

August 2006 (9th) Period Results (March 1, 2006~August 31, 2006)



Japan Retail Fund Investment Corporation

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

8953



Mitsubishi Corp UBS Realty



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Highlights of August 2006 (9th) Period Performance



Internal Growth

- Continual measures to reinforce and maintain competitiveness of existing portfolio

External Growth

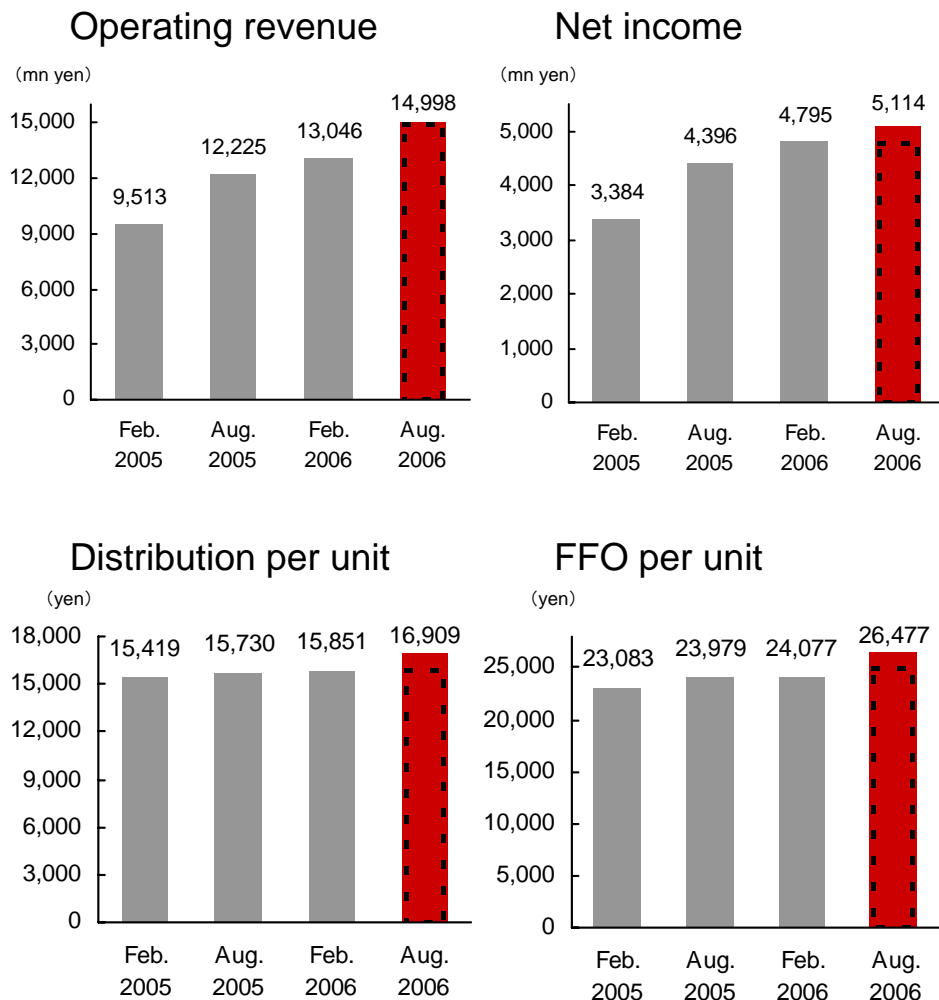
- Acquired the 3 properties of Loc City Ogaki, Omiya SATY and Higashi-Totsuka Aurora City (total: 61,583 million yen), of which the last is one of the largest properties in the JRF portfolio
- Executed the sale and purchase agreement for Diamond City Leafa, which JRF plans to buy in the February 2007 period

Financial Strategy

- JRF conducted its 5th follow-on offering
- Operating income increased by 1,952 million yen and net income by 319 million yen period-on-period due to the acquisition of properties in the August 2006 period and management of properties acquired in the February 2006 period for the whole fiscal period
 - Distribution per unit totalled 16,909 yen (1,121 yen higher than the estimate announced on August 29, 2006)

Summary of August 2006 (9th) Period Operations

Historical Operating Results



(Note) Dotted line represents figures announced on August 29, 2006

Aug. 2006 Period Results and Forecasts

Items	Aug. 2006 (Actual)	Aug. 2006 (Estimate) (Note 1)	Variance (%)
Operating revenue (mn yen)	14,998	14,970	28 (0.2%)
Operating income (mn yen)	6,003	5,750	253 (4.4%)
Recurring profit (mn yen)	5,120	4,780	340 (7.1%)
Net income (mn yen)	5,114	4,776	338 (7.1%)
Distribution per unit (yen)	16,909	15,788	1,121 (7.1%)
FFO per unit ^(Note 2) (yen)	26,477	25,425	1,052 (4.1%)

(Note 1) The August 2006 Period forecast figures are the figures announced on August 29, 2006

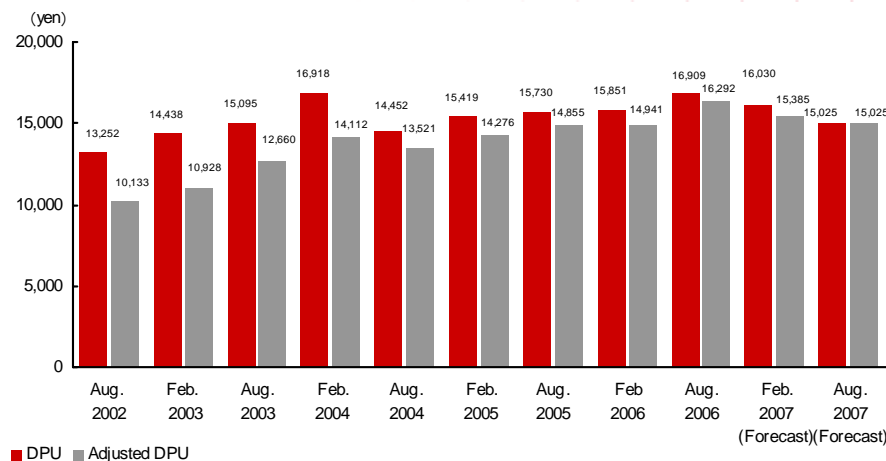
(Note 2) (Net income + depreciation + other real estate related depreciation)/outstanding units at period end

Forecasts for February and August 2007 Periods (PL)

Aug. 2006 Period Performance and Forecasts

Items	Aug. 2006 Period (184 days)	Feb. 2007 Period (181 days)	Aug. 2007 Period (184 days)
Operating revenue (mn yen)	14,998	16,680	17,556
Recurring profit (mn yen)	5,120	6,204	5,815
Net income (mn yen)	5,114	6,196	5,807
Distribution per unit (yen)	16,909	16,030	15,025
FFO per unit (yen) ^(Note 1)	26,477	24,790	24,303
FFO payout ratio	63.9%	64.7%	61.8%

DPU and Adjusted DPU ^(Note 2)



Capital Expenditures

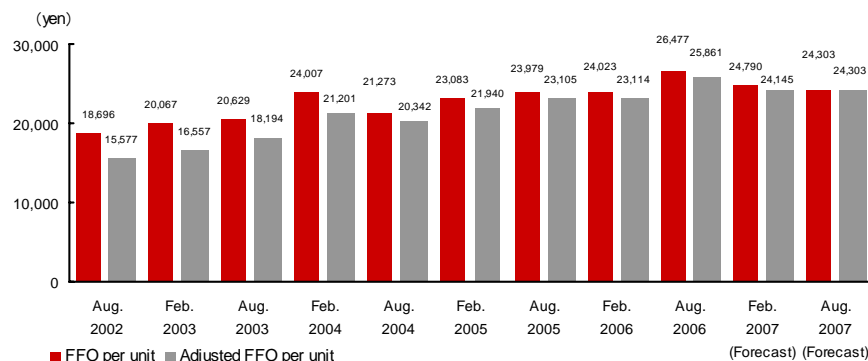
(mn yen)

	Aug. 2002 Period	Feb. 2003 Period	Aug. 2003 Period	Feb. 2004 Period	Aug. 2004 Period	Feb. 2005 Period	Aug. 2005 Period	Feb. 2006 Period	Aug. 2006 Period
Capital expenditures	-	3	114	772	245	373	327	960	486
Maintenance	-	0	38	86	41	43	121	194	81
Total	-	3	153	857	286	416	448	1,154	567

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

(Note2) The above adjusted DPU 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 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 DPU and FFO per unit are unaudited figures

FFO and Adjusted FFO per Unit ^(Note 2)





JRF History

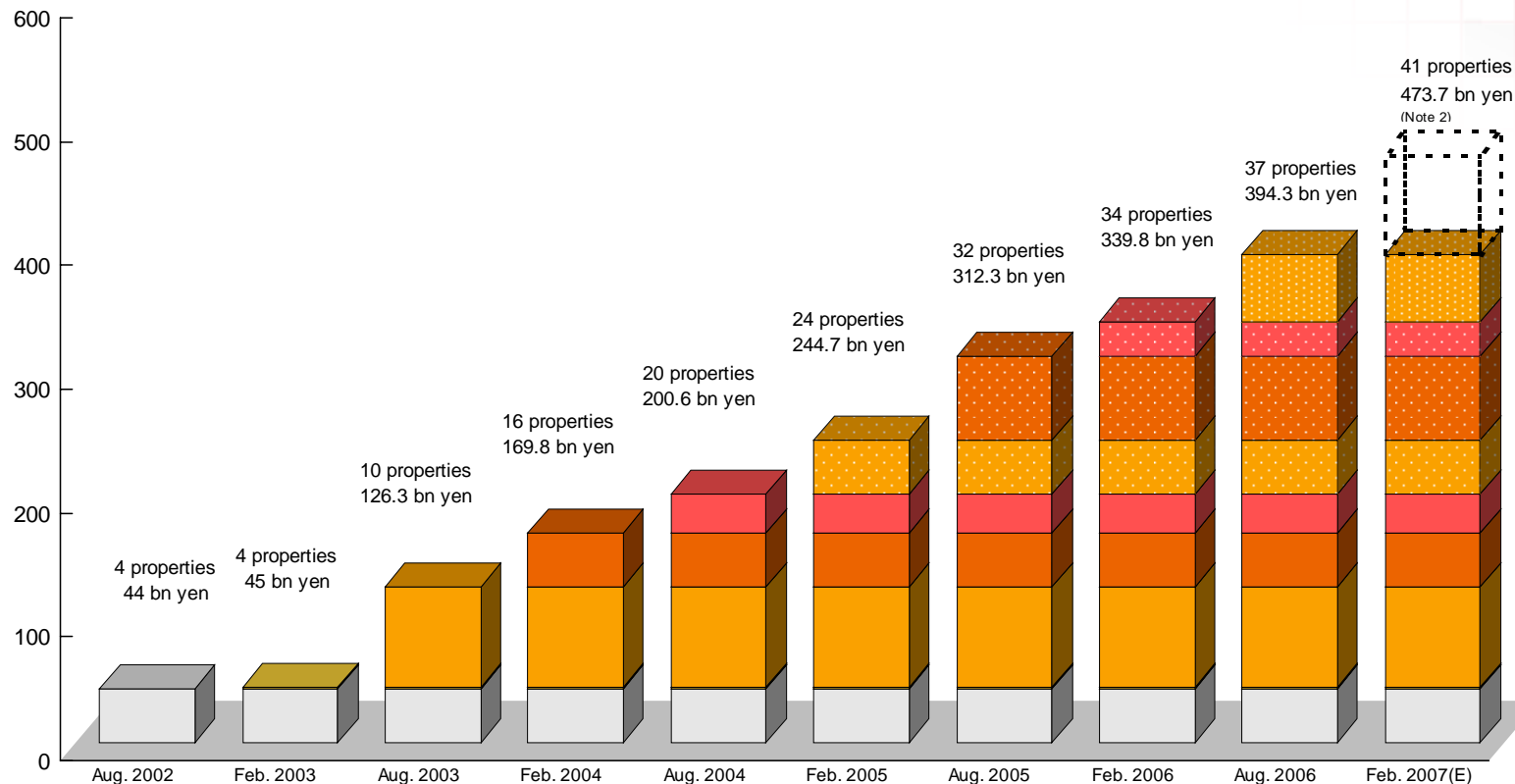




History of Portfolio Growth

The portfolio value as of the end of the August 2006 period is 394.3 billion yen. This total combined with the September 2006 acquisition of Kawaramachi OPA means that JRF has achieved its medium-term target of a 400 billion yen portfolio approximately six months ahead of plan.

Total Assets size (bn yen)



(Note 1) JRF only owns the site of former Esquisse Omotesando (and not the building portion).

(Note 2) The Feb. 2007(E) figure is an approximate figure arrived at by adding the price of the property already acquired in this period and the prices of the three planned acquisitions for this period to the total asset value for the Aug. 2006 period. The figure doesn't include Urawa PARCO, which is scheduled for acquisition in the Aug. 2007 period or after.





