

# Japan Retail Fund Investment Corporation

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FEBRUARY 2007 (10<sup>th</sup>) PERIOD RESULTS



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Mitsubishi Corp UBS Realty

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## Highlights of February 2007 (10<sup>th</sup>) Period Performance

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## Highlights of February 2007 (10<sup>th</sup>) Period Performance

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### Internal Growth

- ▶ Continual measures to reinforce and maintain competitiveness of existing portfolio

### External Growth

- ▶ Achieved growth of portfolio to 400 billion yen of total assets half year ahead of schedule
- ▶ Acquired large properties such as Diamond City Leafa (acquired for 29.9 billion yen) and Diamond City Terrace (acquired for 20.3 billion yen)

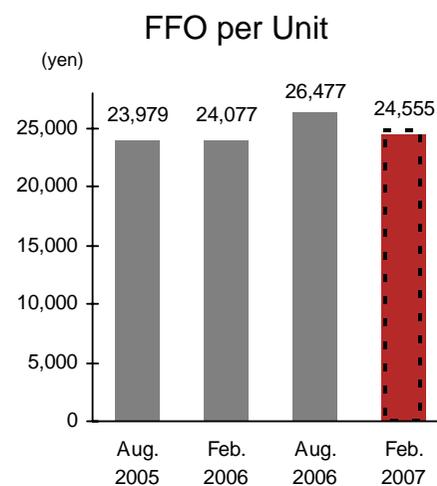
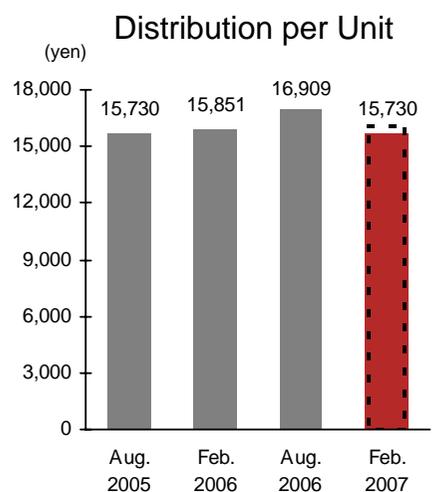
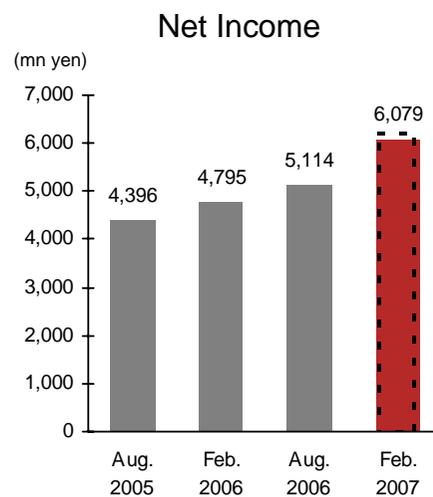
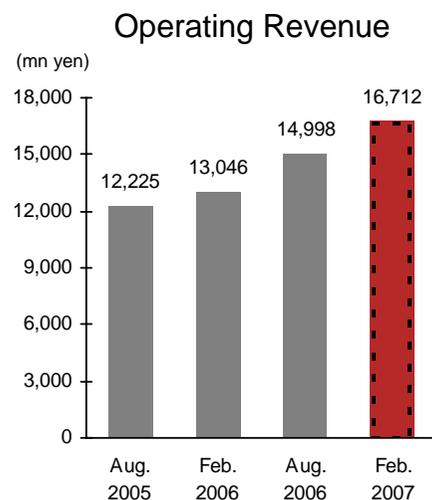
### Financial Strategy

- ▶ Conducted 5th follow-on equity offering
- ▶ Conducted 4th issuance of unsecured corporate bonds
- ▶ Moody's upgraded the Fund's issuer and senior unsecured debt rating from A2 to A1, while S&P upgraded the Fund's senior unsecured debt rating from A to A+

- ▶ Operating income increased to 16,712 million yen, net income increased to 6,079 million yen, and distribution per unit (DPU) was 15,730 yen for the period. These results reflect the operation of properties acquired in the Feb. 2007 period for part of the period, and the full fiscal period operation of the properties acquired in the previous fiscal period.

# Highlights of February 2007 (10th) Period Performance

## Historical Operating Results



(Note) Dotted line represents figures announced on Oct. 16, 2006

## Feb. 2007 Period Results and Forecasts

Items	Feb. 2007 (Actual)	Feb. 2007 (Estimate) (Note 1)	Variance (%)
Operating revenue (mn yen)	16,712	16,680	32 (0.2%)
Operating income (mn yen)	6,938	6,940	(2) (-0.0%)
Recurring profit (mn yen)	6,093	6,204	(111) (-1.8%)
Net income (mn yen)	6,079	6,196	(117) (-1.9%)
Distribution per unit (yen)	15,730	16,030	(300) (-1.9%)
FFO per unit (Note 2) (yen)	24,555	24,790	(235) (-0.9%)

(Note 1) The Feb. 2007 Period forecast figures are those announced on Oct. 16, 2006

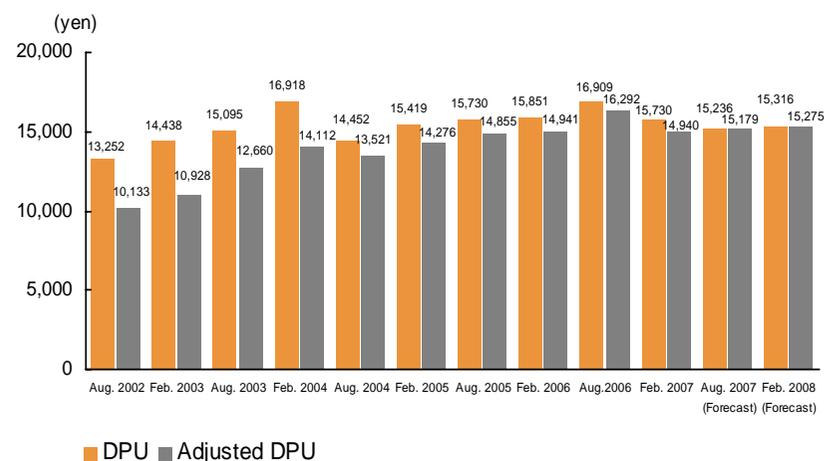
(Note 2) (Net income + depreciation + other real estate related depreciation) /outstanding units at period end

## Forecasts for August 2007 and February 2008 Periods

### Feb. 2007 Period Performance and Forecasts

Items	Feb. 2007 Period (181 days)	Aug. 2007 Period (184 days)	Feb. 2008 Period (182 days)
Operating revenue (mn yen)	16,712	17,866	17,542
Recurring profit (mn yen)	6,093	5,907	5,938
Net income (mn yen)	6,079	5,889	5,920
Distribution per unit (yen)	15,730	15,236	15,316
FFO per unit (yen) (Note 1)	24,555	24,715	25,320
FFO payout ratio	64.1 %	61.6%	60.5%

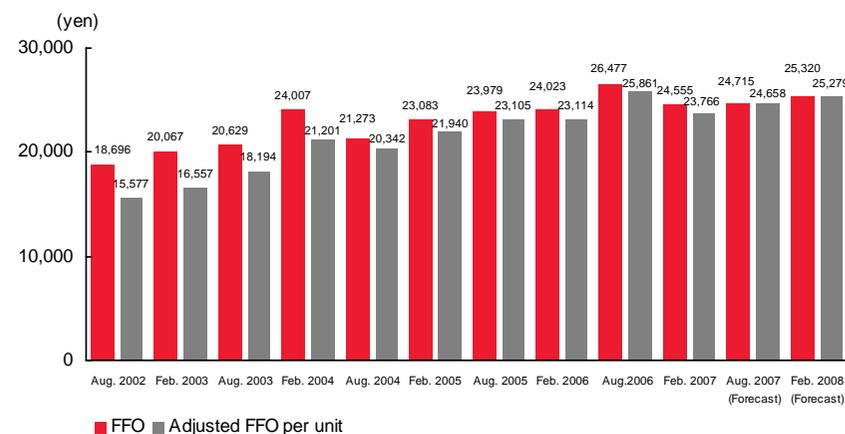
### DPU and Adjusted DPU (Note 2)



### Capital Expenditures

	(mn yen)								
	Feb. 2003 Period	Aug. 2003 Period	Feb. 2004 Period	Aug. 2004 Period	Feb. 2005 Period	Aug. 2005 Period	Feb. 2006 Period	Aug. 2006 Period	Feb. 2007 Period
Capital expenditures	3	114	772	245	373	327	960	486	648
Maintenance	0	38	86	41	43	121	194	81	48
Total	3	153	857	286	416	448	1,154	567	696

### FFO and Adjusted FFO per Unit (Note 2)



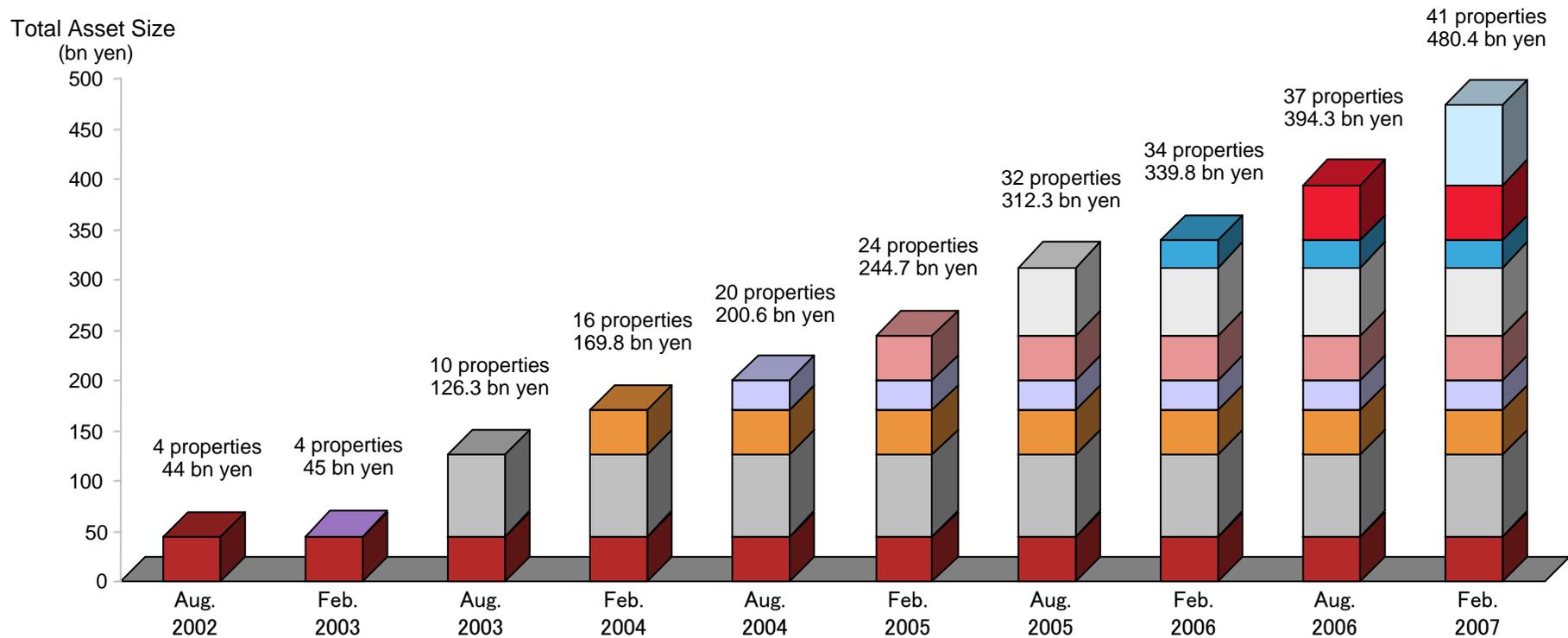
(Note 1) (Net income + net depreciation + other property related amortization)/total units outstanding

