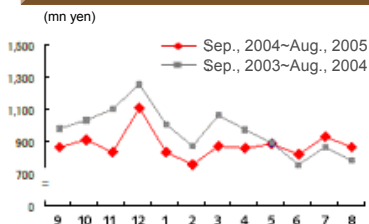
(Note1) Aug., 2005 period : Mar. 1, 2005 – Aug. 31, 2005 (184 days)

(Note2) Feb., 2005 period : Sep. 1, 2004 – Feb. 28, 2005 (181 days)

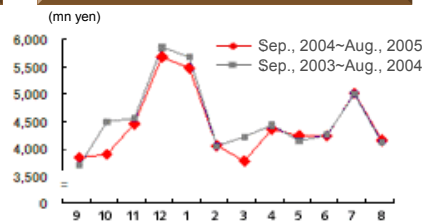
(Note3) From Feb., 2006 period, income/growth type properties are reclassified as growth-type properties

Revenue performance

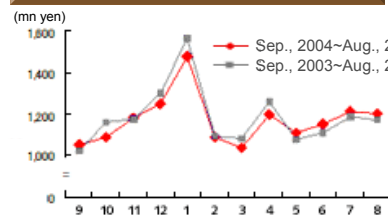
Hakata Riverain



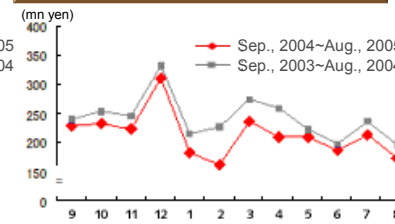
Nara Family



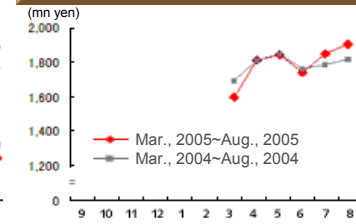
Abiko Shopping Plaza



Esquisse Omotesando



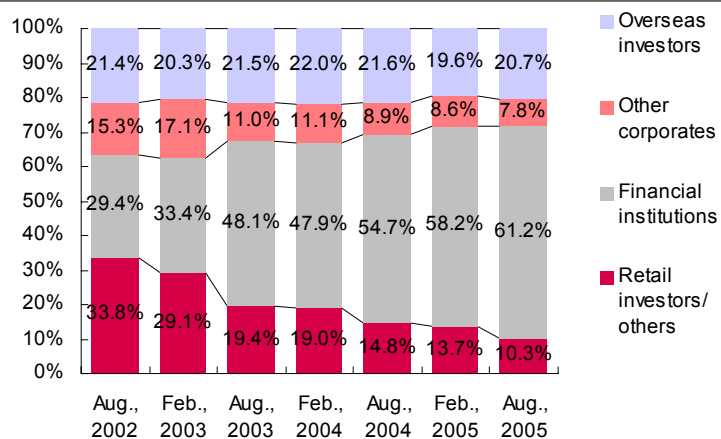
Wonder City



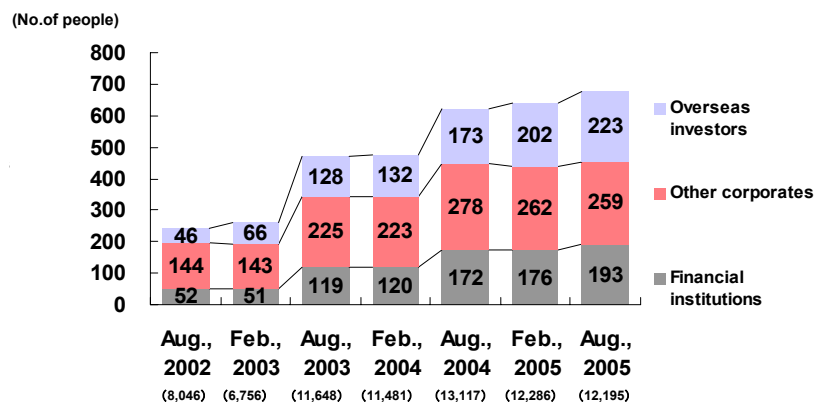
Appendix

Composition of unitholders

Number of Units



Number of Unitholders (Note1)