Portfolio Growth History

	At IPO (Mar. 2002)	1 st Follow-On (Mar. 2003)	2 nd Follow-On (Mar. 2004)	3 rd Follow-On (Mar. 2005)	4 th Follow-On (Sep. 2005)	Sep. 30, 2006 (Note 10)	End of Feb. 2007 Period (Note 11) (Planned) (Conf.)
No. of properties	4	9	18	28	32	38	41
Total acquisition price (bn yen)	40.9	110.6	180.4	259.2	291.2	388.4	449.3
Cap rate at acquisition	6.3%	6.7%	6.3%	6.2%	6.2%	5.9%	5.8%
Key tenants (more than 5% of annual rents)	AEON 48.2%	AEON 19.2%	Ito-Yokado 21.8%	Ito-Yokado 17.9%	AEON 16.7%	AEON 17.3%	AEON 17.3%
	Tokyu Hands 29.1%	Ito-Yokado 18.2%	AEON 17.6%	AEON 12.7%	Ito-Yokado 16.5%	Ito-Yokado 13.0%	Ito-Yokado 11.6%
	Ito-Yokado 19.7%	Kintetsu Dept. Store 15.0%	Kintetsu Dept. Store 9.8%	AEON Mall 8.6%	AEON Mall 8.0%	AEON Mall 6.3%	Diamond City 11.4%
		Tokyu Hands 8.2%	AEON Kyushu 6.1%	Kintetsu Dept. Store 7.3%	Kintetsu Dept. Store 6.7%	Seibu Dept. Store 5.9%	AEON Mall 5.6%
		Otsuka Kagu 5.4%	Tokyu Hands 5.3%	Mycal 5.6%	Mycal 5.2%	Mycal 5.4%	Seibu Dept. Store 5.3%
Number of tenants	5	255	308	349	351	415	418
Geographic diversification							
Tokyo metropolitan area	42.7%	30.7%	41.1%	50.1%	46.6%	49.8%	43.6%
Osaka/Nagoya and surrounding areas	33.6%	49.1%	33.7%	29.8%	31.8%	33.9%	40.2%
Other major cities	23.7%	20.2%	25.2%	20.1%	21.6%	16.3%	16.2%
Investment types							
Income	100.0%	51.3%	62.0%	67.4%	70.4%	79.9%	82.4%
Growth	0.0%	48.7%	38.0%	32.6%	29.6%	20.1%	17.6%
Portfolio PML	4.4%	2.3%	2.7%	3.3%	3.0%	—	—

(Note 1) Calculation of geographic diversification based on valuation and investment type diversification based on acquisition price. However, the diversification by investment type as of Sep. 2006 and for the Feb. 2007 period (planned) (confirmed) are based on the appraisal value.

(Note 2) Number of tenants is the sum of the contracts of each property.

(Note 3) The cap rate calculation for the IPO: 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's leased space is included in the calculation.

(Note 4) Esquisse Omotesando is classified as an income property as JRF only owns the land. For Feb. 2006's portfolio PML, Esquisse Omotesando is not included.

(Note 5) Figures for the 1st follow-on offering are based on data from Dec. 2002. (For Nara Family, the estimated number of tenants after the Mar. 2003 renewal is used).

(Note 6) Figures for the 2nd follow-on offering are 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.

(Note 7) 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.

(Note 8) 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.

(Note 9) Portfolio PML is based on data from reports in Feb. 2002, Nov. 2002, Jan. 2004, Jan. 2005 and Aug. 2005.

(Note 10) The estimate for Sep. 2006 includes figures for Kawaramachi OPA, which was acquired in Sep. 2006.

(Note 11) The figures for the Feb. 2007 period (planned)(confirmed) includes the acquired Kawaramachi OPA and also AEON Ueda Shopping Center, Diamond City Terrace and Diamond City Leafa.



Collaboration with property management companies

Renewal

Zoning adjustments and
replacement of new tenants

Continual cost reduction
(utilities, insurance, etc.)

Nara Family

■ Renewal to Reinforce Competition

- Studied a renewal strategy for 3 years in preparation for the opening of new stores in the surrounding area
- Studying a dramatic re-zoning of the first floor in connection with leases with first floor tenants Nanto Bank, COMME CA ISM and Afternoon Tea Room (about 1,364m² in total) ending
The renewal is scheduled for completion next spring
- Presently negotiating with prospective tenants

■ Planned Renewal Area

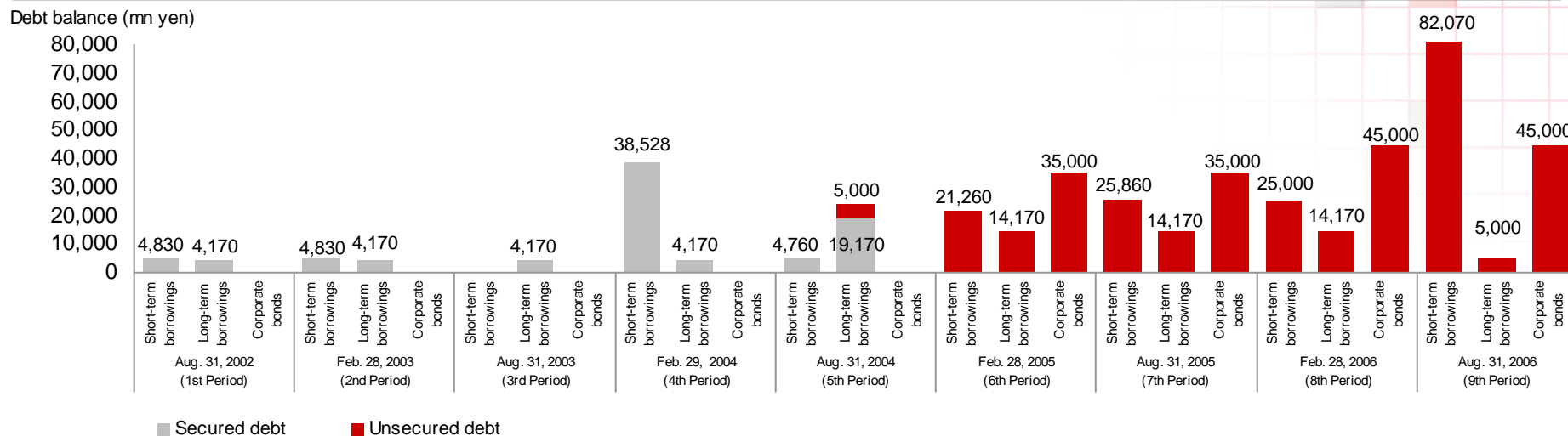


Hakata Riverain

- Presently soliciting new tenants for the open 1st floor space that emerged with a revamping of the luxury brand zone
- Presently leasing space following a dramatic reorganization of a 2nd floor zone to effectively use the 2nd floor space

Financial Strategy: Reducing Risk from Future Interest Rate Increase

Outstanding Debt as of End of Each Period



(Note 1) Short-term borrowings include long-term borrowings to be repaid within one year.

(Note 2) Short-term borrowings total 26,470 million yen as of the end of Sep 2006 and there are no variations in the balances of long-term borrowings and corporate bonds.

Corporate Bond Issuance and Ratings

	1st	2nd	3rd
Offering Amount (billion yen)	20	15	10
Coupon Rate	0.74%	1.73%	2.02%
Collateral & Guarantees	None	None	None
Maturity	5 years	10 years	10 years
Pricing Date	Feb. 9, 2005	Feb. 9, 2005	Feb. 22, 2006
Date of Maturity	Feb. 9, 2010	Feb. 9, 2015	Feb. 22, 2016
Rating	A2 (Moody's) A (S&P) AA- (R&I)	A2 (Moody's) A (S&P) AA- (R&I)	A2 (Moody's) A (S&P) AA- (R&I)

Interest-bearing Liabilities

Conservative finance levels realized through effective use of deposits and guarantees

- Debt ratio (average remaining years) About 6.7 years
- Average cost of debt (including security deposits) 0.71%
- August 2006 period debt ratio 52.7%
- Debt service coverage ratio 14.6x

(Note 1) Long-term debts (average remaining years) do not include short-term debts

(Note 2) Debts used for debt ratio calculation include deposits and guarantees (construction funds)

(Note 3) Debt ratio = Total liabilities/total assets*100

(Note 4) Debt service coverage ratio = EBIT/interest paid



3

Overview of Fifth Follow-On Offering and New (Planned) Acquisitions in August 2006 and February 2007 Periods



Overview of 5th Follow-On Offering

Total Offering Size	Domestic 40,000 units (34,104,000,000 yen) Overseas 38,000 units (32,398,800,000 yen) Total 78,000 units (66,502,800,000 yen)
Over-allotment	6,000 units (5,115,600,000 yen)
Post-offering Outstanding Units	386,502 units (including additional issue via greenshoe option)
Discount Range and Launch Date	August 29 (Tue) (2%, 3%, and 4%)
Bookbuilding Period	September 5 (Tue) ~ September 12 (Tue)
Offering Price and Pricing Date	852,600 yen (2% discount from closing price on September 12 (Tue))
Subscription Period	September 13 (Wed) ~ September 15 (Fri)
Delivery Date	September 22 (Fri)

Assets Acquired in August 2006 Period

Higashi-Totsuka Aurora City



(Note) High-rise buildings shown in the photo are residences and not owned by JRF.

Overview

Location : Shinanomachi, Totsuka Ward,
Yokohama City,
Kanagawa Prefecture

Leasable Area : 152,473.76m² (total 3 buildings)

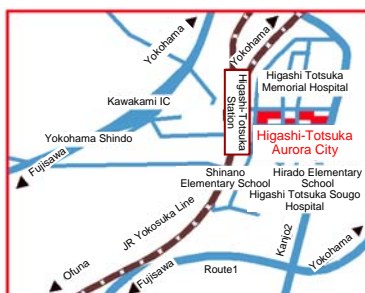
Acquisition Price : 50,500 mn yen

Investment Type : Income

No. of Tenants : 2

Key Tenants : Seibu Department Store and Daiei

Series of high-value large-scale shopping center complexes situated among several high-rise apartment buildings



Omiya SATY



Overview

Location : Kushihiiki-cho, Kita Ward,
Saitama City, Saitama Prefecture

Leasable Area : 75,344.90m²

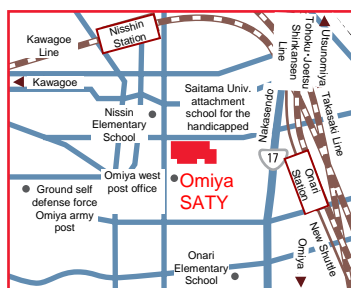
Acquisition Price : 6,133 mn yen

Investment Type : Income

No. of Tenants : 1

Key Tenant : SATY

Large-scale shopping center complex that includes a cinema complex



Loc City Ogaki



Overview

Location : Tanse, Mitsuzaka-cho,
Ogaki City, Gifu Prefecture

Leasable Area : 57,500.35m²

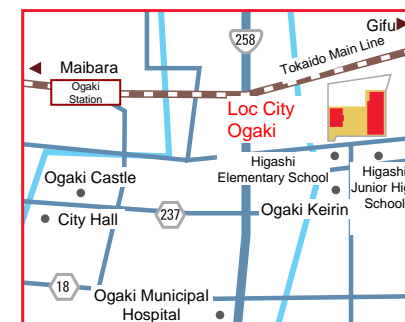
Acquisition Price : 4,950 mn yen

Investment Type : Income

No. of Tenants : 1

Key Tenant : MaxValu

High-quality property located along a main road



Assets Acquired (Planned) in February 2007 Period

Kawaramachi OPA



One of largest fashion specialty buildings in Kyoto

Excellent location 1-minute walk from Hankyu Kawaramachi Station

AEON Ueda Shopping Center

(planned future acquisition)

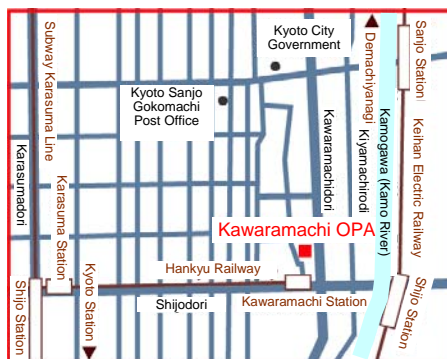


Dominant shopping center in community

Located along a central thoroughfare

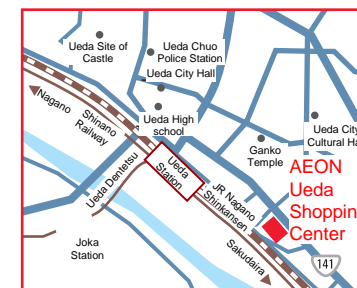
Overview

Location : Kawaramachi Dori,
Nakagyo Ward,
Kyoto City
Leasable Area : 18,848.20m²
Acquisition Price : 18,500 mn yen
Investment Type : Income
No. of Tenants : 1
Key Tenant : OPA



Overview

Location : Tokida, Ueda City,
Nagano
Prefecture
Leasable Area : 61,349.07m²
Anticipated
Acquisition Price : 9,500 mn yen
Investment Type : Income
No. of Tenants : 1
Key Tenant : JUSCO



Planned Acquisitions in February 2007 Period

Diamond City Terrace

(planned future acquisition)

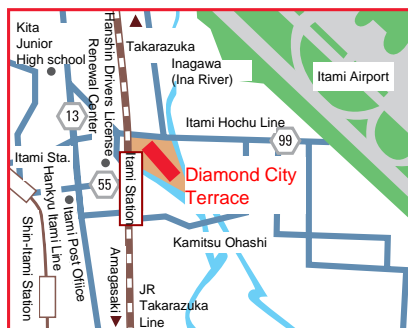


Overview

Location : Fujinoki, Itami City,
Hyogo Prefecture
Leasable Area : 151,729.09m²
Planned
Acquisition Price : 20,300 mn yen
Investment Type : Income
No. of Tenants : 1
Key Tenant : JUSCO

Large-scale shopping center complex
with several large-scale specialty
shops and a cinema complex

High-quality property with direct
connection to Itami Station via a
pedestrian deck



Diamond City Leafa

(planned future acquisition)



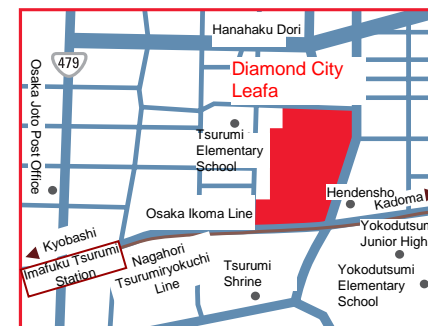
(Note) The above is a computer-generated rendition prepared by the developer and
subject to subsequent modification

Overview

Location : Tsurumi,
Tsurumi Ward,
Osaka City,
Osaka Prefecture
Leasable Area : 149,202.60m²
Planned
Acquisition Price : 31,100 mn yen
Investment Type : Income
No. of Tenants : 1
Key Tenant : JUSCO (planned)