(Note 2) 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

## History of Portfolio Growth

**After acquiring four properties in the Feb. 2007 period, total asset size of the portfolio reached 480.4 billion yen.**

- ▶ Number of properties analyzed in one year (from January 2006 to December 2006) and their values: 144 properties (cumulative since Fund inception: 914 properties); approximate value of 866.4 billion yen (cumulative since Fund inception: approximately 5.7 trillion yen)
- ▶ Total acquisition price of the 41 properties in the portfolio: 448,490 million yen
- ▶ Period-end appraisal value: 498,547 million (unrealized gain: roughly 50 billion yen)



(Note 1) JRF has owned only the land at GYRE (formerly the site of ESQUISSE Omotesando) since Feb. 2006.

(Note 2) The figure excludes properties to be acquired in the Feb. 2007 period or after, including Oyama Yuen Harvest Walk, Urawa PARCO (interim name), Jingumae 4-chome East Project (interim name), Jingumae 4-chome West Project (interim name) and Ario Otori.

# 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)	5th Follow-on (Sep. 2006) <small>(Note 10)</small>	End of Feb. 2007 Period
<b>Number of properties</b>	4	9	18	28	32	38	41
<b>Total acquisition price (bn yen)</b>	40.9	110.6	180.4	259.2	291.2	388.4	448.4
<b>Cap rate at acquisition (weighted average)</b>	6.3%	6.7%	6.3%	6.2%	6.2%	5.9%	5.8%
<b>Key tenants (more than 5% of annual rents)</b>	AEON 48.2%	AEON 19.2%	Ito-Yokado 21.8%	Ito-Yokado 17.9%	AEON 16.7%	AEON 17.3%	AEON 17.7%
	Tokyu Hands 29.1%	Ito-Yokado 18.2%	AEON 17.6%	AEON 12.7%	Ito-Yokado 16.5%	Ito-Yokado 13.0%	Ito-Yokado 11.9%
	Ito-Yokado 19.7%	Kintetsu Dept. 15.0%	Kintetsu Dept. 9.8%	AEON Mall 8.6%	AEON Mall 8.0%	AEON Mall 6.3%	Diamond City 11.0%
		Tokyu Hands 8.2%	AEON Kyushu 6.1%	Kintetsu Dept. 7.3%	Kintetsu Dept. 6.7%	Seibu Dept. 5.9%	AEON Mall 5.8%
		Otsuka Kagu 5.4%	Tokyu Hands 5.3%	Mycal 5.6%	Mycal 5.2%	Mycal 5.4%	Mycal 5.0%
<b>Number of tenants</b>	5	255	308	349	351	415	415
<b>Geographic diversification</b>							
<b>Tokyo metropolitan area</b>	42.7%	30.7%	41.1%	50.1%	46.6%	49.8%	43.7%
<b>Osaka/Nagoya &amp; surrounding areas</b>	33.6%	49.1%	33.7%	29.8%	31.8%	33.9%	40.0%
<b>Other major cities</b>	23.7%	20.2%	25.2%	20.1%	21.6%	16.3%	16.3%
<b>Investment types</b>							
<b>Income</b>	100.0%	51.3%	62.0%	67.4%	70.4%	79.9%	72.1%
<b>Growth</b>	0.0%	48.7%	38.0%	32.6%	29.6%	20.1%	27.9%
<b>Portfolio PML</b>	4.4%	2.3%	2.7%	3.3%	3.0%	—	2.1%

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

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

(Note 3) The cap rate at IPO: DCF discount rates are applied for 2 properties of JUSCO Chigasaki Shopping Center and 8953 Osaka Shinsaibashi Building, and direct cap rates for the other 2 properties. As for Sendai Nakayama Shopping Center, only the space formerly leased by JUSCO is included in the calculation.

(Note 4) The site of GYRE (the site of former ESQUISSE Omotesando) is classified as an income property as JRF only owns the land. For Feb. 2006's portfolio PML, the site of GYRE is not included.

(Note 5) Figures for the 1st follow-on offering are based on data of 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 of Dec. 2003. However, cap rates for the existing properties are based as of Aug. 2003. Sendai Nakayama Shopping Center's cap rate is only for the space formerly leased by JUSCO.

(Note 7) The 3rd follow-on offering is based on data of Dec. 2004. Cap rate of 8953 Jiyugaoka, 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 of Jun. 2005. Cap rate of 8953 Jiyugaoka is only for NEXT, and as for Sendai Nakayama Shopping Center, it only includes former leased space of JUSCO.

(Note 9) Portfolio PML is based on data from reports in Feb. 2002, Jan. 2004, Jan. 2005, Aug. 2005 and Nov. 2006.

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

(Note 11) AEON Mall Co. Ltd. and Diamond City Co. Ltd. will be merged on Aug. 21, 2007.

# Financial Strategy

## 5th Follow-on Equity Offering

Total Offering Size	78,000 units (66.5 bn yen)
Over-allotment	6,000 units (5.1 bn yen)
Offering Price	852,600 yen
Delivery Date	Sep. 22, 2006

## 4th Unsecured Corporate Bond Issue

Total offering amount	20 billion yen
Coupon rate	1.60%
Collateral & Guarantee	None
Maturity	5 years
Pricing date	Dec. 22, 2006
Date of maturity	Dec. 22, 2011
Rating	A1 (Moody's), A+ (S&P) and AA – (R&I)

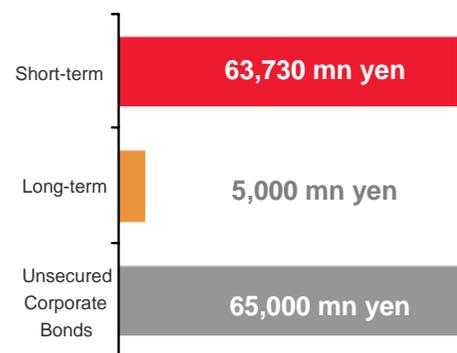
(Note) Ratings are shown as current ratings. Ratings at the time of issue were A2 (Moody's) and A (S&P).

## Upgrades by Rating Agencies

Moody's upgraded the Fund's issuer and senior unsecured long-term debt obligation rating from A2 to A1 on Feb. 5, 2007.

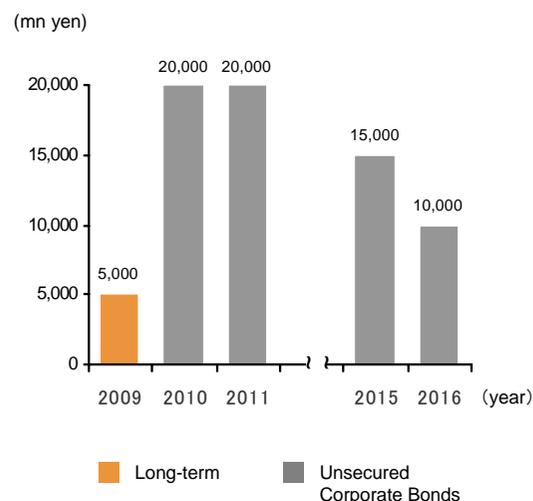
S&P upgraded all four existing series of the Fund's unsecured corporate bonds from A to A+ on Feb. 27, 2007.

## Details of Interest-bearing Liabilities



(Note) Rental deposits at the end of Feb. 2007 period are 36,494 mn yen and guaranteed deposits are 49,262 mn yen.

## Maturity Ladder



## Interest-bearing Liabilities as of February 2007

- ▶ Debt ratio (average remaining years) about 7.1 years
- ▶ Average cost of debt (including rental deposits/guaranteed deposits) 0.73%
- ▶ Feb. 2007 period debt ratio 46.5%
- ▶ Debt service coverage ratio 16.0X

(Note 1) Debt ratio (average remaining years) does not include short-term liabilities.

(Note 2) Debt ratio = Total liabilities/Total assets x 100

(Note 3) Debt service coverage ratio = EBIT/interest paid

# Growth Strategy

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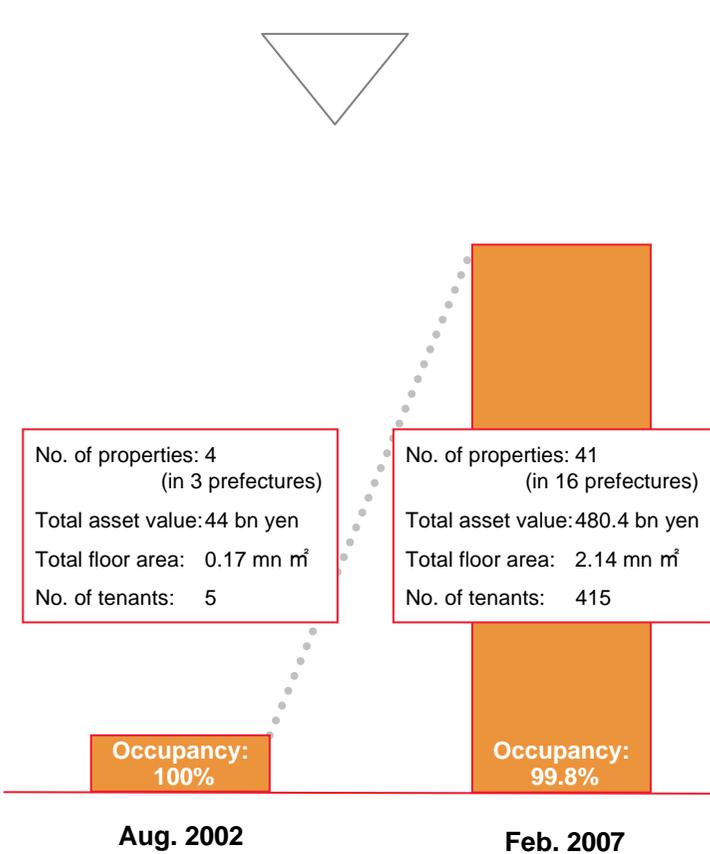
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# Growth Strategy (Overview)

## Phase 1 (Aug. 2002 Period to Feb. 2007 Period)

### Steady external growth:

Enjoy first-mover's advantage and prioritize external growth to expand portfolio size



## Phase 2 (from Aug. 2007 Period)

### Differentiating aspects of the Fund:

Assuming certain risks to achieve higher returns and making use of our size advantage.