(Note1) Excluding retail investors/ others

(Note2) Figure in brackets represents the total number of unitholders including retail investors/ others

Top 20 Unitholders as of Aug. 31, 2005

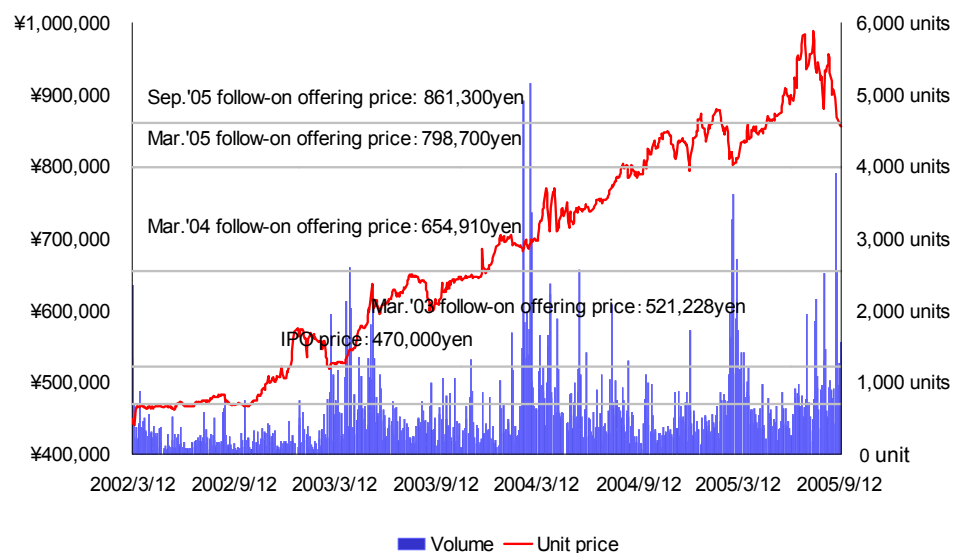
Rank	Name	No. of units	Ratio (%)
1	Japan Trustee Services Bank, Trust account	26,453	9.46
2	The Master Trust Bank of Japan, Trust account	15,263	5.46
3	Mitsubishi Corporation	13,975	5.00
4	Trust & Custody Services Bank, Trust account	10,137	3.63
5	Chugoku Bank	9,871	3.53
6	NikkoCiti Trust and Banking Corporation, Trust account	7,016	2.51
7	The Bank of New York	6,810	2.44
8	AIG Star Life Insurance, General account	6,021	2.15
9	The Bank of Ikeda	6,011	2.15
10	The Joyo Bank	5,230	1.87
11	Gibraltar Life, units are held in the general and other account	4,886	1.75
12	North Pacific Bank	4,364	1.56
13	The Senshu Bank	4,027	1.44
14	The Hiroshima Bank	3,293	1.18
15	Kansai Urban Banking Corporation	3,215	1.15
16	Mellon Bank-ABN Amro Global Custody N.V.	3,211	1.15
17	The Yamanashi Chuo Bank	3,093	1.11
18	American Life Insurance Company GAL	2,751	0.98
19	The Hachijuni Bank	2,657	0.95
20	Mitsubishi Trust and Banking Corporation (Note3)	2,532	0.91
Total		140,816	50.38

(Note3) Mitsubishi Trust and Banking Corporation became Mitsubishi UFJ Trust and Banking Corporation after the merger with UFJ Trust Bank on Oct. 1, 2005