Stable cash-flow through long-term
leases with high-quality tenants

Located close to a main road and in
a high-density area





4

Portfolio Overview



Portfolio Map (Total 41 properties) (Note 1)



Diamond City Terrace



Diamond City Leafa (Note 3)



Higashi-Totsuka Aurora City



Omiya SATY



Loc City Ogaki



AEON Ueda Shopping Center

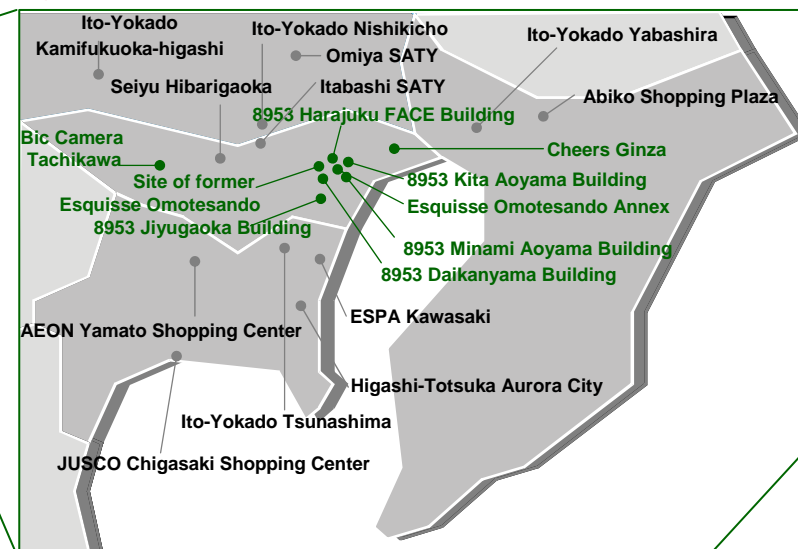
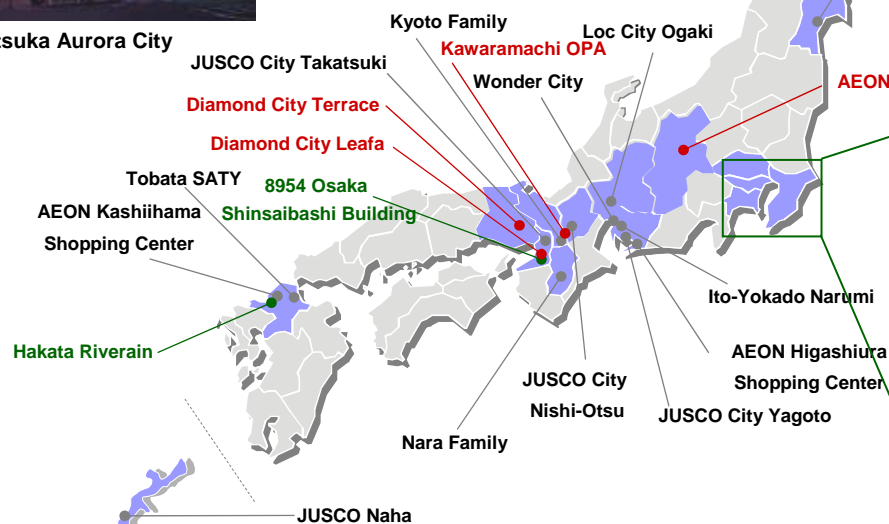


Kawaramachi OPA

AEON Sapporo
Naebō Shopping
Center

Sendai Nakayama
Shopping Center—

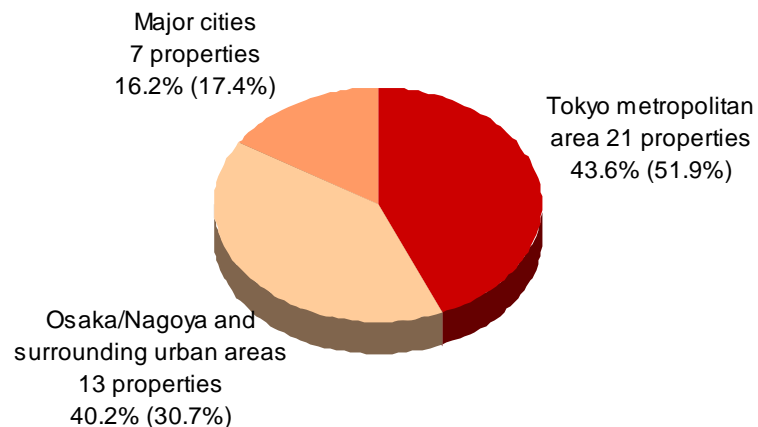
[Urban] 12 properties, Total acquisition price of 90,154 mn yen
[Suburban] 29 properties, Total acquisition price of 359,136 mn yen



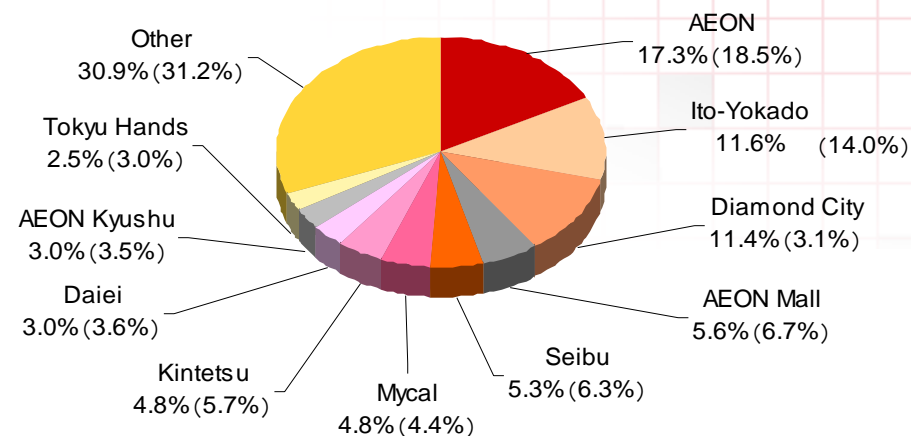
- (Note 1) Map presents existing portfolio of Aug. 2006 period and planned Feb. 2007 period acquisitions
 (Note 2) The black properties are suburban properties, the green are urban properties and the red are planned or completed Feb. 2007 period acquisitions
 (Note 3) The picture is a computer-generated rendition prepared by the developer and subject to subsequent modification

Portfolio Diversification (Total 41 Properties) (Note 1)

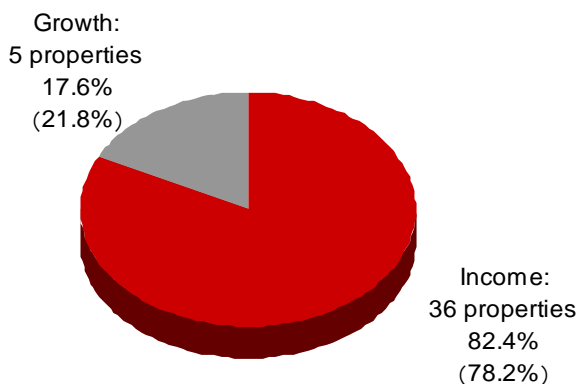
Geographic Diversification



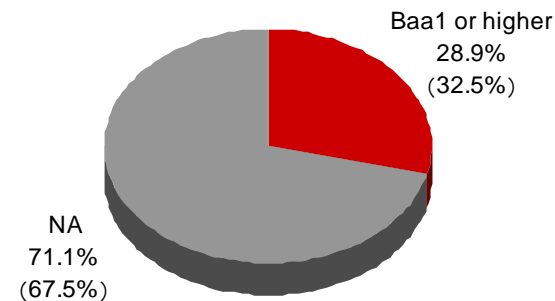
Tenants



Investment Types



Tenant Credit Rating (Note 3)



(Note 1) As of Aug. 2006. Kawaramachi OPA shown as at time of acquisition. The overall figures are for 41 properties and include the planned Feb. 2007 period acquisitions of the AEON Ueda Shopping Center, Diamond City Terrace and Diamond City Leafa.

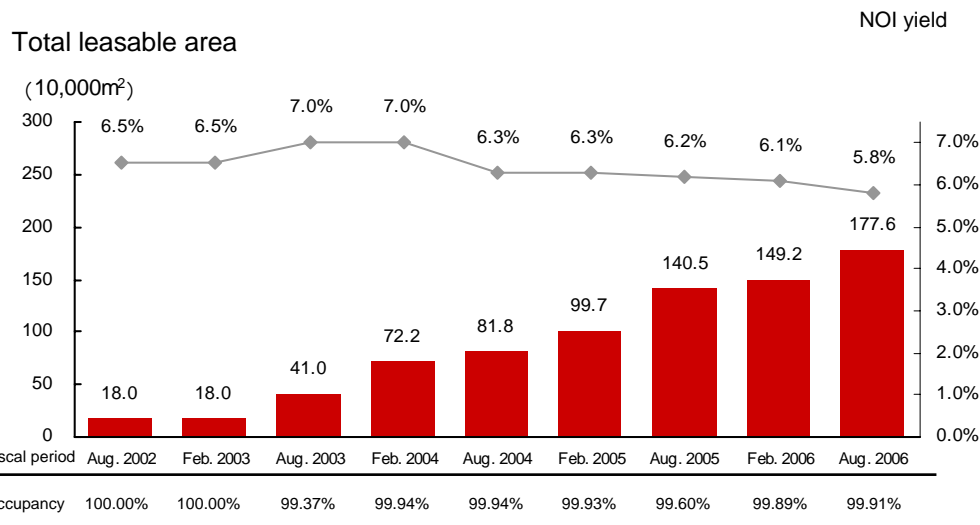
(Note 2) The regional and investment diversification charts are based on appraisal values. The tenant and credit diversification charts are based on annual rents.

(Note 3) Based on Moody's Investors' ratings.

(Note 4) Figures in the parentheses express the value for the 35 properties comprised of the Feb. 2006 period portfolio combined with Higashi-Totsuka Aurora City, which was acquired in March 2006.

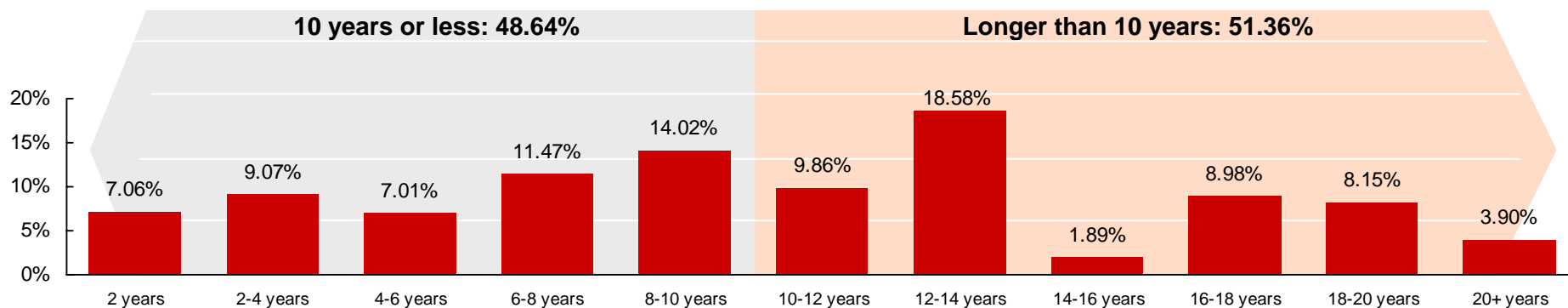
Portfolio Data

Leasable Area, Occupancy and NOI Returns



(Note) The total leasable area, occupancy, and NOI return are as of the end of each fiscal period

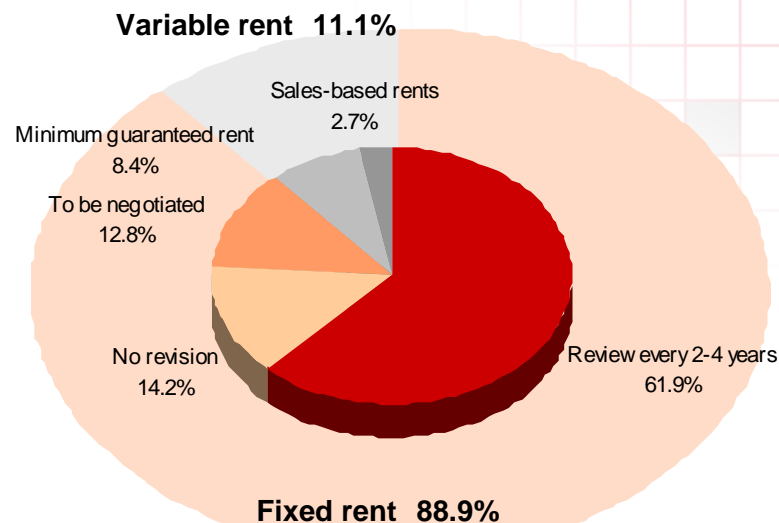
Lease Expiration Schedule



(Note 1) Based on annual rent figures

(Note 2) This uses Aug. 31, 2006 as the reference point but in the case of Kawaramachi OPA, which was acquired later, it uses the remaining period as of the acquisition date.