- ▶ Achieve gains through direct leasing and rent with a sales-based component
- ▶ Diversify by acquiring properties in regional hub cities where we have not yet invested
- ▶ Undertake various new development projects

### Internal Growth

- Consider large-scale renovations
- Expand floor area and structures to extend rentable area
- Change investment type from income-type to growth-type
- Share expertise with property management to reduce costs

Hakata Riverain  
(renovating floor B2)



### External Growth

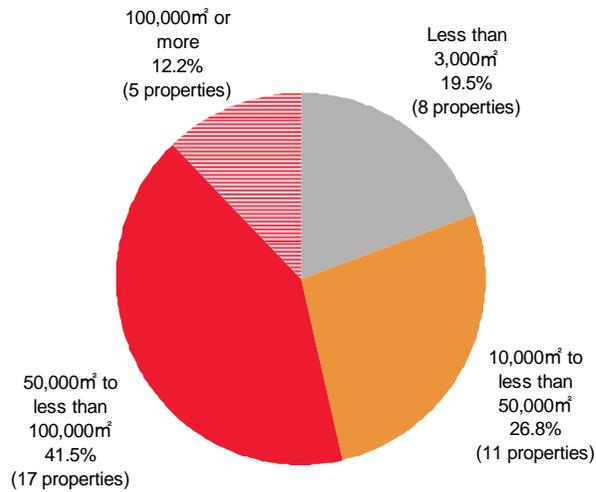
- Focus on highest quality properties out of abundant deal flow
- Acquire large-scale properties available to only a limited number of parties
- Consider acquisitions with leasing risk and long-term development projects

Jingumae 4-chome West  
Project (interim name)  
(tenants not yet determined)



# Direction/Methodology of Internal Growth Strategy

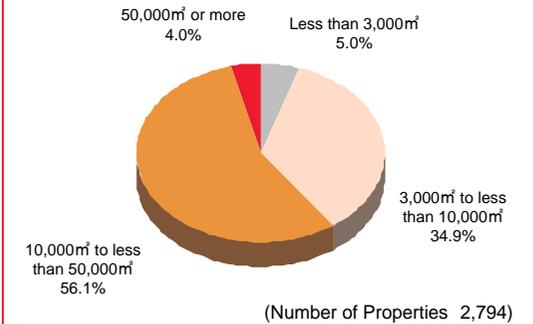
## Breakdown of JRF Portfolio by Total Leasable Area



Property name	Total leasable area (m <sup>2</sup> )	Property name	Total leasable area (m <sup>2</sup> )
<b>Higashi Totsuka Aurora City</b>	151,430	AEON Sapporo Naebo SC	74,626
<b>Diamond City Terrace</b>	150,402	Ito-Yokado Nishikicho	73,439
<b>Diamond City Leafa</b>	138,539	<b>Wonder City</b>	<b>72,090</b>
<b>AEON Kashihama</b>	109,617	Itabashi SATY	72,254
<b>AEON Higashiura</b>	100,458	JUSCO City Yagoto	63,778
Tobata SATY	93,258	JUSCO Chigasaki SC	63,652
<b>Nara Family</b>	<b>85,252</b>	JUSCO City Nishi-Otsu	62,717
AEON Yamato SC	85,227	AEON Ueda SC	61,349
JUSCO Naha	79,090	Loc City Ogaki	57,500
JUSCO City Takatsuki	77,267	ESPA Kawasaki	56,891
Omiya SATY	75,345	Ito-Yokado Narumi	50,438

\* Red indicates growth-type properties

## Breakdown of Domestic SC by Floor Area



Source: Japan Council of Shopping Centers (as of Mar. 2007)



# Examples of Internal Growth Strategies

Renovation

Replacing certain tenants

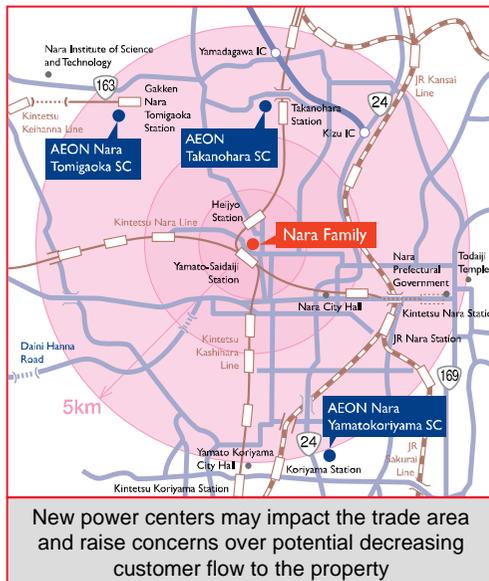
Rezoning/floor space expansion

New form of lease agreement, etc.

## Nara Family

### ▶ A series of GMSs opening in the trade area within a 15-minute drive

- “AEON Nara Tomigaoka SC” opened at Gakken Nara Tomigaoka Station on Jul. 26, 2006
- “AEON Takanohara SC” plans to open near Takanohara Station, 2 stops from Tomigaoka Station, in late May 2007
- “AEON Yamato Koriyama SC” plans to open in the spring of 2008



### ▶ Consider renewal at 3-year cycle capitalizing on the strength of “Department Store + GMS”

- In Jan. 2007, a dramatic change of the tenant mix on the first floor was conducted due to lease terminations with tenants (about 1,364m<sup>2</sup> in total). New shops such as Human Woman and INED leased space, and Banana Republic opened its first store in Nara prefecture on the floor on Mar. 15, 2007.
- On the rooftop floor, where currently an amusement park is located, renovation will provide a pleasant “green” area for relaxation (to be completed in May 2007)

### BEFORE

1st floor

Rooftop

### AFTER

1st floor

Entrance

COMME CA ISM COLLECT

Afternoon Tea LIVING

BANANA REPUBLIC

Soup

uni.que

UNTITLED

INED

HUMAN WOMAN

INDIVI

COACH

Camel Square

New tenants by renewal

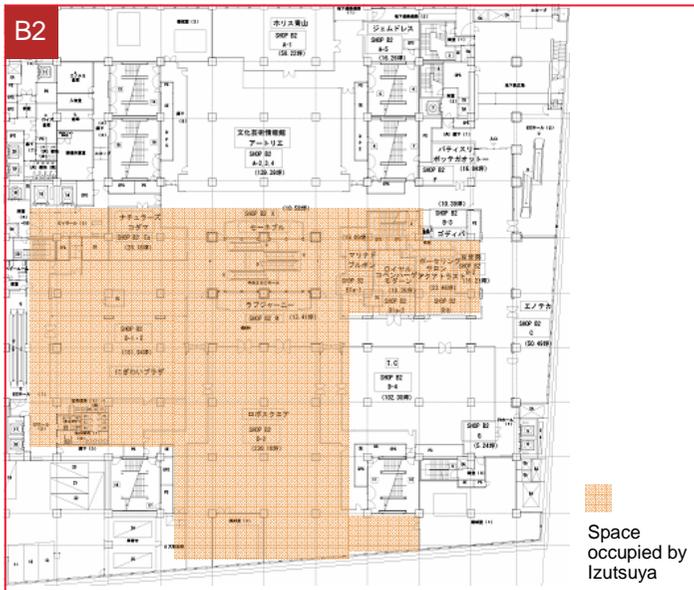
# Example of Internal Growth Strategy



- Renovation
- Replacing certain tenants
- Rezoning/floor space expansion
- New form of lease agreement, etc.

## Hakata Riverain

- ▶ In Feb. 2007, Jimmy Choo opened in vacant space on the first floor. On the second floor, new tenants such as Lexia Ginza and Blumarine opened stores
  - ▶ Two spaces on floor B2 operated by Fukuoka City were vacated, and Izutsuya (a department store) will occupy the space (about 2,000m<sup>2</sup>). Large-scale renovation work on floor B2, expanding rentable area by about 400m<sup>2</sup>, will commence in Jun. 2007 and a grand opening is targeted for Nov. 2007
- ⇒ After the renovation of floor B2, the ratio of rentable space to total building floor space (excluding Otsuka Kagu of the third and fourth floors) is expected to increase to 96.7% from 80.1% as of Aug. 2006



### Tenants that opened since September 2006

#### First store in Kyushu

- ▶ Jimmy Choo [Ladies shoes] (1st floor; Feb. 2007)
- ▶ Lexia Ginza [ROLEX] (2nd floor, Nov. 2006)
- ▶ Antonini [Jewelry] (2nd floor, Mar. 2007)

#### First company store in Kyushu

- ▶ Paola Frani [Ladies fashion] (2nd floor: Feb. 2007)
- ▶ Blumarine [Ladies fashion] (2nd floor: Feb. 2007/ moved from another floor)
- ▶ Patrizia Pepe [Ladies fashion] (2nd floor: Feb. 2007)



# Example of Internal Growth Strategy

Renovation

Replacing certain tenants

Rezoning/floor space expansion

New form of lease agreement, etc.