Investment unit price performance

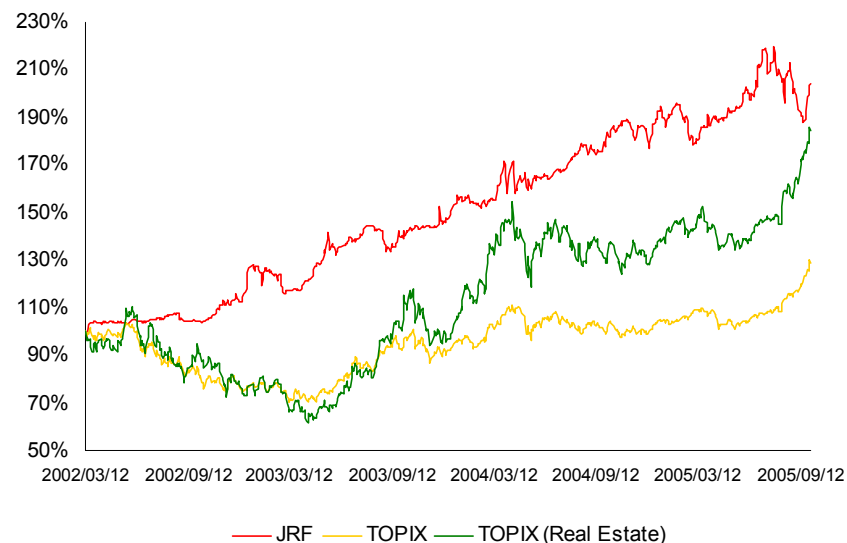
Unit Price

(Based on the closing on Sep. 30, 2005) (Note1)



Relative Price Fluctuations

(Based on the closing on Sep. 30, 2005) (Note1)



High	990,000yen	(Jul. 8, 2005)
Low	433,000yen	(Mar. 13, 2002)
Average price (closing price basis)	678,277yen	(as of Sep. 30, 2005)
Total volume	465,110units	(as of Sep. 30, 2005)
Daily average volume	531units	(as of Sep. 30, 2005)