Lease Types



(Note) This is the breakdown based on the 38 properties comprised of the Aug. 2006 portfolio combined with Kawaramachi OPA, which was acquired in Sep. 2006



Portfolio Overview (Note 1)

Property Name	Investment Type	Building Age (Note 2)(Years)	Total Leasable Area (m ²)	Occupancy Rate (%)	Acquisition (planned) Price (mn yen)	Share (%)	Cap Rate at Acquisition (Note 3) (%)	Appraisal Value (mn yen)	Number of Tenants	Core Tenants	PML (Note 4) (%)	Property Manager (Note 6)
ESPA Kawasaki	Income	6.2	56,891.15	100.00	10,091	2.2	6.2	11,800	1	Ito-Yokado	10.9	Diamond City
JUSCO Chigasaki SC	Income	5.9	63,652.33	100.00	8,300	1.8	6.2	8,710	1	JUSCO	9.1	Geo Akamatsu
Abiko Shopping Plaza	Growth	11.9	42,642.36	100.00	10,200	2.3	7.2	13,800	53	Ito-Yokado	11.8	Diamond City
8953 Minami Aoyama Building	Income	4.5	1,540.98	100.00	5,350	1.2	5.5	6,240	3	Hugo Boss	13.0	CB Richard Ellis
Ito-Yokado Yabashira	Income	23.9	21,581.65	100.00	1,616	0.4	6.1	2,070	1	Ito-Yokado	6.5, 7.4	Xymax Cube
Ito-Yokado Kamifukuoka-Higashi	Income	7.0	28,316.18	100.00	6,900	1.5	6.3	8,080	1	Ito-Yokado	14.8	Geo Akamatsu
Ito-Yokado Nishikicho	Income	2.8	73,438.52	100.00	13,212	2.9	5.6	16,000	1	Ito-Yokado	12.6	Geo Akamatsu
8953 Daikanyama Building	Income	15.5	574.46	100.00	1,235	0.3	5.3	1,510	1	Onward Kashiwama	5.4	Mitsui Fudosan Bldg. Management
8953 Harajuku FACE building	Income	21.4	1,477.62	100.00	2,770	0.6	5.6	3,390	5	Diesel Japan	10.6	Xymax Cube
Esquisse Omotesando Annex	Income	9.5	540.78	100.00	860	0.2	5.5	1,110	2	LS Mode	5.0	Mitsui Fudosan Bldg. Management
Site of former Esquisse Omotesando (Note 5)	Income	-	1,768.78	100.00	14,712	3.3	-	15,200	1	Takenaka Corporation	-	Geo Akamatsu
Ito-Yokado Tsunashima	Income	24.5	16,549.50	100.00	5,000	1.1	6.1	5,720	1	Ito-Yokado	16.3	Jones Lang LaSalle
Bic Camera Tachikawa	Income	36.1	20,983.43	100.00	11,920	2.7	5.5	13,100	2	Bic Camera	20.1	Jones Lang LaSalle
Itabashi SATY	Income	6.3	72,253.88	100.00	12,400	2.8	5.4	14,000	1	SATY	9.4	Xymax Cube
8953 Kita Aoyama Building	Income	1.6	492.69	100.00	989	0.2	5.4	1,230	2	NEWS, Best Bridal	10.8	Office Mitsuki
AEON Yamato SC	Income	4.8	85,226.68	100.00	16,823	3.7	5.5	20,300	1	JUSCO	9.3	Xymax Cube
Seiyu Hibarigaoka	Income	27.8	19,070.88	100.00	6,100	1.4	7.6	7,460	1	Seiyu	13.2	CB Richard Ellis
8953 Jiyugaoka Building	Income	7.2	1,814.10	100.00	2,700	0.6	5.2	3,199	11	NEXT, Sûr Jiyugaoka	3.9	Xymax Cube
Cheers Ginza	Income	1.5	1,686.58	100.00	4,200	0.9	4.3	4,190	9	Kyoto Yururi, Svyotaien Seibu Dept.Store, Daiei	9.9	Nomura Bldg. Management
Higashi-Totsuka Aurora City	Income	7.0	152,473.76	100.00	50,500	11.2	4.5	50,500	2		6.7	Aim Create
Omiya SATY	Income	5.9	75,344.90	100.00	6,133	1.4	5.8	6,350	1	SATY	13.3	Xymax Cube
Subtotal/Weighted Average		10.0	738,321.21	100.00	192,012	42.7	5.5	213,959	101		-	

(Note 1) As of Aug. 2006. The figures for Kawaramachi OPA are as of the acquisition. The planned acquisitions of the Feb. 2007 period are included: AEON Ueda Shopping Center, Diamond City Terrace and Diamond City Leafa.

(Note 2) Building age is the weighted average of the years by gross floor area of each building

(Note 3) These represent cap rates at the time of acquisition of each property. These do not include subsequent additional acquisitions to the existing properties. The cap rate for the 8953 Osaka Shinsaibashi Building has been calculated using the appraised value arrived at with the DCF method. The cap rate for the Sendai Nakayama Shopping Center only uses the formerly leased space by JUSCO and the cap rate for Wonder City uses the value for the real estate portion in operation.

(Note 4) PML (seismic risk) of the building or portfolio is the level of damage that may result from an earthquake that occurs once every 475 years. These values are entered in the earthquake risk analysis reports prepared for each property.

(Note 5) Esquisse Omotesando is classified as an "income" property as JRF only owns the land. This property is not included in the total/weighted average of the average building age, cap rate as of acquisition and PML.

(Note 6) The properties previously managed by Xymax are now managed by Xymax Cube.





Portfolio Overview (Note 1)

Property Name	Investment Type	Building Age (Note 2) (Years)	Total Leasable Area (m ²)	Occupancy Rate (%)	Acquisition (planned) Price (mn yen)	Share (%)	Cap Rate at Acquisition (Note 3) (%)	Appraisal Value (mn yen)	Number of Tenants	Core Tenants	PML (Note 4) (%)	Property Manager (Note 6)
Osaka, Nagoya and surrounding areas												
8953 Osaka Shinsaibashi Building	Income	7.6	13,666.96	100.00	14,300	3.2	5.5	15,000	1	Tokyu Hands	4.8	Xymax Cube
Nara Family	Growth	13.8	85,224.76	99.92	31,241	7.0	7.4	35,100	134	Kintetsu Dept. Store, JUSCO	4.6	Diamond City
Ito-Yokado Narumi	Income	9.1	50,437.91	100.00	8,540	1.9	7.3	9,410	1	Ito-Yokado	4.3	Xymax Cube
AEON Hiashiura SC	Income	5.1	100,457.69	100.00	6,700	1.5	6.3	8,420	1	JUSCO	7.5	Xymax Cube
Wonder City	Growth	15.6	72,109.77	100.00	15,940	3.5	6.5	18,300	26	JUSCO, Keiyo D2	5.2	Xymax Cube
JUSCO City Takatsuki	Income	12.5	77,267.23	100.00	11,700	2.6	6.0	12,600	1	JUSCO	2.9	CB Richard Ellis
JUSCO City Yagoto	Income	13.0	63,778.44	100.00	3,700	0.8	7.0	4,160	2	JUSCO	2.6	Xymax Cube
JUSCO City Nishi Otsu	Income	9.8	62,717.26	100.00	13,100	2.9	5.2	13,100	1	JUSCO	5.5	Xymax Cube
Kyoto Family	Growth	23.8	25,603.95	99.80	5,340	1.2	6.5	6,020	66	JUSCO, Nitori	3.6	Diamond City
Loc City Ogaki	Income	1.1	57,500.35	100.00	4,950	1.1	8.2	5,180	1	MaxValu	5.7	Geo Akamatsu
Kawaramachi OPA	Income	7.8	18,848.20	100.00	18,500	4.1	4.4	18,500	1	OPA	3.5	Geo Akamatsu
Diamond City Leafa	Income	-	149,202.60	100.00	31,100	6.9	4.6	31,200	1	JUSCO (planned)	Under construction	Undetermined
Diamond City Terrace	Income	3.9	151,729.09	100.00	20,300	4.5	5.1	20,300	1	JUSCO, Toys 'R Us	5.9	Undetermined
Subtotal/Weighted Average		10.2	928,544.21	99.98	185,411	41.3	5.9	197,290	237		-	
Other major cities												
Sendai Nakayama SC	Income	10.2	46,248.96	100.00	10,200	2.3	7.6	12,600	2	JUSCO	1.1-2.8	Xymax Cube
Hakata Riverain	Growth	7.7	25,742.72	94.73	12,618	2.8	6.5	13,200	73	IDC Otsuka Kagu, Louis Vuitton, Gucci	1.9	Geo Akamatsu
AEON Kashiihama SC	Income	2.8	109,616.72	100.00	13,300	3.0	6.2	14,500	1	JUSCO	0.8	Geo Akamatsu
AEON Sapporo Naebo SC	Income	3.2	74,625.52	100.00	9,260	2.1	6.2	10,400	1	JUSCO	2.6	Xymax cube
Tobata SATY	Income	7.5	93,258.23	100.00	6,290	1.4	6.6	7,360	1	SATY	1.3	Geo Akamatsu
JUSCO Naha	Income	12.9	79,090.48	100.00	10,700	2.4	6.0	11,900	1	JUSCO	4.9	Jones Lang LaSalle
AEON Ueda SC	Income	2.2	61,349.07	100.00	9,500	2.1	5.3	9,700	1	JUSCO	7.5	Undetermined
Subtotal/Weighted Average		6.6	489,931.70	99.07	71,868	16.0	6.3	79,660	80		-	
Total/Weighted Average		9.1	2,156,797.12	99.8	449,291	100.0	5.8	490,909	418		-	

(Note 1) As of Aug. 2006. The figures for Kawaramachi OPA are as of the acquisition. The planned acquisitions of the Feb. 2007 period are included: AEON Ueda Shopping Center, Diamond City Terrace and Diamond City Leafa.

(Note 2) Building age is the weighted average of the years by gross floor area of each building

(Note 3) These represent cap rates at the time of acquisition of each property. These do not include subsequent additional acquisitions to the existing properties. The cap rate for the 8953 Osaka Shinsaibashi Building has been calculated using the appraised value arrived at with the DCF method. The cap rate for the Sendai Nakayama Shopping Center only uses the formerly leased space by JUSCO and the cap rate for Wonder City uses the value for the real estate portion in operation.

(Note 4) PML (seismic risk) of the building or portfolio is the level of damage that may result from an earthquake that occurs once every 475 years. These values are entered in the earthquake risk analysis reports prepared for each property.

(Note 5) Esquisse Omoesando is classified as an "income" property as JRF only owns the land. This property is not included in the total/weighted average of the average building age, cap rate as of acquisition and PML.

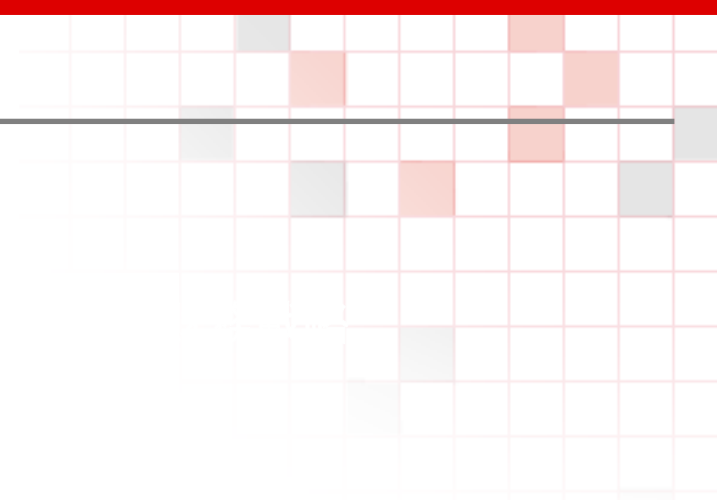
(Note 6) The properties previously managed by Xymax are now managed by Xymax Cube.





Management Strategies





Internal Growth

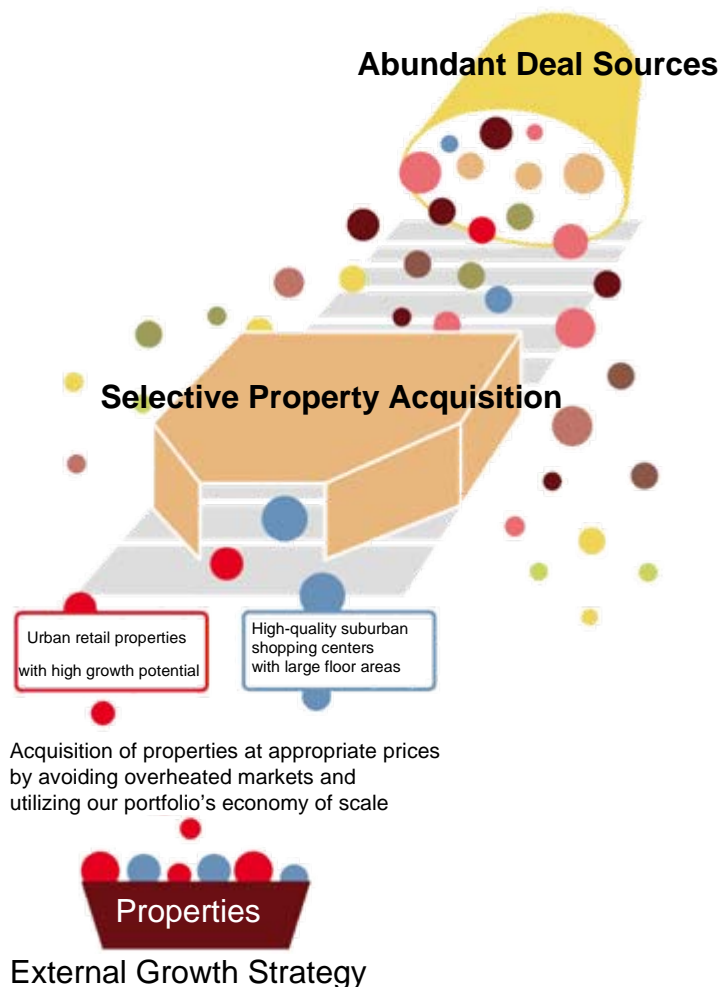
- Improve and maintain competitiveness of existing properties
- Consider conversion to growth-type properties
- Reduce operating costs

External Growth

- Pursue external growth through economies of scale
- Utilize substantial deal flow
- Acquire properties with strong potential for internal growth

Financial

- Employ flexible equity finance structures-both ABB (accelerated book building) and global offerings
- Diversify debt financing methods through the use of unsecured borrowing facilities and corporation bonds
- Maintain a conservative leverage ratio to purchase large-size properties easily and quickly



- Number and value of properties considered in one year (July 2005 – June 2006): 182 properties (cumulative total of 827), about 891 billion yen (cumulative total about 5.1 trillion yen)
- Using our portfolio's economy of scale, we focus on selective acquisition of large-scale quality suburban shopping centers with high potential of growth

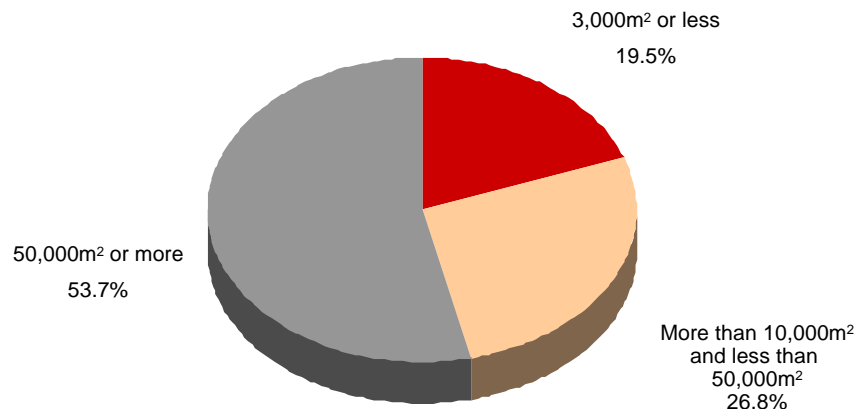
We acquire properties at appropriate prices by selecting properties based on the market analysis and a long-term perspective, and avoiding overheated real estate markets.