## JUSCO City Takatsuki

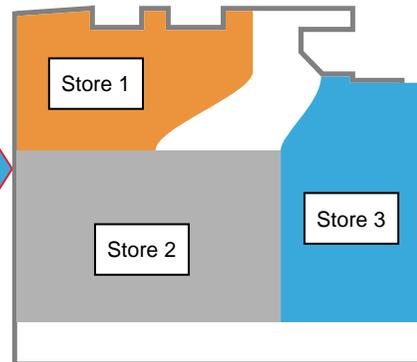
- ▶ A bowling alley moved out of this center in Mar. 2007, and the use of that space will be changed to retail stores such as apparel stores, expanding retailing area by about 2,300m<sup>2</sup> (completion is scheduled for fall 2007)



Before



After



Bowling alley

## Diamond City Terrace

- ▶ Extended bicycle sales area on the first floor



## Wonder City

- ▶ Plan to complete annex building on vacant land in Aug. 2007

### Construction overview

Total floor area: 3,627.68m<sup>2</sup>

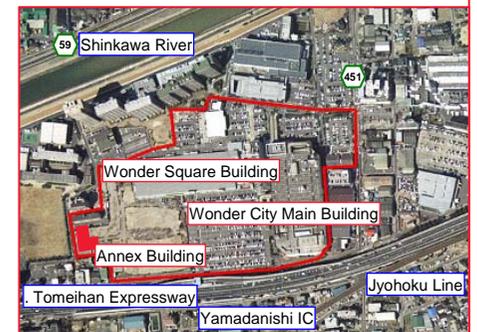
Structure/Scale: Steel construction, three-story building

Total

construction cost: approximately 850 mn yen

Construction

company: Takenaka Corporation



## Example of Internal Growth Strategy

Renovation

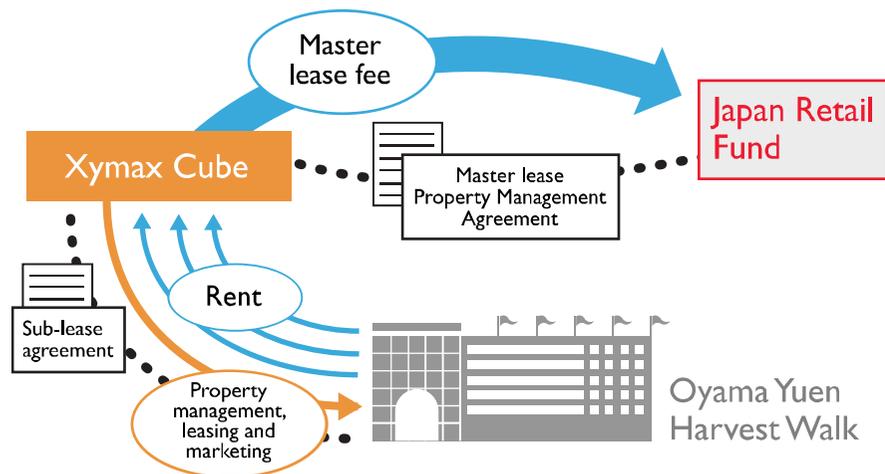
Replacing certain tenants

Rezoning/floor space expansion

New form of lease agreement, etc.

### Oyama Yuen Harvest Walk

- ▶ The Fund's first property in Tochigi Prefecture. A total of seven buildings at the former site of "Oyama Amusement Park" will open in stages from Mar. 2007 to Jul. 2007
- ▶ JRF's first pass-through type master lease deals with Xymax Cube, property management company, as master lessee



Pass-through type master lease where subtenant rents flow directly to the Fund through the master lease

Plan to conclude pass-through type master lease agreement with XYMAX Cube and expect rent from about 70 tenants. This is a growth-type property where master lease rent is determined according to the actual rent revenue from subleases (including sales-linked rent)



#### Overview

**Location:** Oyama City, Tochigi Prefecture

**Rentable Area:** 58,637.75m<sup>2</sup>

**Anticipated Acquisition Price:** 10,200 million yen

**Anticipated Acquisition date:** End of Jul. 2007

**Investment Type:** Growth Type

**Major tenants:** Yorkbenimaru, Super Viva Home, K's Denki, Sports Depo

# External Growth Strategy: Diverse Methods to Acquire Properties

	2002	2003	2004	2005	2006	2007	2008
Properties acquired by collaboration with Mitsubishi Corporation	 8953 Osaka Shinsaibashi Building  Sendai Nakayama Shopping Center 4 properties	 Hakata Riverain  Abiko Shopping Plaza 4 properties	 ESQUISSE Omotesando  AEON Sapporo Naebo Shopping Center 2 properties	 Wonder City  Tobata SATY 3 properties	 Diamond City Terrace  AEON Ueda Shopping Center 2 properties		 Jingumae 4-chome West Project (interim name) 1 property
Properties acquired from industrial companies (non-financial business) and investment funds		 Nara Family  Ito-Yokado Nishikicho 5 properties	 AEON Kashiihama Shopping Center  Itabashi SATY 7 properties	 AEON Yamato Shopping Center  JUSCO Naha 7 properties	 Higashi-Totsuka Aurora City  Kawaramachi OPA 4 properties		
Development-type properties				 8953 Kita Aoyama Building  8953 Jiyugaoka Building 2 properties	 Diamond City Leafa 1 property	 Urawa PARCO (interim name)  Oyama Yuen Harvest Walk 2 properties	(no image) Ario Otori Store  Jingumae 4-chome East Project (interim name) 2 properties

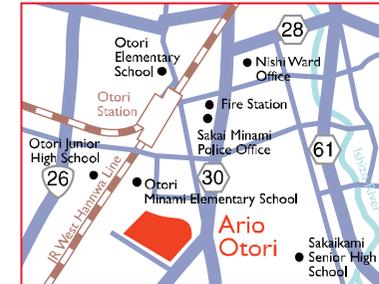
(Note 1) The above photos represent top 2 properties in terms of acquired (planned to be acquired) value out of each acquisition method for each calendar year  
 (Note 2) The picture is a computer-generated rendition prepared by the developer and subject to change  
 (Note 3) tele-design: © All Rights Reserved

# External Growth Strategy: Recent Cases

## Ario Otori

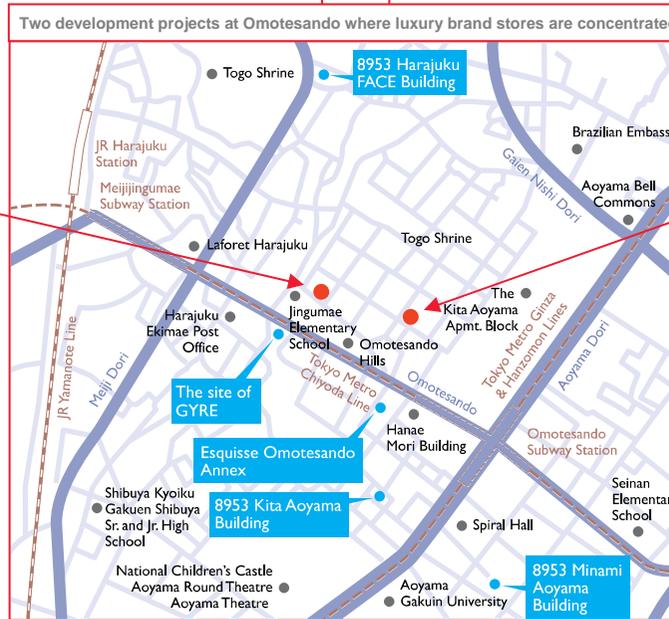
- ▶ JRF will acquire a property tenanted by Ito-Yokado's new business concept called "Ario" for the first time
- ▶ Large-scale commercial complex due to be built in Sakai, second only to Osaka City in terms of population and area in the prefecture

Location: Sakai City, Osaka Pref.  
 Anticipated acquisition price: 19,100 mn yen  
 Land area: 53,739.29m<sup>2</sup>  
 Total floor area: 139,923.58m<sup>2</sup> (planned)  
 Expected completion: Late Mar. 2008  
 Investment type: Income  
 Major tenant: Ito-Yokado



## Jingumae 4-chome West Project (interim name)

Location: Shibuya-ku, Tokyo  
 Anticipated acquisition price: 3,400 mn yen  
 Land area: 334.18m<sup>2</sup>  
 Total floor area: 553.95m<sup>2</sup> (planned)  
 Expected completion: Late Oct. 2007



## Jingumae 4-chome East Project (interim name)

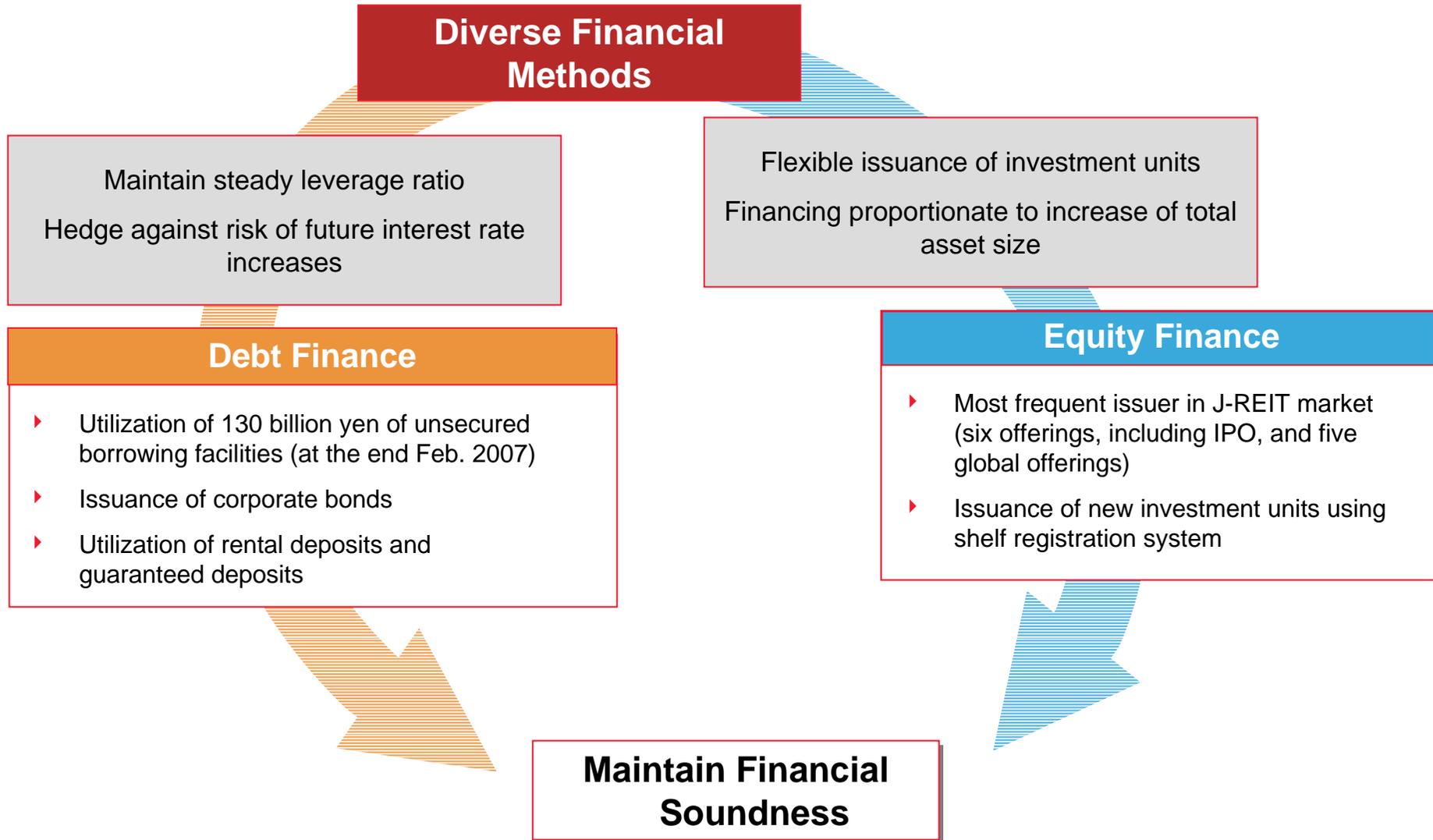
Location: Shibuya-ku, Tokyo  
 Anticipated acquisition price: 2,233.6 mn yen  
 Land area: 250.00m<sup>2</sup>  
 Total floor area: 479.06m<sup>2</sup> (planned)  
 Expected completion: End of Mar. 2008