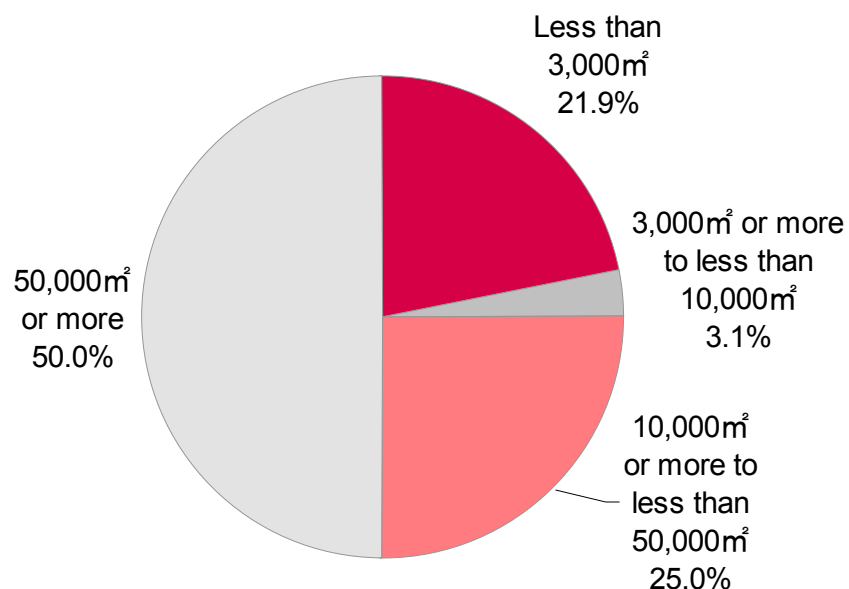
(Note1) Closing price basis

(Note2) Mar. 12, 2002 closing price as 100%

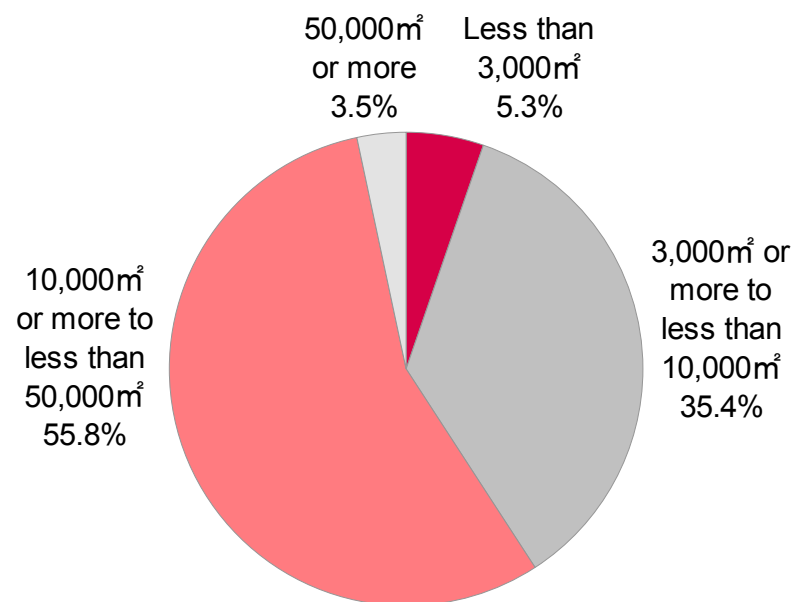
Source: Bloomberg

Selection and concentration of properties

JRF Portfolio Breakdown by Gross Floor Area



Number of Domestic Shopping Centers Breakdown by Floor Area



(Note1) Floor space includes common area and operation area frequently used by customers (excluding hotel and car park)

(Note2) Domestic shopping centers are defined as follows:

- Buildings with over 1,500m² floor area
- Anchor tenants do not occupy over 80% of total floor area
(This is not the case if other tenants occupy over 1,500m² floor area)

(Note3) Ratios (number of properties in each category/number of total properties) are rounded down to one decimal place

(Note4) Gross floor areas in the JRF portfolio do not include the properties that will be acquired after Aug. 31, 2005. Those properties are: JUSCO City Nishi-Otsu, Loc City Ogaki, Urawa PARCO, Diamond City Tsurumi Shopping Center

(Note5) JRF's property portfolio is not limited to shopping centers as defined by JAPAN COUNCIL OF SHOPPING CENTERS

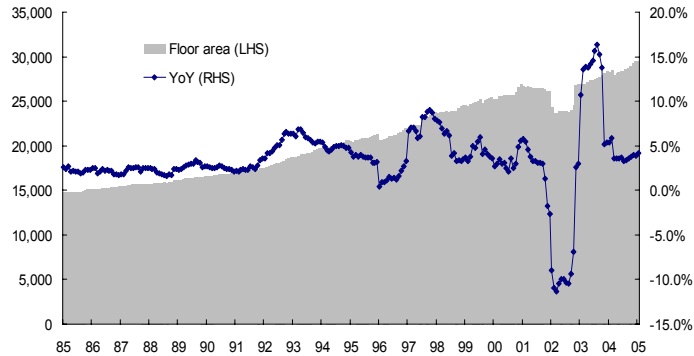
Source: JAPAN COUNCIL OF SHOPPING CENTERS (as of Sep., 2005)