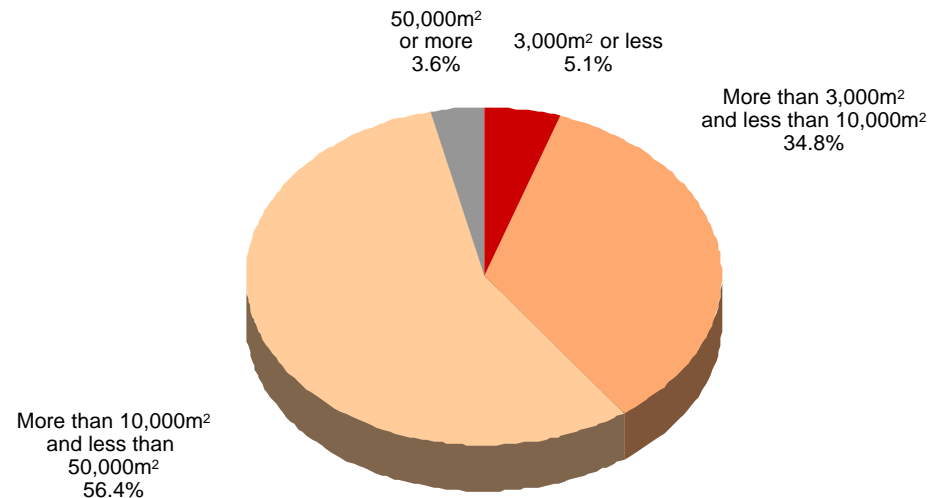
External Growth Strategy: Selection and Concentration of Properties



Breakdown of JRF Portfolio by Net Leasable Area



Breakdown of Domestic Shopping Centers by Floor Area



(Note 1) Floor space of domestic shopping centers includes common and operational areas frequently used by customers (excluding hotel and parking areas)

(Note 2) Domestic shopping centers are defined as follows:

- Buildings with over 1,500m² of floor area
- More than 10 tenants, excluding key tenants
- Key tenants do not occupy more than 80% of total floor area, unless other tenants occupy more than 1,500m² of floor area

(Note 3) Percentages are rounded to one decimal place and therefore may not sum to 100%

(Note 4) The overall figures are for 41 properties and include the planned Feb. 2007 period acquisitions of the AEON Ueda Shopping Center, Diamond City Terrace and Diamond City Leafa

(Note 5) JRF's portfolio includes properties that are not shopping centers

Source: Japan Council of Shopping Centers (as of Sep. 2006)

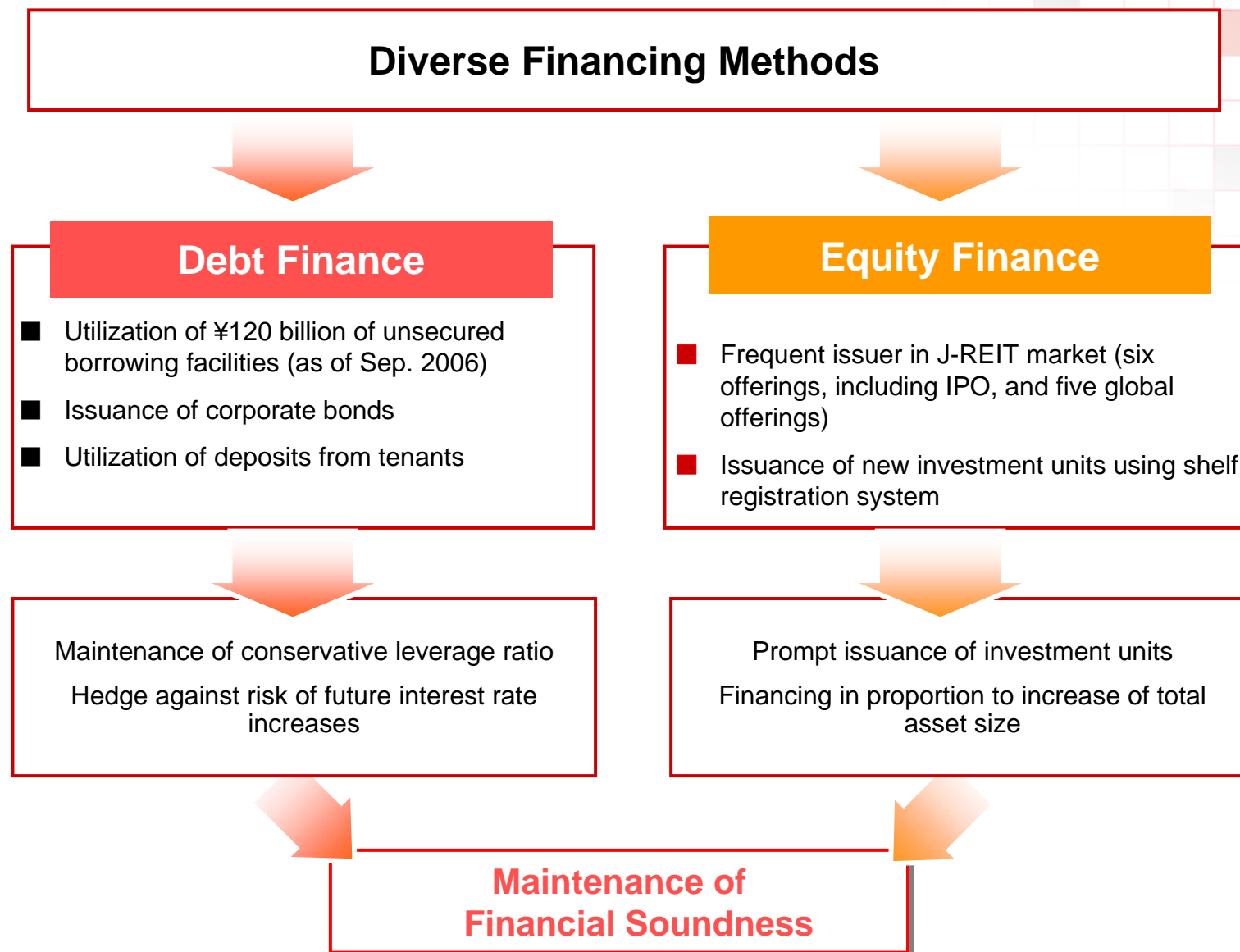


Plans for the future

- Improving and maintaining competitiveness of existing properties
Ex.: Rebuilding of Esquisse Omotesando by Takenaka Corporation, and researching the renewal of Nara Family
- Expansion of leasable area through structure expansion and re-zoning
Ex.: Re-zoning and tenant replacement at Abiko Shopping Plaza and changing the location of the luxury brand zone at Hakata Riverain
- Conversion from income-type to growth-type properties
- Reduce insurance premiums through captive program



Aim to achieve internal growth by responding flexibly to changes in the operating environment and market





6

August 2006 (9th) Period Results of Operations



August 2006 Period Income Statements

Items	Aug. 2006 Period		Feb. 2006 Period		Changes	
	Amount	%	Amount	%	Amount	%
	(in '000)	(%)	(in '000)	(%)	(in '000)	(%)
I. Operating revenue	14,998,542	100.0	13,046,876	100.0	1,951,666	15.0
Rental revenue	14,998,542		13,046,876		1,951,666	
II. Operating expenses	8,995,260	60.0	7,756,747	59.5	1,238,512	16.0
Property related expenses	7,519,782		6,496,441		1,023,340	
Loss from sales of properties	0		16,245		(16,245)	
Other property related expenses						
TK distribution (loss)	25,493		9,310		16,183	
Asset management fees	1,186,755		970,025		216,730	
Directors' fees	3,355		3,349		5	
Custodian fees	58,930		53,429		5,500	
General administration fees	109,525		107,834		1,691	
Other	91,417		100,111		(8,693)	
Operating Income	6,003,281	40.0	5,290,128	40.5	713,153	13.5
III. Non-operating revenue	2,167	0.0	9,267	0.1	(7,099)	(76.6)
Interest revenue	1,117		68		1,049	
Other	1,049		9,198		(8,149)	
IV. Non-operating expenses	885,213	5.9	502,441	3.9	382,771	76.2
Interest expense	285,773		162,341		123,432	
Interest expense of corporate bonds	308,340		205,099		103,241	
Amortization of corporate bonds	39,597		39,597		0	
Finance related cost	57,966		35,193		22,773	
Offering costs	146,007		-		146,007	
Offering costs	-		32,992		(32,992)	
Amortization of organization costs	13,924		13,924		0	
Other non-operating expenses	33,603		13,294		20,308	
Recurring Profit	5,120,235	34.1	4,796,953	36.8	323,281	6.7
Income before income taxes	5,120,235	34.1	4,796,953	36.8	323,281	6.7
Income and other taxes	5,665		1,948		3,717	
Tax adjustments	(398)		0		(398)	
Net Income	5,114,968	34.1	4,795,005	36.8	319,962	6.7
Retained earnings (beginning balance)	89		43		46	
Retained earnings (ending balance)	5,115,057		4,795,048		320,008	

(Note 1) The Aug. 2006 period runs from Mar. 1, 2006 to Aug. 31, 2006 (184 days)

(Note 2) The Feb. 2006 period runs from Sep. 1, 2005 to Feb. 28, 2006 (181 days)



Balance Sheets

Items	Aug. 2006 Period		Feb. 2006 Period		Changes	
	Amount	%	Amount	%	Amount	%
Assets	(in '000)	(%)	(in '000)	(%)	(in '000)	(%)
I. Current assets						
Cash and cash equivalents	6,021,809		14,053,581		(8,031,772)	
Entrusted cash and cash equivalents	9,409,239		9,747,804		(338,565)	
Rental receivables	621,009		610,094		10,915	
Consumption tax refundable	991,244		23,018		968,226	
Other current assets	486,471		358,273		128,197	
Total current assets	17,529,774	4.5	24,792,773	7.3	(7,262,998)	(29.3)
II. Non-current assets						
1 Property and equipment, at cost						
Buildings	134,065,082		108,783,574		25,281,508	
Building improvements	5,763,425		5,470,727		292,698	
Machinery and equipment	521,784		346,439		175,345	
Furniture & Fixtures	1,042,501		945,521		96,980	
Land	224,234,151		188,740,076		35,494,074	
Net property and equipment	365,626,944	92.7	304,286,339	89.5	61,340,605	20.2
2 Intangible assets						
Leasehold land	6,672,795		6,103,876		568,918	
Other intangible assets	170,766		158,502		12,264	
Total intangible assets	6,843,562	1.7	6,262,379	1.9	581,183	9.3
3 Investments						
Lease deposit	3,103,725		3,101,459		2,266	
Securities	814,416		839,910		(25,493)	
Long-term prepaid expenses	130,903		135,948		(5,044)	
Deferred hedge loss	0		33,229		(33,229)	
Other	227,654		240,032		(12,377)	
Total investments	4,276,700	1.1	4,350,579	1.3	(73,878)	(1.7)
Total non-current assets	376,747,207	95.5	314,899,297	92.7	61,847,909	19.6
III. Deferred assets						
Organization costs	0		13,924		(13,924)	
Issuance costs of corporate bonds	99,108		138,705		(39,597)	
Total deferred assets	99,108	0.0	152,629	0.0	(53,521)	(35.1)
Total Assets	394,376,091	100.0	339,844,700	100.0	54,531,390	16.0