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

# Financial Strategy: Securing Financial Stability and Flexibility



# Portfolio Overview

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# Portfolio Map



**Diamond City Terrace**  
Acquired Dec. 1, 2006



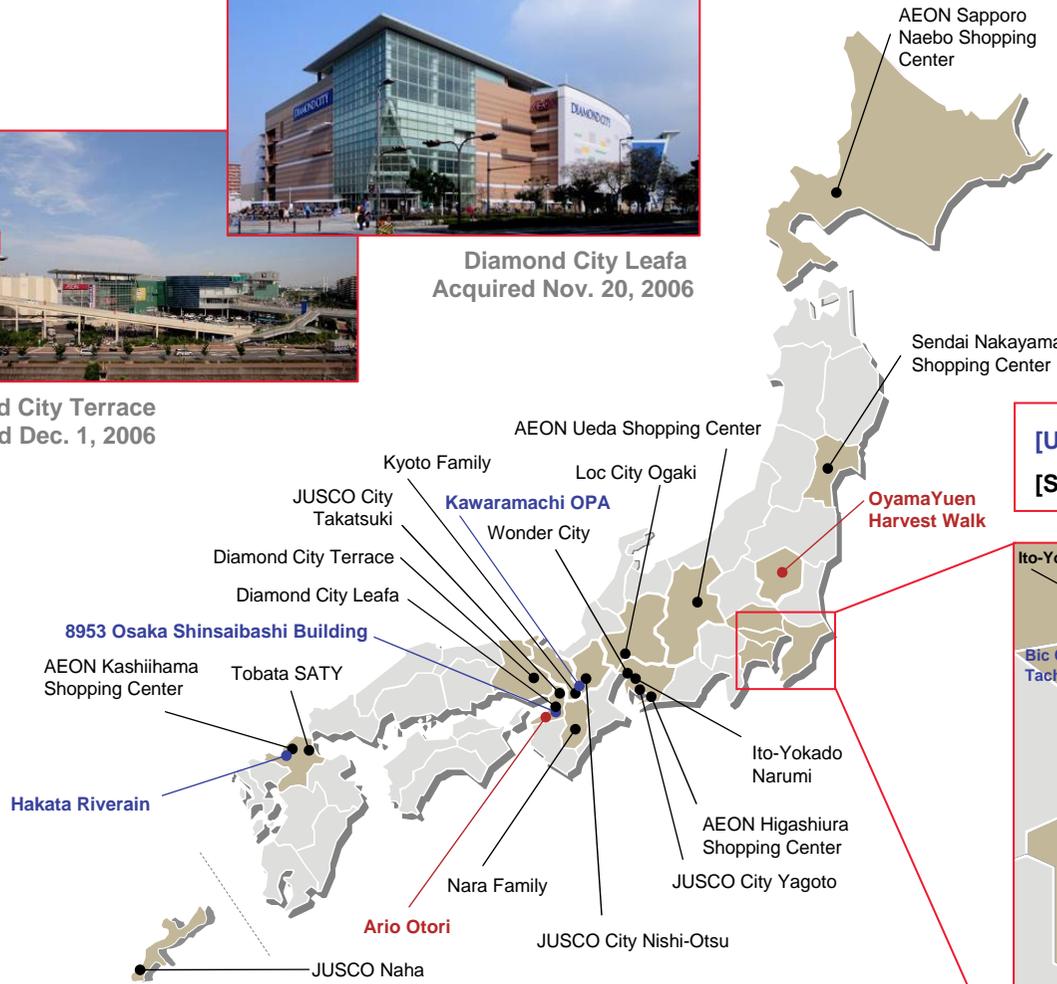
**Diamond City Leafa**  
Acquired Nov. 20, 2006



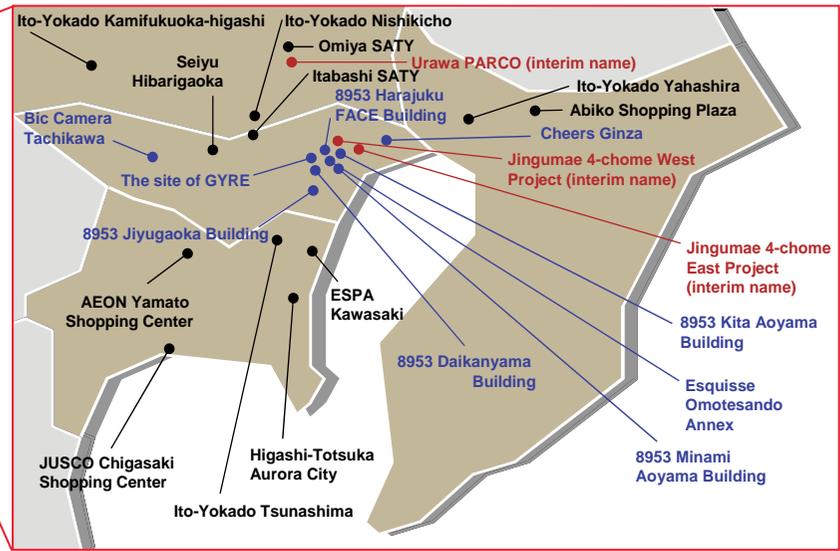
**Kawaramachi OPA**  
Acquired Sep. 29, 2006



**AEON Ueda Shopping Center**  
Acquired Nov. 1, 2006



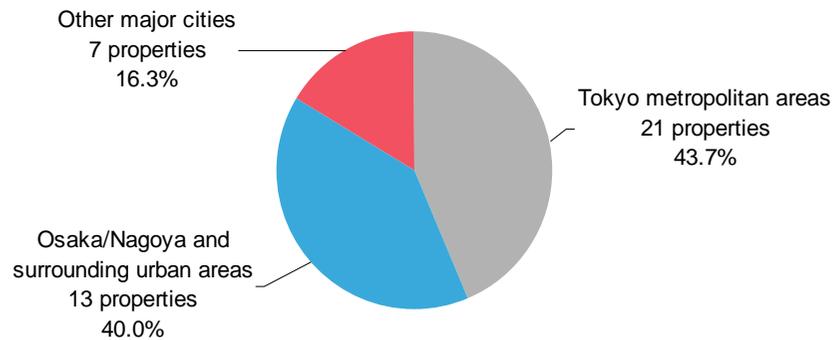
**[Urban]** 12 properties, total acquisition price of 90,154 mn yen  
**[Suburban]** 29 properties, total acquisition price of 358,336 mn yen



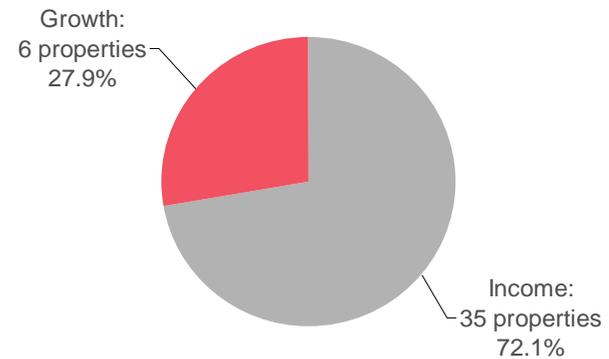
(Note 1) Map presents existing portfolio of Feb. 2007 and planned acquisitions after the Feb. 2007 period  
 (Note 2) The black properties are suburban properties, the blue ones are urban properties and the red ones are planned or completed acquisitions in the Aug. 2007 period or after  
 (Note 3) Total acquisition price excludes property (planned) acquisitions in the Aug. 2007 period or after

# Portfolio Diversification (Total 41 Properties) (Note 1)

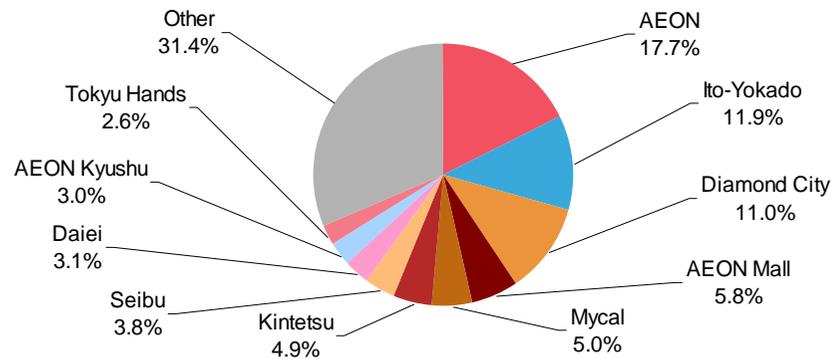
## Geographic



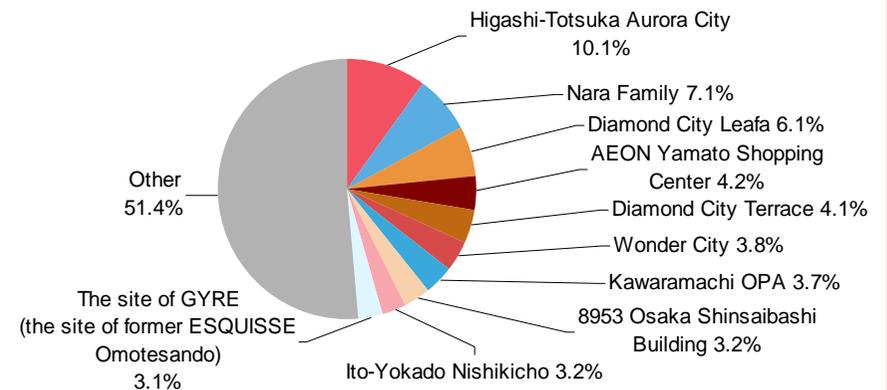
## Investment Types



## Tenants



## Scale

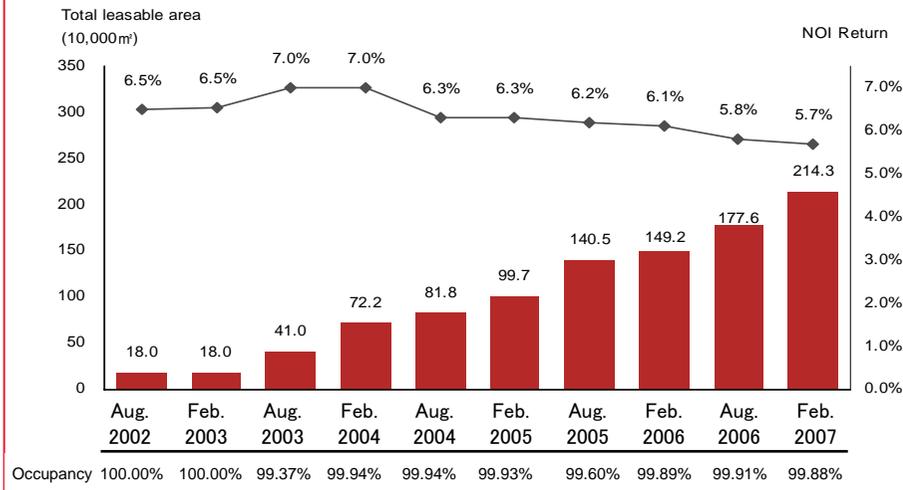


(Note 1) As of Feb. 2007.