Retail sector trends in Japan

Total Sales of Retail Sector

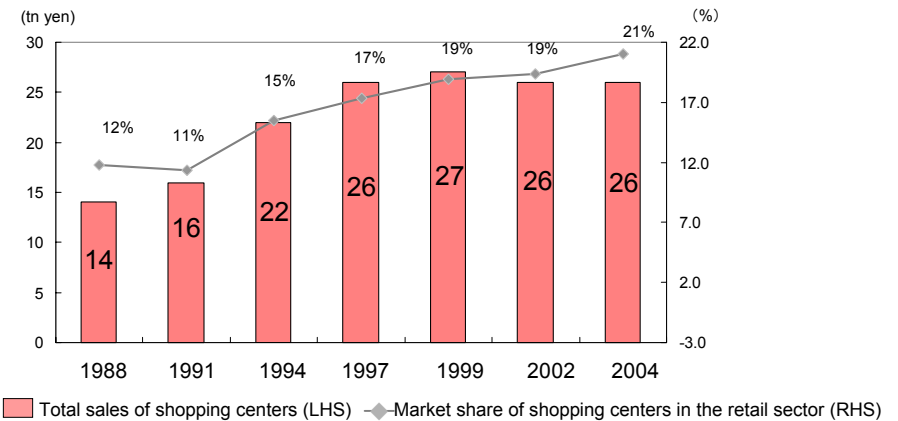


Floor Area of Department Stores and Supermarkets

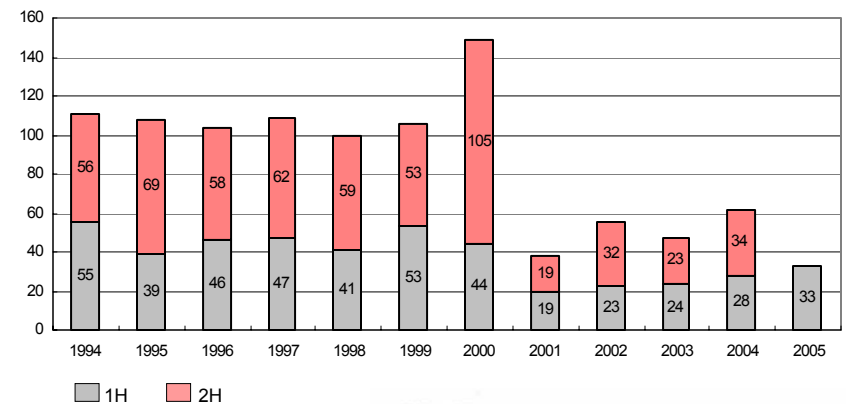


Source: Japan Department Stores Association, Japan Chain Stores Association

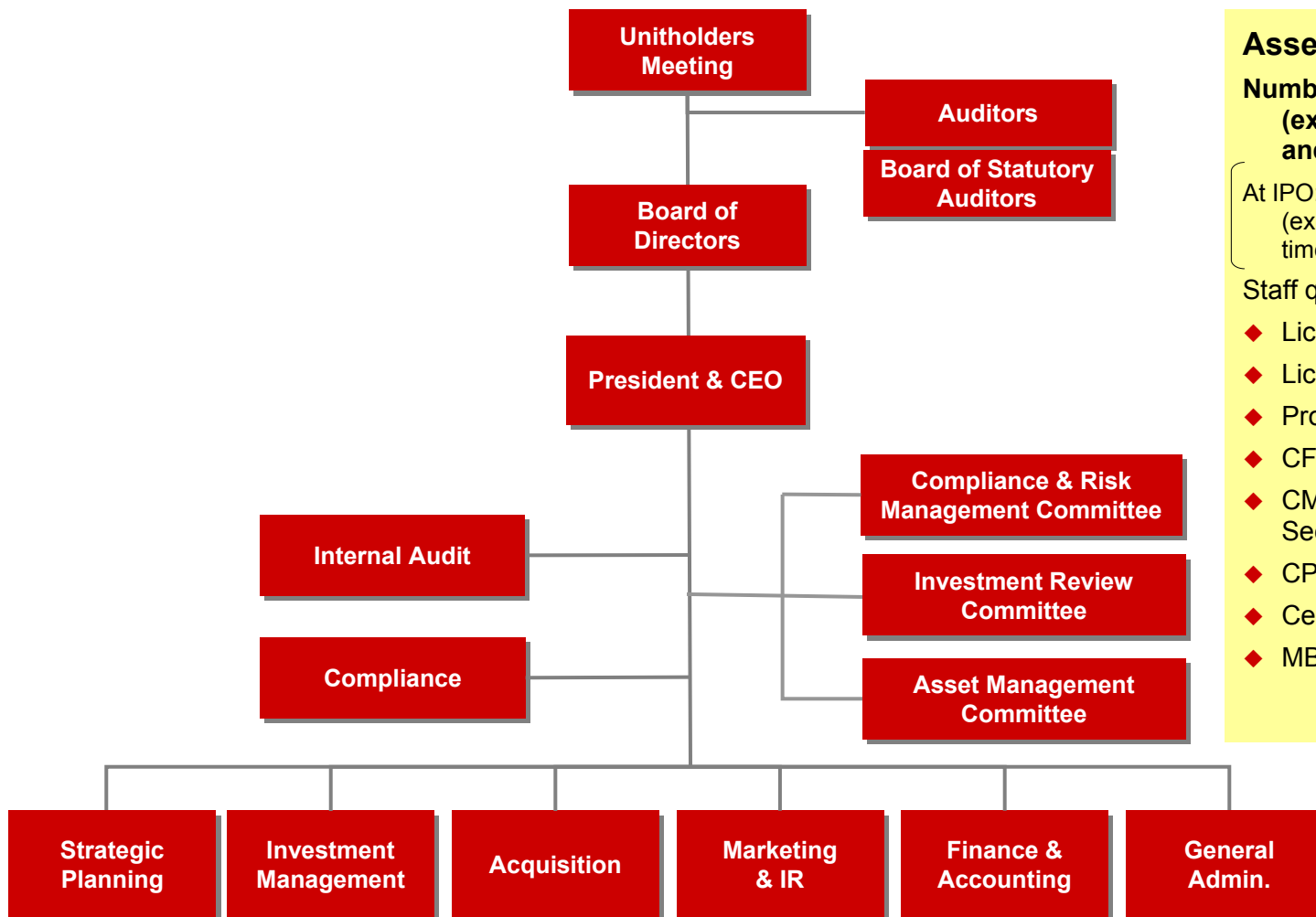
Total Sales and Market Share of Shopping Centers in the Retail Sector