Items	Aug. 2006 Period		Feb. 2006 Period		Changes	
	Amount	%	Amount	%	Amount	%
Liabilities	(in '000)	(%)	(in '000)	(%)	(in '000)	(%)
I. Current liabilities						
Accounts payable	761,172		821,214		(60,042)	
Short-term debt	82,070,000		25,000,000		57,070,000	
Accrued liabilities	159,279		11,259		148,020	
Accrued expenses	842,573		666,122		176,450	
Accrued income taxes	5,665		605		5,060	
Rent received in advance	1,341,128		1,011,514		329,613	
Deposits	1,004,844		888,087		116,757	
Lease deposits (return within 1 year)	4,515,058		4,466,738		48,320	
Other	18,393		33,655		(15,262)	
Total current liabilities	90,718,115	23.0	32,899,197	9.7	57,818,917	175.7
II. Non-current liabilities						
Corporate bonds-unsecured	45,000,000		45,000,000		0	
Long-term debt	5,000,000		14,170,000		(9,170,000)	
Tenant leasehold and security	66,985,271		61,389,578		5,595,693	
Other (Derivatives)	0		33,229		(33,229)	
Total non-current liabilities	116,985,271	29.7	120,592,808	35.5	(3,607,536)	(3.0)
Total Liabilities	207,703,387	52.7	153,492,005	45.2	54,211,381	35.3
Unitholders' Equity						
I. Total investment						
1 Unitholders' capital						
Unitholders' capital	181,557,646	46.0	0	0.0	0	0.0
2 Retained earnings						
Retained earnings	5,115,057		0		0	
Total unitholders' equity	186,672,703	47.3	0	0.0	0	0.0
Net Assets	186,672,703	47.3	0	0.0	0	0.0
Total Liabilities and Unitholders' Equity	394,376,091	100.0	0	0.0	0	0.0
Capital						
I. Total unitholders' capital						
Total unitholders' capital	0	0.0	181,557,646	53.4	0	0.0
II. Reserves						
Current Unappropriated profit	0		4,795,048		320,008	
Total reserves	0	0.0	4,795,048	1.4	320,008	6.7
Total unitholders' equity	0	0.0	186,352,695	54.8	320,008	0.2
Total liabilities and unitholders' equity	0	0.0	339,844,700	100.0	54,531,390	16.0

(Note 1) The Aug. 2006 period runs from Mar. 1, 2006 to Aug. 31, 2006 (184 days)

(Note 2) The Feb. 2006 period runs from Sep. 1, 2005 to Feb. 28, 2006 (181 days)



Aug. 2006 Period Cash Flow and Distribution Statements



Cashflow statement

('000 yen)

Items	Aug. 2006 Period	Feb. 2006 Period
I. Cashflow from Operating Activities		
Income before income taxes	5,120,235	4,796,953
Depreciation and amortization	2,894,630	2,472,272
Other	(271,530)	1,069,065
Net Cash from Operating Activities	7,743,335	8,338,291
II. Cashflow from Investing Activities		
Purchase of property and equipment	(64,278,368)	(18,819,666)
Proceeds from the sales of properties	—	1,163,550
Proceeds from tenant leasehold and security deposits	(1,306,571)	(3,292,064)
Purchase of tenant leasehold and security deposits	6,950,585	2,091,936
Purchase of intangible assets	(592,960)	(1,561,383)
Payments of tenant deposits	(10,050)	(531,118)
Proceeds from tenant deposits	7,783	230,969
Gain from other investments/other acquisition of assets	—	(33,968)
Loss from other investments/other acquisition of assets	12,377	—
Net Cash used in Investing Activities	(59,217,204)	(20,751,744)
III. Cashflow from Financing Activities		
Proceeds from short-term debt	75,570,000	18,200,000
Repayments of short-term debt	(18,500,000)	(19,060,000)
Repayments of long-term debt	(9,170,000)	—
Proceeds from ssuance of corporate bonds	—	9,940,257
Proceeds from ssuance of investment units	—	19,109,550
Dividend payment	(4,796,469)	(4,396,213)
Net Cash from Financing Activities	43,103,530	23,793,593
IV. Net change in cash and cash equivalents	(8,370,338)	11,380,140
V. Cash and cash equivalents at beginning of period	23,801,386	12,421,246
VI. Cash and cash equivalents at end of period	15,431,048	23,801,386



Distribution statement

('000 yen)

Items	Aug. 2006 Period	Feb. 2006 Period
Retained earnings (ending balance)	5,115,057	4,795,048
Distributed amount	5,115,006	4,794,959
"DPU" (yen)	(16,909)	(15,851)
Retained earnings carried forward	51	89

(Note 1) The Aug. 2006 period: Mar. 1, 2006 to Aug. 31, 2006 (184 days)

(Note 2) The Feb. 2006 period: Sep. 1, 2005 to Feb. 28, 2006 (181 days)





Appendix



External Growth: Diversifying Deal Flows

Properties acquired through collaboration with Mitsubishi Corporation

Properties acquired from other corporations and investment funds

Development-type Properties

	2002	2003	2004	2005	2006	2007
	 Osaka Shinsaibashi 8953 Building  Sendai Nakayama SC 4 properties	 Hakata Riverain  Abiko Shopping Plaza 4 properties	 Esquisse Omotesando  AEON Sapporo Naebo SC 2 properties	 Wonder City  Tobata SATY 3 properties	 Diamond City Terrace  AEON Ueda SC 2 properties	
		 Nara Family  Ito-Yokado Nishikicho 5 properties	 AEON Kashiihama SC  Itabashi SATY 7 properties	 AEON Yamato SC  JUSCO Naha 7 properties	 Higashi-Totsuka Aurora City  Kawaramachi OPA 3 properties	
				 Kita Aoyama 8953 Building  Jiyugaoka 8953 Building 2 properties	 Diamond City Leafa (Note 2) 1 property	 Urawa Parco (Note 2) 1 property

(Notes 1) The above photos represent the two highest priced properties acquired (planned to be acquired) for each acquisition method and for each calendar year

(Notes 2) The picture is a computer-generated rendition prepared by the developer and subject to subsequent modification

Changes in environment

- The revised three key urban developmental laws have changed regulations on opening large stores in suburban areas, and the concentration of city functions in metropolitan areas
- M&A between “Seven & I” and “Millennium Retailing Group”

Current market conditions and trends

- In the retail market, the share of small retailers is decreasing and the share of medium/large retailers is increasing
- Emergence of attractive multi-use destinations, such as Omotesando Hills and Roppongi Hills

Future of the retail industry

- Nationwide purchasing at shopping centers is increasing
- Competition to acquire large commercial properties that efficiently use limited space has increased

In light of anticipated changes in retail market trends, JRF aims to maintain and improve competitiveness by replacing unprofitable stores, negotiating appropriate rent, and increasing leasable space



Reference: Overview of the Three City Planning Laws



What are the three City Planning Laws?

The three city planning laws is the term, used for the three laws concerning retail properties in urban areas

- Law on Revitalizing Central City Areas
 - Aims to improve the infrastructure of city areas, active retail and commercial functions, etc.
 - Revision from the Central City Area Activation Law
- Large-Scale Retail Store Location Law
 - Aims to secure consideration of “maintaining the living environment of the surrounding area” with regards to the location of large stores
 - This is not being revised but the revision to the Law on Activating Central City Areas has resulted in two types of special measures that can be used
 - Revision from the Law on Coordinating Retail Business Activities in Large-Scale Retail Stores
- City Planning Law
 - Aims to realize the appropriate location of large stores in each community

The revisions to the three city planning laws are expected to make it difficult to acquire new properties in urban areas, but the competitive advantage of our excellent existing portfolio will become even stronger



Revision Schedule for the Law on Revitalizing Central City Areas

Promulgation
Jun. 7, 2006

Flow after Implementation

Aug. 22, 2006 Cabinet Office establishes the Central City Area Revitalization Headquarters

Implementation
Aug. 22, 2006

Sep. 8, 2006 Cabinet finalizes basic policy and clearly states a “definition of three major metropolitan areas that will be exempted from application of regulations concerning quasi industrial land”

Sep. 30, 2006 Manual for applying for certification is disclosed. The manual contains the forms for the basic plan and specific business names to be entered in line with the basic policy

Early Oct. 2006 Commence acceptance of applications for certification of the basic plan



Revision Schedule for the City Planning Law

Promulgation
May. 31, 2006

Portion related to the system for proposing city plans. The scope of parties that have the right to make proposals concerning city plans has expanded and proposals from developers and supermarkets are now possible.

Partial implementation
Aug. 30, 2006

Portion related to designating zones for semi-city planning and regarding the procedure for coordinating broad areas. The authority with the right to make the designations is changing from municipalities to prefectures. In areas where there is a need for location restrictions on large customer attracting facilities that lie outside the city planning area, semi city planning zones will be designated so that the location restricting benefits will appear from the full implementation date.

Partial implementation
Nov. 30, 2006

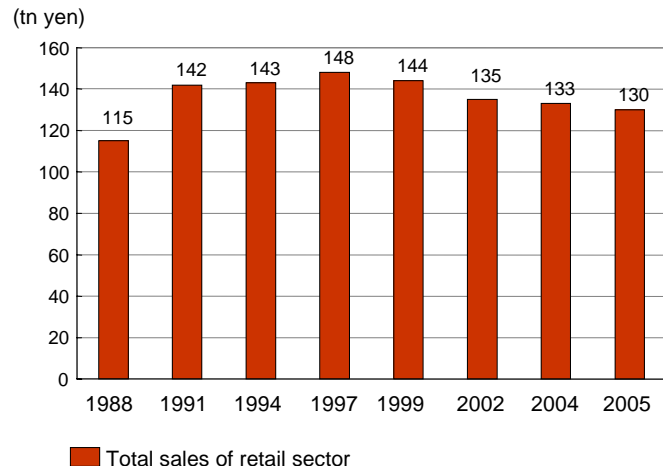
Full implementation
Nov. 30, 2007

The portion related to development permits and location regulations for large customer gathering facilities. This contains regulations on suburban locations of major customer-attracting facilities with floor space of more than 10,000m²

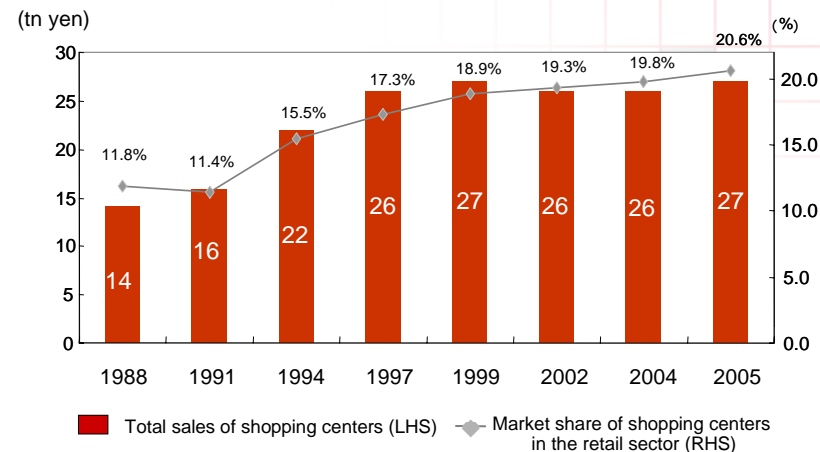


Retail Sector Trends in Japan

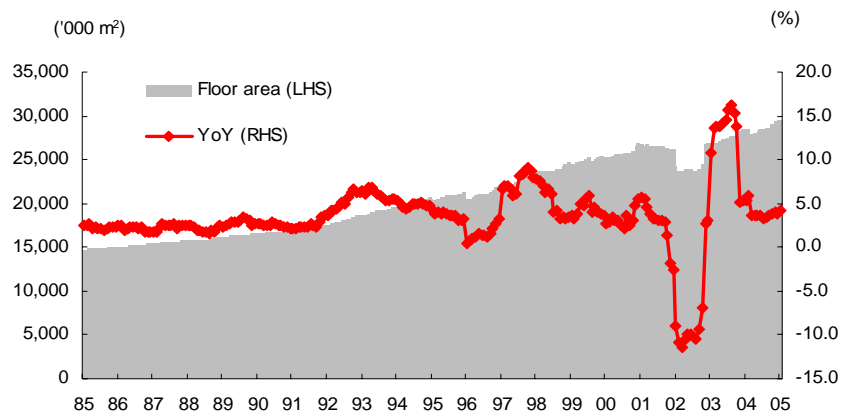
Total sales of the retail sector



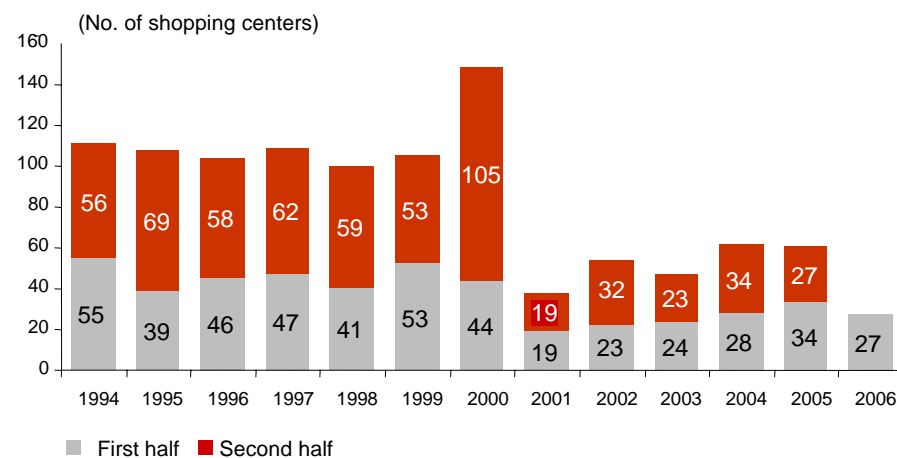
Total sales and market share of shopping centers in the retail sector



Floor area of department stores and supermarkets



Number of new shopping center developments in Japan



Source: Japan Department Stores Association and Japan Chain Stores Association

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	
	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006
Rental revenue	464	440	351	351	407	407	274	274	330	330
Other income	0	0	0	0	0	0	0	0	0	0
Total property income	464	441	351	351	407	407	274	274	330	330
Tax and public charges	40	41	57	60	28	30	39	42	37	41
Facilities Management	1	2	1	0	0	1	0	1	1	5
Property management fees	13	13	12	12	6	6	5	5	6	6
Other property expenses	1	2	1	1	1	1	1	1	1	1
Depreciation and amortization	78	78	82	82	81	80	63	63	73	73
Total expenses	136	139	155	157	118	119	110	114	120	129
Operating income	327	301	195	193	289	287	163	159	209	201
Rental deposits	840	840	981	981	798	798	745	745	538	538
Guaranteed deposits	801	801	3,924	3,924	—	—	2,784	2,784	4,849	4,849
Deposits (ending balance)	1,641	1,641	4,905	4,905	798	798	3,530	3,530	5,388	5,388