(Note 2) The geographic diversification, investment types diversification and diversification by scale are based on appraisal values. The tenants diversification chart is based on annual rents.

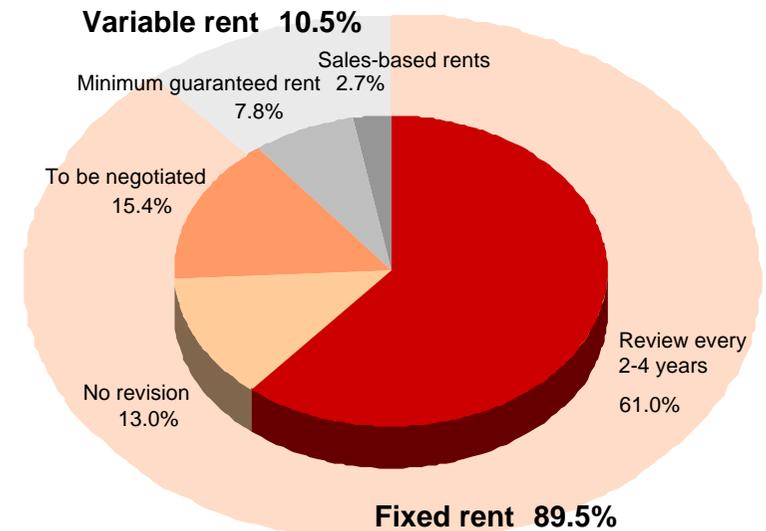
# Portfolio Data

## Leasable Area, Occupancy and NOI Returns

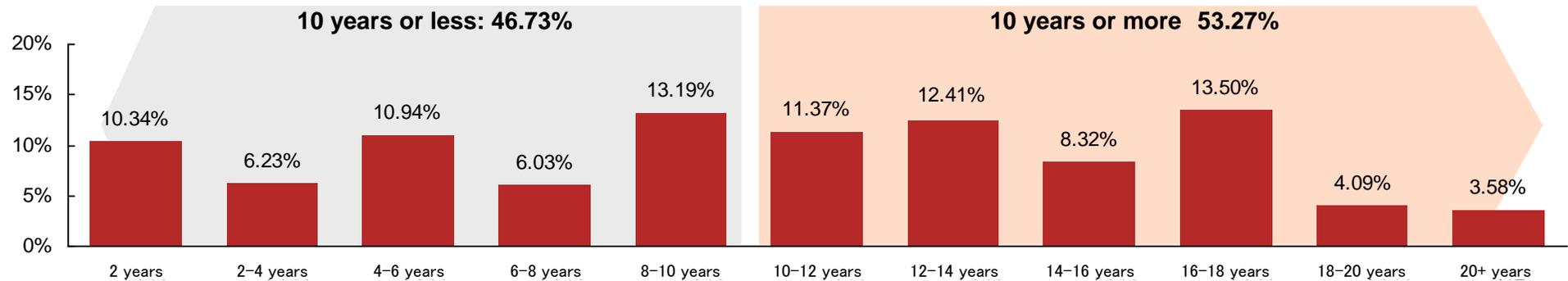


(Note) The total leasable area as of the end of each fiscal period, Occupancy, and NOI return.

## Lease Types



## Lease Expiration Schedule



(Note 1) Based on annual rent  
 (Note 2) As of Feb. 28, 2007

## Portfolio Overview (Note 1)

Name	Investment Type	Age (Note 2) (Years)	Total Leasable Area (m <sup>2</sup> )	Occupancy (%)	Acquisition Price (mn yen)	Share (%)	Cap Rate at Acquisition (Note 3) (%)	Appraisal Value (mn yen)	No. of Tenants	Key Tenants	PML (Note 4) (%)	Property Manager (Note 6)
Tokyo metropolitan areas												
ESPA Kawasaki <sup>(Note7)</sup>	Income	6.8	56,891.15	100.00	10,091	2.2	6.2	12,000	1	Ito-Yokado	9.1	Xymax Cube
JUSCO Chigasaki SC	Income	6.4	63,652.33	100.00	8,300	1.9	6.2	8,830	1	JUSCO	4.7	Geo Akamatsu
Abiko Shopping Plaza	Growth	12.4	42,642.36	100.00	10,200	2.3	7.2	14,300	53	Ito-Yokado	8.8	Xymax Cube
8953 Minami Aoyama Building	Income	5.0	1,540.98	100.00	5,350	1.2	5.5	6,660	3	Hugo Boss	13.5	CB Richard Ellis
Ito-Yokado Yabashira	Income	24.4	21,581.65	100.00	1,616	0.4	6.1	2,070	1	Ito-Yokado	6.1, 4.9	Xymax Cube
Ito-Yokado Kamifukuoka-Higashi	Income	7.5	28,316.18	100.00	6,900	1.5	6.3	8,190	1	Ito-Yokado	9.7	Geo Akamatsu
Ito-Yokado Nishikicho	Income	3.3	73,438.52	100.00	13,212	2.9	5.6	16,000	1	Ito-Yokado	8.3	Geo Akamatsu
8953 Daikanyama Building	Income	16.0	574.46	100.00	1,235	0.3	5.3	1,610	1	Onward Kashiwama	4.7	Mitsui Fudosan Bldg. Management
8953 Harajuku FACE Building	Income	21.9	1,477.62	100.00	2,770	0.6	5.6	3,550	5	Diesel Japan	8.5	Xymax Cube
Esquisse Omotesando Annex	Income	10.0	540.78	100.00	860	0.2	5.5	1,240	2	LS Mode	4.5	Mitsui Fudosan Bldg. Management
The site of GYRE <sup>(Note5)</sup>	Income	-	1,768.78	100.00	14,712	3.3	-	15,400	1	Takenaka Corporation	-	Geo Akamatsu
Ito-Yokado Tsunashima	Income	25.0	16,549.50	100.00	5,000	1.1	6.1	5,930	1	Ito-Yokado	12.3	Jones Lang LaSalle
Bic Camera Tachikawa	Income	36.6	20,983.43	100.00	11,920	2.7	5.5	13,100	2	Bic Camera	15.5	Jones Lang LaSalle
Itabashi SATY	Income	6.8	72,253.88	100.00	12,400	2.8	5.4	14,300	1	SATY	6.0	Xymax Cube
8953 Kita Aoyama Building	Income	2.1	492.69	100.00	989	0.2	5.4	1,370	2	NEWS, Best Bridal	11.4	Office Mitsuki
AEON Yamato SC	Income	5.3	85,226.68	100.00	16,823	3.8	5.5	20,800	1	JUSCO	7.9	Xymax Cube
Seiyu Hibarigaoka	Income	28.3	19,070.88	100.00	6,100	1.4	7.6	7,710	1	Seiyu	10.3	CB Richard Ellis
8953 Jiyugaoka Building	Income	7.7	1,814.10	100.00	2,700	0.6	5.2	3,387	11	NEXT, Sûr Jiyugaoka	3.2	Xymax Cube
Cheers Ginza	Income	2.0	1,686.58	100.00	4,200	0.9	4.3	4,260	9	Kyoto Yururi, Ginza Syoutaien	5.7	Nomura Bldg. Management
Higashi-Totsuka Aurora City	Growth	7.5	151,429.78	100.00	50,500	11.3	4.5	50,500	4	Seibu Dept.Store, Daiei	4.3	Aim Create
Omiya SATY	Income	6.4	75,344.90	100.00	6,133	1.4	5.8	6,660	1	SATY	8.5	Xymax Cube
<b>Subtotal/Weighted Average</b>		<b>10.4</b>	<b>737,277.23</b>	<b>100.00</b>	<b>192,011</b>	<b>42.8</b>	<b>5.5</b>	<b>217,867</b>	<b>103</b>		<b>-</b>	

(Note 1) As of Feb. 28 2007.

(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 of a size expected to occur once every 475 years. These values are entered in the earthquake risk analysis reports prepared for each property.

(Note 5) JRF has owned only the site of GYRE (the site of former ESQUISSE Omotesando) since Feb. 2006. The site of GYRE is classified as income type property. 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 property management companies at ESPA Kawasaki and Abiko Shopping Plaza were changed on Apr. 1, 2007.

(Note 7) ESPA Kawasaki Annex (acquisition price: 5,600 million yen; and total leasable area: 15,364.89m<sup>2</sup>) was acquired on Mar. 1, 2007, and will be managed together with existing ESPA Kawasaki.

However, ESPA Kawasaki Annex is not included in the above figures for ESPA Kawasaki because it was acquired in the Aug. 2007 period.