Number of New Shopping Center Developments in Japan



Management company structure



Asset management company :

Number of directors and employees: 33
(excluding non-executive directors and part-time employees)

At IPO: Number of directors and employees:10
(excluding non-executive directors and part-time employees)

Staff qualifications:

◆ Licensed real estate agents	9
◆ Licensed 1st class architects	2
◆ Property appraisers	2
◆ CFAs (Chartered Financial Analyst)	2
◆ CMAs (Chartered Member of the Security Analysts Association of Japan)	2
◆ CPAs (incl. US and Australian)	4
◆ Certified tax accountants	2
◆ MBAs (incl. US and UK)	5

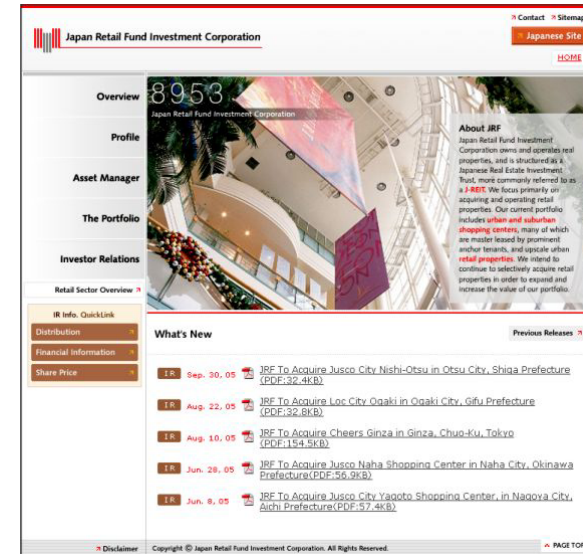
Announcement

Renewal of websites

On Oct. 18, 2005, JRF's updated website was made public. We hope you will find them more informative and easier to navigate

(Investment Corporation) <http://www.jrf-reit.com/>

(Asset Manager) <http://www.mc-ubs.com/>



Moving to a new office



We are pleased to announce that from Nov. 28, 2005, JRF will be located at our new office in Marunouchi

New address: Tokyo Building 20F,
2-7-3 Marunouchi, Chiyoda-ku, Tokyo 100-6420

Telephone: 03-5293-7080 (main)

Fax: 03-5293-7097