Items	8953 Minami Aoyama Bldg.		Ito-Yokado Yabashira		Ito-Yokado Kamifukuoka-higashi		Ito-Yokado Nishikicho		8953 Daikanyama Bldg.	
	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006
Rental revenue	160	160	78	78	256	256	444	444	34	34
Other income	7	8	—	—	—	—	—	0	4	4
Total property income	168	169	78	78	256	256	444	444	39	39
Tax and public charges	6	6	15	17	40	39	60	59	1	1
Facilities Management	10	11	0	0	1	1	—	—	3	4
Property management fees	4	4	2	2	4	4	4	4	1	1
Other property expenses	0	0	0	0	2	2	2	2	0	0
Depreciation and amortization	8	8	18	18	48	48	136	136	4	4
Total expenses	31	31	37	38	97	97	204	203	11	12
Operating income	137	137	41	39	158	158	240	241	27	27
Rental deposits	282	282	450	450	774	774	590	590	125	125
Guaranteed deposits	—	—	—	—	1,687	1,752	—	—	—	—
Deposits (ending balance)	282	282	450	450	2,462	2,527	590	590	125	125

(Note 1) The Aug. 2006 period: Mar. 1, 2006 to Aug. 31, 2006 (184 days)

(Note 2) The Feb. 2006 period: Sep. 1, 2005 to Feb. 28, 2006 (181 days)



Performance by Property (Income-type Properties: 2)

(mn yen)

Items	AEON Higashiura SC		8953 Harajuku FACE Bldg.		AEON Kashiihama SC		AEON Sapporo Naebo SC		Site of former Esquisse Omotesando		Esquisse Omotesando Annex	
	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006
Rental revenue	375	375	79	79	477	477	381	382	—	238	27	27
Other income	—	—	13	15	—	—	—	—	198	54	0	0
Total property income	375	375	93	94	477	477	381	382	198	292	27	27
Tax and public charges	50	57	2	2	61	65	58	63	24	22	1	1
Facilities Management	2	0	6	7	0	0	—	—	0	48	0	0
Property management fees	4	4	4	4	6	6	3	3	3	13	1	1
Other property expenses	80	81	0	2	2	2	21	21	0	16	0	0
Depreciation and amortization	101	101	9	9	99	99	132	132	—	74	1	1
Total expenses	241	246	23	26	169	173	216	220	28	176	5	5
Operating income	134	129	69	68	308	303	164	162	169	116	22	22
Rental deposits	495	495	176	176	700	700	654	654	—	—	64	64
Guaranteed deposits	—	—	—	—	—	—	—	—	—	—	—	—
Deposits (ending balance)	495	495	176	176	700	700	654	654	—	—	64	64

(mn yen)

Items	Ito-Yokado Tsunashima		Bic Camera Tachikawa		Itabashi SATY		8953 Kita Aoyama Bldg.		AEON Yamato SC	
	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006
Rental revenue	180	180	356	356	651	621	32	32	534	534
Other income	—	—	31	33	0	0	1	1	—	—
Total property income	180	180	387	390	651	621	34	34	534	534
Tax and public charges	18	19	30	29	42	45	1	—	54	—
Facilities Management	—	—	33	68	—	0	2	2	0	0
Property management fees	3	3	6	6	4	4	1	1	4	4
Other property expenses	0	0	1	1	263	263	1	0	2	2
Depreciation and amortization	26	26	90	90	107	107	3	3	114	114
Total expenses	49	51	162	196	418	421	10	7	176	121
Operating income	131	129	225	193	232	199	24	26	357	412
Rental deposits	232	232	712	712	754	754	40	40	1,068	1,068
Guaranteed deposits	—	—	—	—	—	—	—	—	—	—
Deposits (ending balance)	232	232	712	712	754	754	40	40	1,068	1,068

(Note 1) The Aug. 2006 period: Mar. 1, 2006 to Aug. 31, 2006 (184 days)

(Note 2) The Feb. 2006 period: Sep. 1, 2005 to Feb. 28, 2006 (181 days)



Performance by Property (Income-type Properties: 3)

(mn yen)

Items	SEIYU Hibarigaoka		Tobata SATY		JUSCO City Takatsuki		8953 Jiyugaoka Bldg.		JUSCO City Yagoto	
	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006
Rental revenue	261	261	315	315	411	411	82	78	164	164
Other income	0	0	0	—	0	0	5	6	0	0
Total property income	261	261	315	315	411	411	87	85	164	164
Tax and public charges	15	—	65	—	57	—	4	—	16	—
Facilities Management	0	—	3	0	0	—	8	9	3	1
Property management fees	3	3	5	5	3	3	2	2	3	3
Other property expenses	0	1	5	3	1	2	0	0	0	1
Depreciation and amortization	88	88	67	67	108	108	13	13	33	33
Total expenses	107	92	148	76	171	114	30	26	56	39
Operating income	153	168	167	238	239	296	57	59	107	124
Rental deposits	300	300	315	315	1,232	1,232	126	115	502	502
Guaranteed deposits	—	—	—	—	4,230	4,476	47	47	58	58
Deposits (ending balance)	300	300	315	315	5,462	5,708	174	162	561	561

(mn yen)

Items	JUSCO Naha		Cheers Ginza		JUSCO City Nishi-Otsu		Higashi-Totsuka Aurora City		Omiya SATY		Loc City Ogaki		Income-type total	
	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006
Rental revenue	385	385	87	87	375	149	1,171	—	74	—	66	—	9,316	7,699
Other income	4	2	24	23	0	0	66	—	0	—	—	—	360	97
Total property income	389	388	111	111	375	149	1,238	—	75	—	—	—	9,677	7,797
Tax and public charges	19	—	5	—	30	—	0	—	—	—	—	—	891	626
Facilities Management	—	0	27	26	0	0	69	—	—	—	—	—	183	148
Property management fees	4	4	2	2	4	1	7	—	1	—	0	—	144	129
Other property expenses	29	29	5	1	5	1	21	—	0	—	17	—	633	432
Depreciation and amortization	80	80	16	16	88	44	344	—	25	—	36	—	2,189	1,737
Total expenses	134	115	56	46	129	48	443	—	27	—	54	—	3,886	3,073
Operating income	255	273	55	65	245	101	794	—	48	—	11	—	5,768	4,714
Rental deposits	2,118	2,118	168	168	988	988	5,796	—	440	—	600	—	23,619	16,768
Guaranteed deposits	—	—	—	—	—	—	—	—	—	—	—	—	18,384	18,695
Deposits (ending balance)	2,118	2,118	168	168	988	988	5,796	—	440	—	600	—	42,003	35,464

(Note1) The Aug. 2006 period: Mar. 1, 2006 to Aug. 31, 2006 (184 days)

(Note2) The Feb. 2006 period: Sep. 1, 2005 to Feb. 28, 2006 (181 days)

(Note3) Site of former Esquisse Omotesando site was classified as a growth property through the last fiscal period.



Property Performance (Growth-type Properties)

Items	Hakata Riverain		Nara Family		Abiko Shopping Plaza		Wonder City		Kyoto Family		Growth-type total		Overall Total	
	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006	Aug. 2006	Feb. 2006
Rental revenue	889	902	1,869	1,860	486	468	609	611	545	200	4,400	4,282	13,716	11,982
Other income	208	213	345	294	213	324	42	35	133	45	944	966	1,304	1,064
Total property income	1,098	1,116	2,215	2,155	700	792	652	646	678	245	5,344	5,249	15,021	13,046
Tax and public charges	108	117	96	108	34	37	71	0	30	0	342	286	1,233	912
Facilities management	387	339	483	408	226	353	45	45	209	72	1,352	1,268	1,535	1,417
Property management fees	67	51	201	198	47	74	108	108	57	24	482	471	626	600
Sales promotion expenses	146	129	71	96	21	25	0	2	8	2	246	267	251	268
Other property expenses	57	77	265	236	13	13	4	5	106	39	445	377	1,019	809
Depreciation and amortization	181	179	228	226	99	93	125	124	71	35	705	734	2,894	2,472
Real property retirement loss	33	16	19	—	—	—	—	—	1	—	54	16	54	16
Total real estate rental expenses	982	913	1,367	1,275	443	597	355	285	484	174	3,633	3,422	7,519	6,496
Real estate rental profit	115	202	847	879	256	195	296	361	194	70	1,710	1,826	7,478	6,550
Rental deposits	759	756	5,567	5,575	950	954	834	834	848	848	8,961	8,969	32,580	25,738
Guaranteed deposits	—	—	11,957	11,957	3,811	4,027	4,765	5,436	—	—	20,535	21,422	38,919	40,117
Deposits (ending balance)	759	756	17,525	17,533	4,762	4,982	5,600	6,270	848	848	29,497	30,392	71,500	65,856

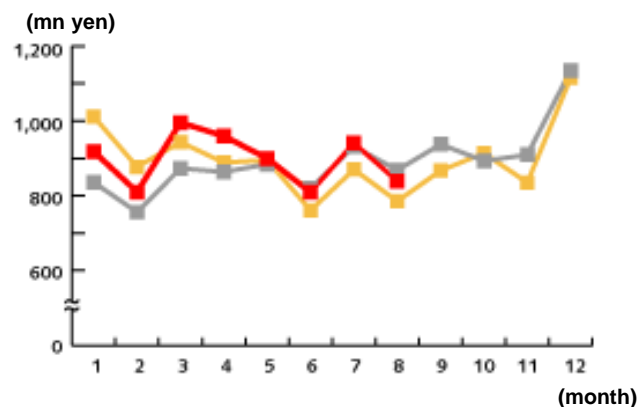
(Note1) The Aug. 2006 period: Mar. 1, 2006 to Aug. 31, 2006 (184 days)

(Note2) The Feb. 2006 period; Sep. 1, 2005 to Feb. 28, 2006 (181 days)

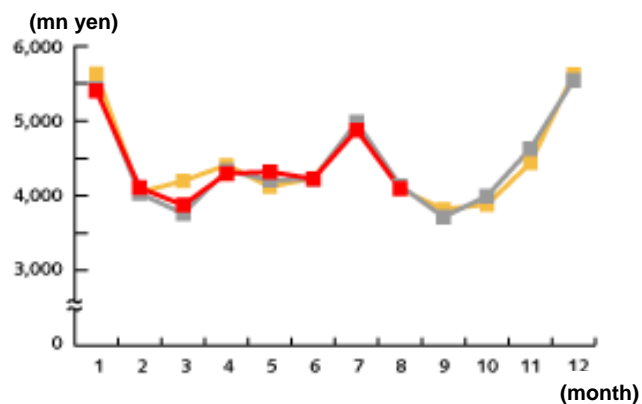
(Note3) Site of former Esquisse Omotesando site was classified as a growth property through the last fiscal period.