## Portfolio Overview (Note 1)

Name	Investment Type	Age (Note 2) (Years)	Total Leasable Area (m <sup>2</sup> )	Occupancy (%)	Acquisition Price (mn yen)	Share (%)	Cap Rate at Acquisition (Note 3) (%)	Appraisal Value (mn yen)	No. of Tenants	Key Tenants	PML (Note 4) (%)	Property Manager (Note 6)
Osaka, Nagoya and surrounding areas												
8953 Osaka Shinsaibashi Building	Income	8.1	13,666.96	100.00	14,300	3.2	5.5	16,200	1	Tokyu Hands	5.5	Xymax Cube
Nara Family	Growth	14.3	85,251.76	97.96	31,241	7.0	7.4	35,500	129	Kintetsu Dept. Store, JUSCO	5.2	Diamond City
Ito-Yokado Narumi	Income	9.6	50,437.91	100.00	8,540	1.9	7.3	9,250	1	Ito-Yokado	7.4	Xymax Cube
AEON Higashiura SC	Income	5.6	100,457.69	100.00	6,700	1.5	6.3	8,580	1	JUSCO	14.2	Xymax Cube
Wonder City	Growth	16.1	72,089.77	100.00	16,340	3.6	6.5	18,900	25	JUSCO, Keiyo D2	8.1	Xymax Cube
JUSCO City Takatsuki	Income	13.0	77,267.23	100.00	11,700	2.6	6.0	12,800	1	JUSCO	3.6	CB Richard Ellis
JUSCO City Yagoto	Income	13.5	63,778.44	100.00	3,700	0.8	7.0	4,160	2	JUSCO	4.2	Xymax Cube
JUSCO City Nishi Otsu	Income	10.3	62,717.26	100.00	13,100	2.9	5.2	13,100	1	JUSCO	4.9	Xymax Cube
Kyoto Family	Growth	24.3	25,603.95	100.00	5,340	1.2	6.5	6,320	66	JUSCO, Nitori	3.7	Diamond City
Loc City Ogaki	Income	1.6	57,500.35	100.00	4,950	1.1	8.2	5,180	1	MaxValu	6.5	Geo Akamatsu
Kawaramachi OPA	Income	8.3	18,848.20	100.00	18,500	4.1	4.4	18,600	1	OPA	2.5	Geo Akamatsu
Diamond City Leafa	Income	0.3	138,538.63	100.00	29,900	6.7	4.6	30,600	1	JUSCO	6.6	Xymax Cube
Diamond City Terrace	Income	4.4	150,401.99	100.00	20,300	4.5	5.1	20,300	1	JUSCO, Toys 'R Us	4.9	Xymax Cube
<b>Subtotal/Weighted Average</b>		9.1	916,560.14	99.65	184,611	41.2	5.9	199,490	231		-	
Other major cities												
Sendai Nakayama SC	Income	10.7	46,248.96	100.00	10,200	2.3	7.6	13,100	2	JUSCO	3.8, 3.2, 1.2	Xymax Cube
Hakata Riverain	Growth	8.2	25,301.31	96.96	12,618	2.8	6.5	13,500	74	IDC Otsuka Kagu, Louis Vuitton, Gucci	0.07	Geo Akamatsu
AEON Kashiihama SC	Income	3.3	109,616.72	100.00	13,300	3.0	6.2	14,700	1	JUSCO	0.9	Geo Akamatsu
AEON Sapporo Naebo SC	Income	3.7	74,625.52	100.00	9,260	2.1	6.2	10,800	1	JUSCO	1.8	Xymax Cube
Tobata SATY	Income	8.0	93,258.23	100.00	6,290	1.4	6.6	7,490	1	SATY	1.9	Geo Akamatsu
JUSCO Naha	Income	13.4	79,090.48	100.00	10,700	2.4	6.0	11,900	1	JUSCO	7.3	Jones Lang LaSalle
AEON Ueda SC	Income	2.7	61,349.07	100.00	9,500	2.1	5.3	9,700	1	JUSCO	3.3	Geo Akamatsu
<b>Subtotal/Weighted Average</b>		7.1	489,490.29	99.47	71,868	16.0	6.3	81,190	81		-	
<b>Total/Weighted Average</b>		<b>8.9</b>	<b>2,143,327.66</b>	<b>99.88</b>	<b>448,490</b>	<b>100.0</b>	<b>5.8</b>	<b>498,547</b>	<b>415</b>		<b>2.1</b>	

(Note 1) As of Feb. 28 2007.

(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 of a size expected to occur once every 475 years. These values are entered in the earthquake risk analysis reports prepared for each property.

(Note 5) JRF has owned only the site of GYRE (the site of former ESQUISSE Omotesando) since Feb. 2006. The site of GYRE is classified as income type property. 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 property management companies at ESPA Kawasaki and Abiko Shopping Plaza were changed on Apr. 1, 2007.

(Note 7) ESPA Kawasaki Annex (acquisition price: 5,600 million yen; and total leasable area: 15,364.89m<sup>2</sup>) was acquired on Mar. 1, 2007, and will be managed together with existing ESPA Kawasaki.

However, ESPA Kawasaki Annex is not included in the above figures for ESPA Kawasaki because it was acquired in the Aug. 2007 period.

# February 2007 (10th) Period Results of Operations

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Japan Retail Fund Investment Corporation + Mitsubishi Corp UBS Realty

## February 2007 Period Income Statements

Items	Feb. 2007 Period <sup>(Note1)</sup>		Aug. 2006 Period <sup>(Note2)</sup>		Variation	
	Amount	%	Amount	%	Amount	%
	'000 yen	%	'000 yen	%	'000 yen	%
I. Operating revenue	16,712,331	100.0	14,998,542	100.0	1,713,789	11.4
Rental revenue	16,583,040		14,998,542		1,584,498	
Other operating revenue						
TK distribution (gain)	129,290		-		129,290	
II. Operating expenses	9,773,466	58.5	8,995,260	60.0	778,205	8.7
Property related expenses	8,093,733		7,519,782		573,951	
Other property related expenses						
TK distribution (loss)	-		25,493		(25,493)	
Asset management fees	1,387,307		1,186,755		200,551	
Directors' fees	4,607		3,355		1,251	
Custodian fees	64,685		58,930		5,755	
General administration fees	117,016		109,525		7,491	
Other	106,115		91,417		14,697	
Operating Income	6,938,865	41.5	6,003,281	40.0	935,583	15.6
III. Non-operating revenue	15,779	0.1	2,167	0.0	13,612	628.1
Interest revenue	9,971		1,117		8,853	
Other	5,807		1,049		4,758	
IV. Non-operating expenses	860,963	5.1	885,213	5.9	(24,250)	(2.7)
Interest expense	273,082		285,773		(12,691)	
Interest expense of corporate bonds	362,050		308,340		53,709	
Amortization of corporate bonds	55,246		39,597		15,649	
Finance related cost	30,700		57,966		(27,265)	
Offering costs	128,854		146,007		(17,152)	
Amortization of organization costs	-		13,924		(13,924)	
Other non-operating expenses	11,027		33,603		(22,575)	
Recurring Profit	6,093,680	36.5	5,120,235	34.1	973,445	19.0
Income before income taxes	6,093,680	36.5	5,120,235	34.1	973,445	19.0
Income, inhabitant and corporate taxes	15,048		5,665		9,382	
Tax adjustments	(1,021)		(398)		(623)	
Net Income	6,079,654	36.4	5,114,968	34.1	964,686	18.9
Retained earnings (beginning balance)	51		89		(38)	
Retained earnings (ending balance)	6,079,705		5,115,057		964,647	

(Note 1) The Feb. 2007 period runs from Sep. 1, 2006 to Feb. 28, 2007 (181 days)

(Note 2) The Aug. 2006 period runs from Mar. 1, 2006 to Aug. 31, 2006 (184 days)

## February 2007 Period Balance Sheets

Items	Feb. 2007 Period <sup>(Note1)</sup>		Aug. 2006 Period <sup>(Note2)</sup>		Variation	
	Amount	%	Amount	%	Amount	%
Assets	'000 yen	%	'000 yen	%	'000 yen	%
I. Current assets						
Cash and cash equivalents	11,697,860		6,021,809		5,676,051	
Entrusted cash and cash equivalents	12,733,367		9,409,239		3,324,128	
Rental receivables	689,862		621,009		68,852	
Consumption tax refundable	1,165,935		991,244		174,690	
Other current assets	475,153		486,471		(11,318)	
<b>Total current assets</b>	<b>26,762,178</b>	<b>5.6</b>	<b>17,529,774</b>	<b>4.5</b>	<b>9,232,403</b>	<b>52.7</b>
II. Non-current assets						
1. Property and equipment, at cost						
Buildings	162,020,556		134,065,082		27,955,474	
Building improvements	8,031,632		5,763,425		2,268,208	
Machinery and equipment	649,774		521,784		127,989	
Furniture & Fixtures	1,390,235		1,042,501		347,735	
Land	270,699,741		224,234,151		46,465,590	
Net property and equipment	442,791,940	92.2	365,626,944	92.7	77,164,995	21.1
2. Intangible assets						
Leasehold land	6,992,334		6,672,795		319,538	
Other intangible assets	198,798		170,766		28,031	
Total intangible assets	7,191,132	1.5	6,843,562	1.7	347,570	5.1
3. Investments						
Lease deposit	3,166,362		3,103,725		62,636	
Securities	-		814,416		(814,416)	
Long-term prepaid expenses	108,713		130,903		(22,190)	
Other	257,405		227,654		29,750	
Total investments	3,532,481	0.7	4,276,700	1.1	(744,219)	(17.4)
<b>Total non-current assets</b>	<b>453,515,554</b>	<b>94.4</b>	<b>376,747,207</b>	<b>95.5</b>	<b>76,768,346</b>	<b>20.4</b>
III. Deferred assets						
Issuance costs of corporate bonds	137,759		99,108		38,651	
Total deferred assets	137,759	0.0	99,108	0.0	38,651	39.0
<b>Total Assets</b>	<b>480,415,492</b>	<b>100.0</b>	<b>394,376,091</b>	<b>100.0</b>	<b>86,039,401</b>	<b>21.8</b>

(Note 1) The Feb. 2007 period runs from Sep. 1, 2006 to Feb. 28, 2007 (181 days)

(Note 2) The Aug. 2006 period runs from Mar. 1, 2006 to Aug. 31, 2006 (184 days)

Items	Feb. 2007 Period <sup>(Note1)</sup>		Aug. 2006 Period <sup>(Note2)</sup>		Variation	
	Amount	%	Amount	%	Amount	%
Liabilities	'000 yen	%	'000 yen	%	'000 yen	%
I. Current liabilities						
Accounts payable	849,082		761,172		87,910	
Short-term debt	63,730,000		82,070,000		(18,340,000)	
Accrued liabilities	12,793		159,279		(146,486)	
Accrued expenses	951,860		842,573		109,286	
Accrued income taxes	15,048		5,665		9,382	
Rent received in advance	1,376,188		1,341,128		35,059	
Deposits	857,195		1,004,844		(147,648)	
Lease deposits	5,814,463		4,515,058		1,299,405	
Other	22,269		18,393		3,876	
<b>Total current liabilities</b>	<b>73,628,902</b>	<b>15.3</b>	<b>90,718,115</b>	<b>23.0</b>	<b>(17,089,212)</b>	<b>(18.8)</b>
II. Non-current liabilities						
Corporate bonds-unsecured	65,000,000		45,000,000		20,000,000	
Long-term debt	5,000,000		5,000,000		-	
Tenant leasehold and security	79,942,478		66,985,271		12,957,206	
<b>Total non-current liabilities</b>	<b>149,942,478</b>	<b>31.2</b>	<b>116,985,271</b>	<b>29.7</b>	<b>32,957,206</b>	<b>28.2</b>
<b>Total Liabilities</b>	<b>223,571,381</b>	<b>46.5</b>	<b>207,703,387</b>	<b>52.7</b>	<b>15,867,993</b>	<b>7.6</b>
Unitholders' Equity						
I. Total investment						
Unitholders' capital	250,764,406	52.2	181,557,646	46.0	69,206,760	38.1
II. Retained earnings						
Retained earnings	6,079,705		5,115,057		964,647	
Total unitholders' equity	256,844,111	53.5	186,672,703	47.3	70,171,407	37.6
<b>Net Assets</b>	<b>256,844,111</b>	<b>53.5</b>	<b>186,672,703</b>	<b>47.3</b>	<b>70,171,407</b>	<b>37.6</b>
<b>Total Liabilities and Unitholders' Equity</b>	<b>480,415,492</b>	<b>100.0</b>	<b>394,376,091</b>	<b>100.0</b>	<b>86,039,401</b>	<b>21.8</b>