Sales Performance of Growth Properties

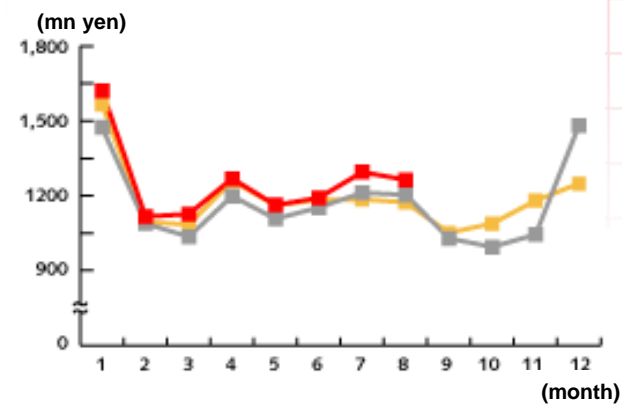
Hakata Riverain



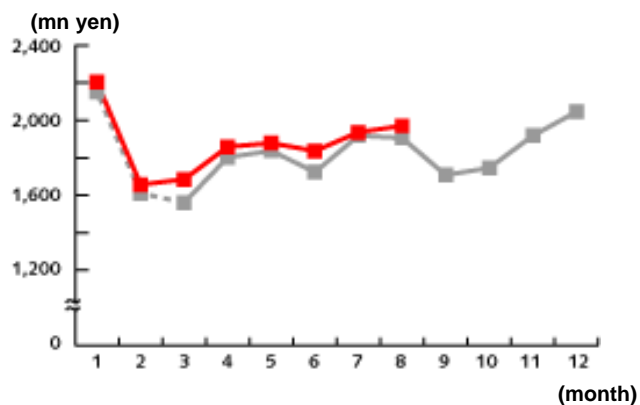
Nara Family



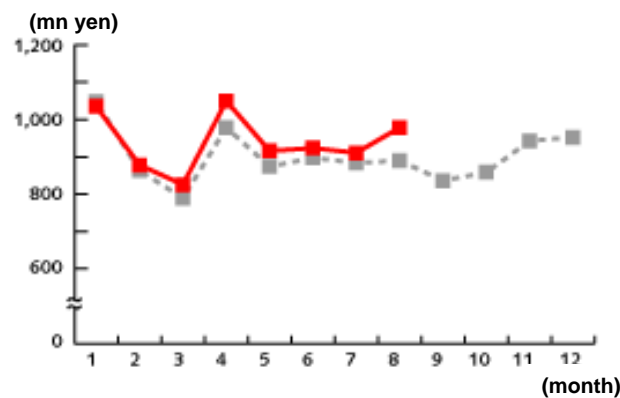
Abiko Shopping Plaza



Wonder City



Kyoto Family



■ Sales for Jan. ~ Aug. 2006

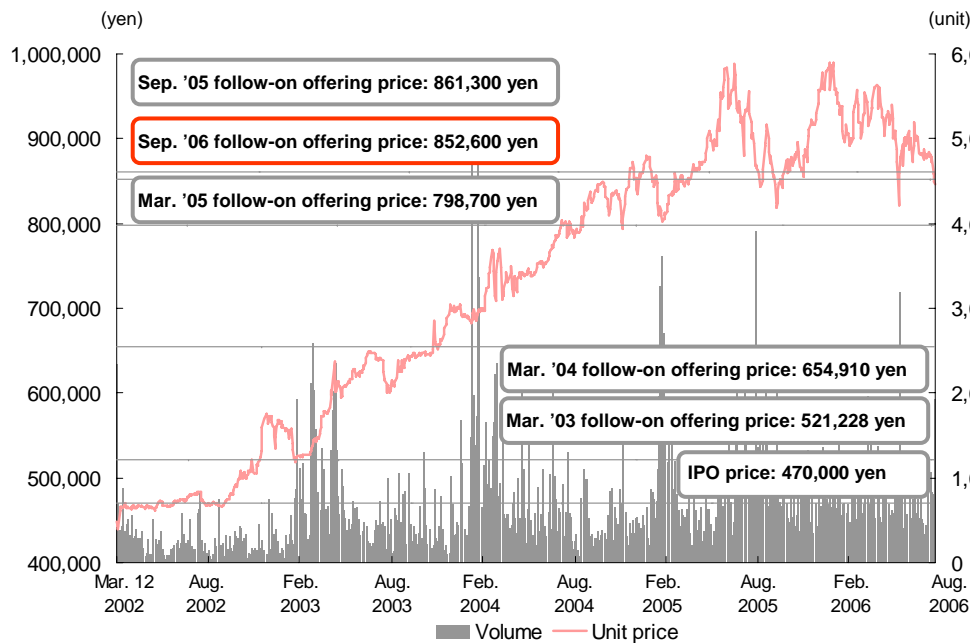
■ Sales for Jan. ~ Dec. 2005

■ Sales for Jan. 2004 ~ Dec. 2004

(Note) Dotted lines indicate pre-acquisition data

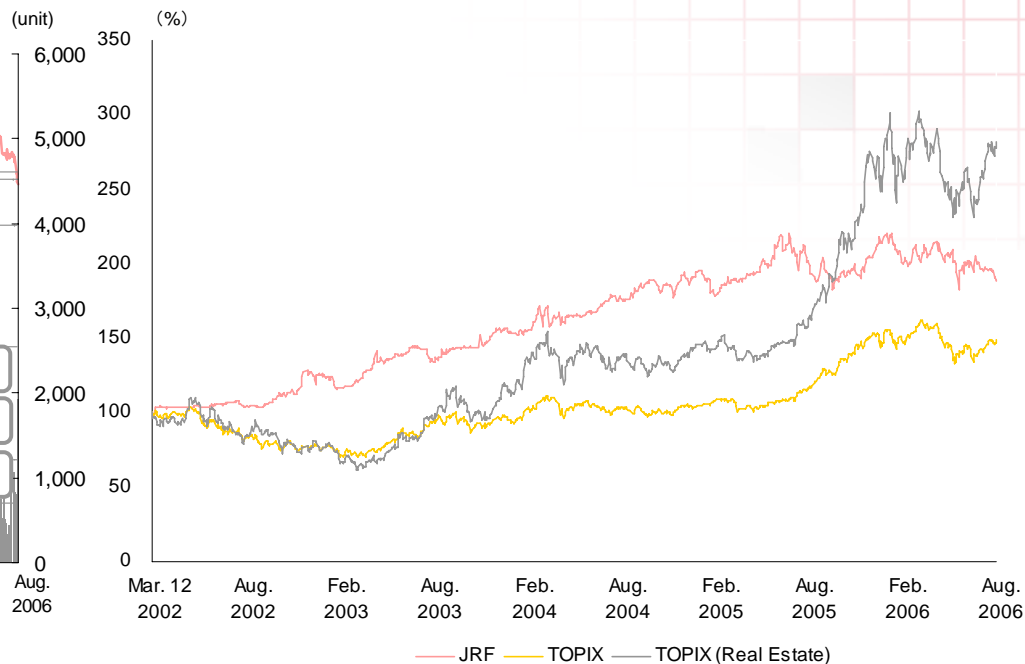
Unit Price Performance Since IPO

Unit Price Trends (Through Aug. 31, 2006)^(Note1)



High	1,010,000 yen	(Feb. 8, 2006)
Low	433,000 yen	(Mar. 13, 2002)
Average price (closing price)	725,202 yen	(as of Aug. 31, 2006)
Total volume	629,275 units	(as of Aug. 31, 2006)
Daily average volume	571 units	(as of Aug. 31, 2006)

Relative Price Fluctuations (Through Aug. 31, 2006)^(Note2)



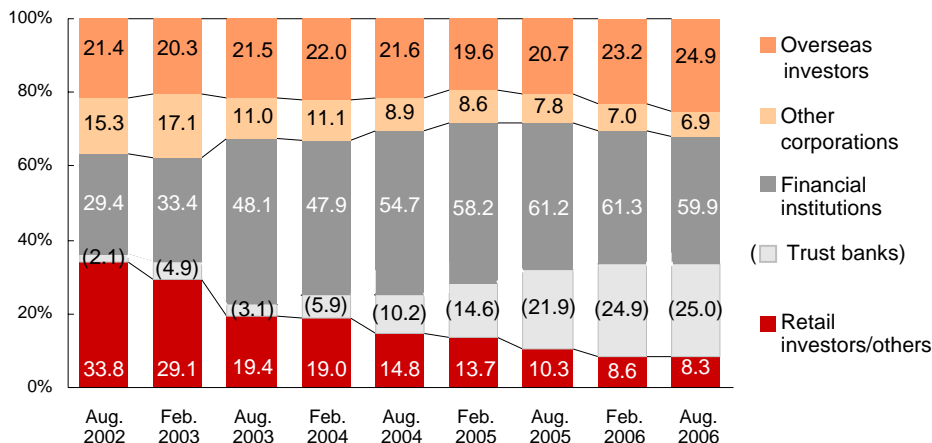
(Note 1) Closing price basis

(Note 2) Mar. 12, 2002 (IPO Date) closing price as 100%.

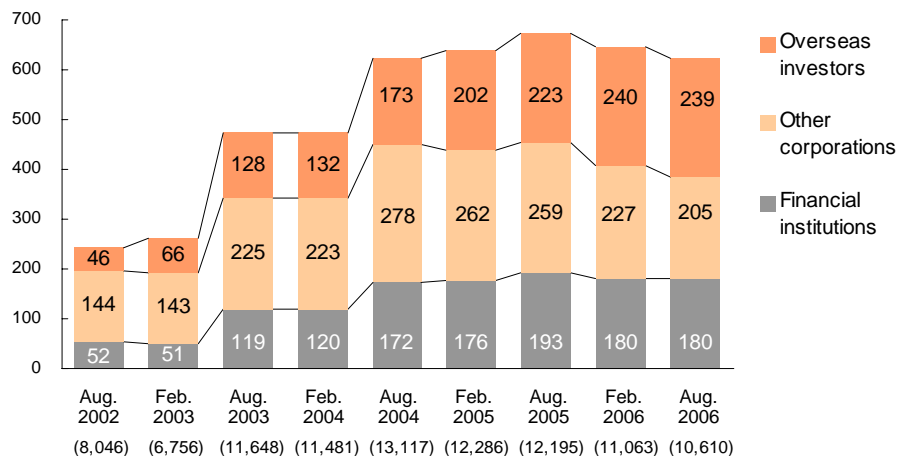
Source: Bloomberg

Composition of Unitholders

Number of Units



Ownership Share by Investor Type

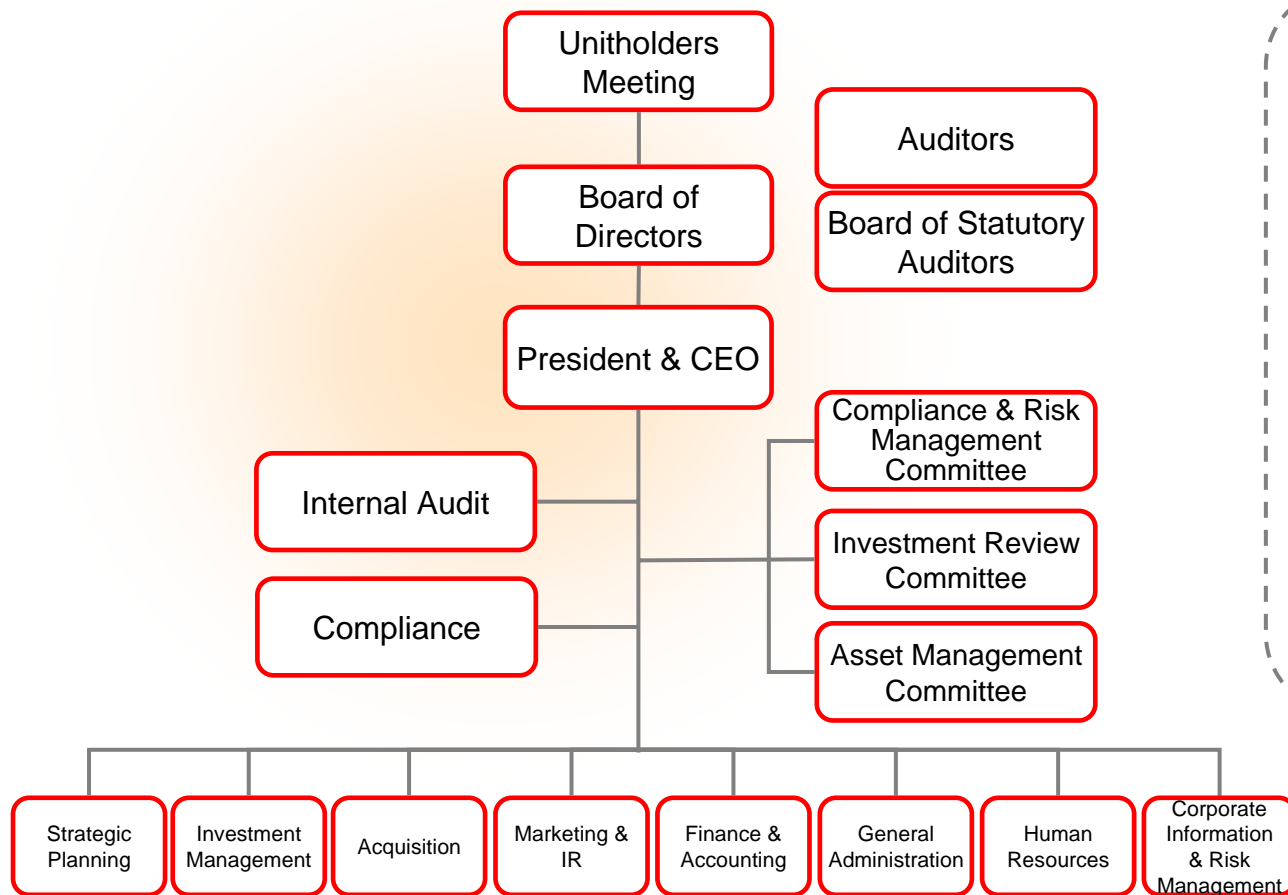


(Note 1) Excluding retail investors/others

(Note 2) Figures in brackets represent the total number of unitholders including retail investors/others

Top 20 Unitholders as of Aug. 31, 2006

Rank	Name	Units	Share (%)
1	NikkoCiti Trust and Banking Corporation, trust account	22,504	7.44
2	Japan Trustee Service Bank, trust account	20,120	6.65
3	Trust & Custody Services Bank, trust account	14,534	4.80
4	Mitsubishi Corporation	13,975	4.62
5	The Master Trust Bank of Japan, trust account	13,210	4.37
6	Chugoku Bank	10,111	3.34
7	The Bank of New York, Treaty JASDAQ Account	6,967	2.30
8	AIG Star Life Insurance, general account	6,413	2.12
9	Gibraltar Life, units held in general and other accounts	5,286	1.75
10	North Pacific Bank	4,764	1.57
11	Nikko Citigroup Limited	4,572	1.51
12	Goldman Sachs International	4,541	1.50
13	UBS AG London Asia Equities	4,081	1.35
14	The Senshu Bank	3,758	1.24
15	The Fuji Fire and Marine Insurance	3,638	1.20
16	The Joyo Bank	3,630	1.20
17	The Nomura Trust and Banking, Investment Trust	3,625	1.20
18	Barclays Bank Plc Barclays Capital Securities	3,602	1.19
19	The Hachijuni Bank	3,157	1.04
20	The Yamanashi Chuo Bank	3,093	1.02
Total		155,581	51.43



Asset Manager: 47 directors and employees (excluding part-time directors and employees)

Staff qualifications

■ Licensed real estate agents	18
■ Licensed 1st class architects	4
■ Property appraisers	2
■ CFAs (Chartered Financial Analysts)	2
■ CMAs (Chartered Members of the Security Analysts Association of Japan)	2
■ CPAs (incl. the U.S. and Australia)	2
■ Certified tax accountants	2
■ MBAs (incl. the U.S. and UK)	5

(Note) As of October 1, 2006



- The JRF board of directors meeting held on October 16, 2006 ratified that a vote will be held for the person below as the candidate for the next executive director at the Fifth General Meeting of Investors to be held on November 22, 2006.

Name (DOB) Yorishige Kondo (Jun 18, 1949)

Professional History

Apr 1974: Entered Mitsubishi Trust and Banking Corporation

Jun 1980: Earned MBA from New York University

Oct 1993: Assigned to Mitsubishi Trust Securities as Underwriting Department Deputy General Manager

Feb 1997: Returned to Mitsubishi Trust and Banking as Market Finance Department General Manager

Jun 1998: Assigned to post of Securities Business General Manager

Apr 2000: Assigned to post of Tokyo Sales Department No. 1 General Manager

Mar 2001: Earned Ph.D. in International Public Policy from Osaka University

Apr 2002: Assigned to post of Financial Corporation Department General Manager

Apr 2003: Assigned to post of Headquarters Corporate Sales Department No. 1 General Manager

Oct 2003: Appointed professor at Hirosaki University

Apr 2006: Appointed professor at Tokyo University of Technology (presently serving)