## February 2007 Cash Flow and Distribution Statements

('000yen)		
Items	Feb. 2007 Period <sup>(Note1)</sup>	Aug. 2006 Period <sup>(Note2)</sup>
<b>I. Cash Flow from Operating Activities</b>		
Income before income taxes	6,093,680	5,120,235
Depreciation and amortization	3,411,395	2,894,630
Other	(334,126)	(271,530)
<b>Net Cash from Operating Activities</b>	<b>9,170,949</b>	<b>7,743,335</b>
<b>II. Cash Flow from Investing Activities</b>		
Purchase of property and equipment	(80,562,310)	(64,278,368)
Payment of tenant leasehold and security deposits	(3,362,211)	(1,306,571)
Proceeds from tenant leasehold and security deposits	17,618,823	6,950,585
Purchase of intangible assets	(369,261)	(592,960)
Payments of tenant deposits	(78,361)	(10,050)
Proceeds from tenant deposits	15,724	7,783
Proceeds from repayment of TK	943,707	-
Loss from other investments/other acquisition of assets	(29,750)	-
Gain from other investments/other acquisition of assets	-	12,377
<b>Net Cash used in Investing Activities</b>	<b>(65,823,639)</b>	<b>(59,217,204)</b>
<b>III. Cash Flow from Financing Activities</b>		
Proceeds from short-term debt	60,730,000	75,570,000
Repayments of short-term debt	(79,070,000)	(18,500,000)
Repayments of long-term debt	-	(9,170,000)
Proceeds from the issuance of corporate bonds	19,906,102	-
Proceeds from the issuance of investment units	69,206,760	-
Distribution payment	(5,119,992)	(4,796,469)
<b>Net Cash from Financing Activities</b>	<b>65,652,869</b>	<b>43,103,530</b>
<b>IV. Net change in cash and cash equivalents</b>	<b>9,000,179</b>	<b>(8,370,338)</b>
<b>V. Cash and cash equivalents at beginning of period</b>	<b>15,431,048</b>	<b>23,801,386</b>
<b>VI. Cash and cash equivalents at end of period</b>	<b>24,431,228</b>	<b>15,431,048</b>

('000yen)		
Items	Feb. 2007 Period <sup>(Note1)</sup>	Aug. 2006 Period <sup>(Note2)</sup>
Retained earnings (ending balance)	6,079,705	5,115,057
Distributed amount	6,079,676	5,115,006
DPU (yen)	15,730	16,909
Retained earnings carried forward	29	51

(Note 1) The Feb. 2007 period runs from Sep. 1, 2006 to Feb. 28, 2007 (181 days)

(Note 2) The Aug. 2006 period runs from Mar. 1, 2006 to Aug. 31, 2006 (184 days)

# Appendix

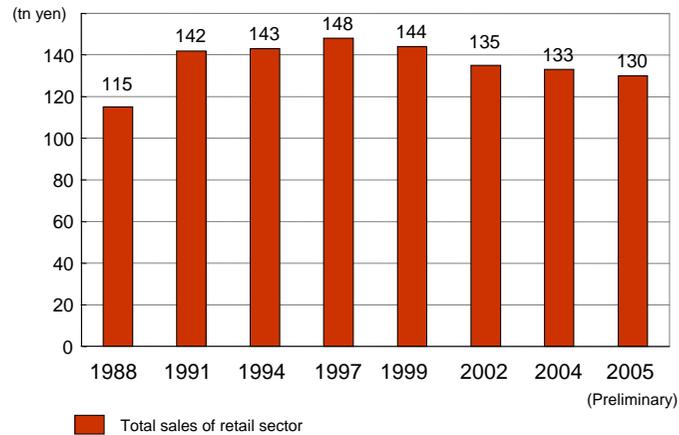
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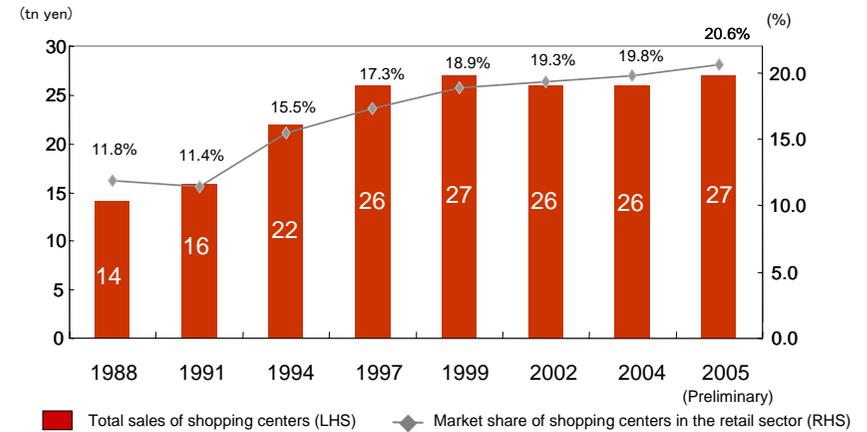
Japan Retail Fund Investment Corporation + Mitsubishi Corp UBS Realty

# Retail Sector Trends in Japan

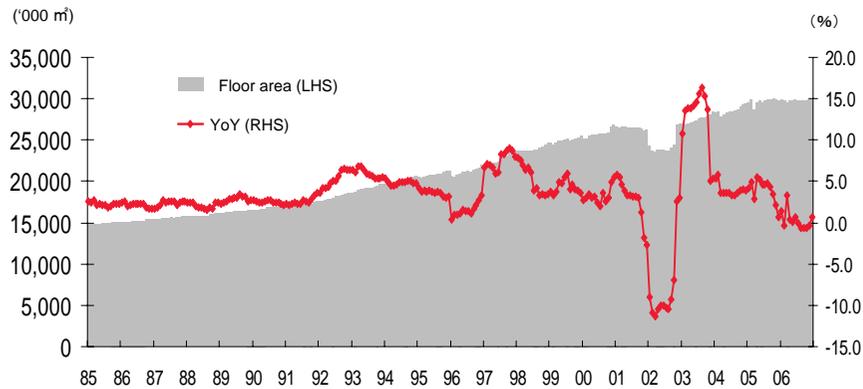
## Total sales of the retail sector



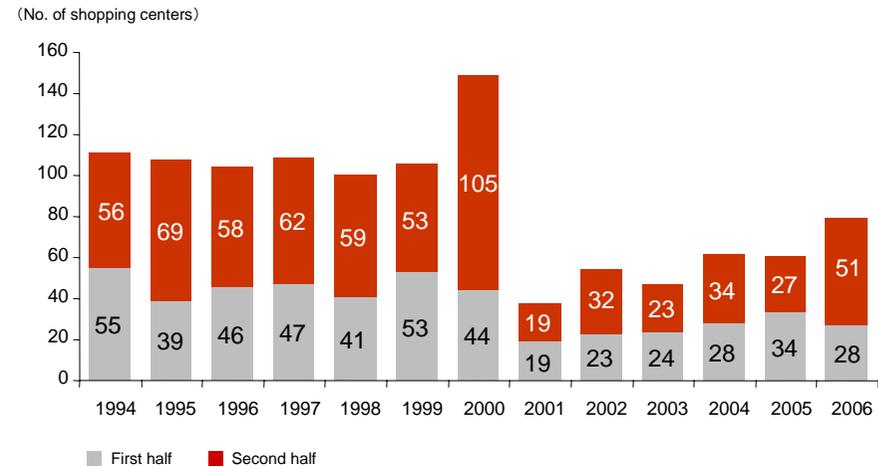
## Total sales and market share of shopping centers in the retail sector



## Floor area of department stores and super markets



## Number of new shopping center developments in Japan



Source: Japan Department Stores Association/Japan Chain Store Association/Ministry of Economy, Trade and Industry (from 2005)

## Changes in the business environment for retail properties

### Recent trends in the retail industry

- ▶ The revision of three key urban developmental laws has changed regulations regarding the opening of large stores in suburban areas, and city functions are to be concentrated in metropolitan areas
- ▶ Capital & business tie-ups between AEON, Daiei and Marubeni
- ▶ Daimaru and Matsuzakaya officially announced plans to integrate their businesses. The integration will trigger a substantial reorganization in the industry
- ▶ AEON and Diamond City will merge this August
- ▶ Business tie-up between Isetan and Tokyu Department Store
- ▶ Hankyu Department Store and Hanshin Department Store concluded a letter of intent integrate their businesses from Oct. 2007

### Impact of three key urban developmental laws

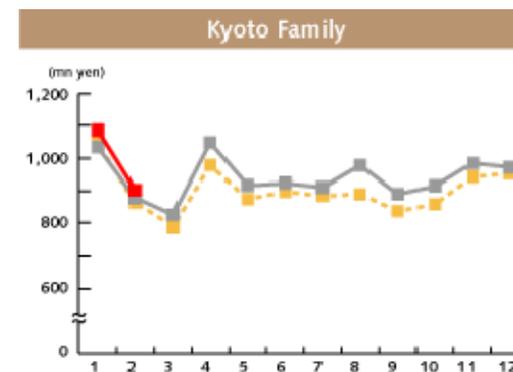
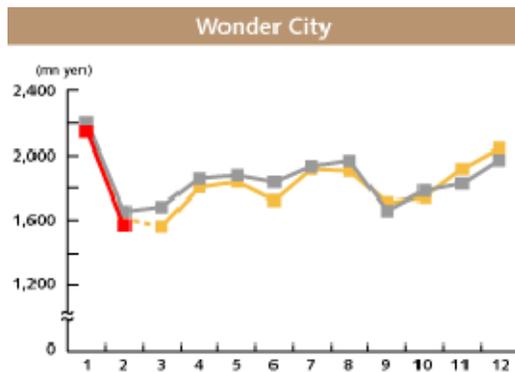
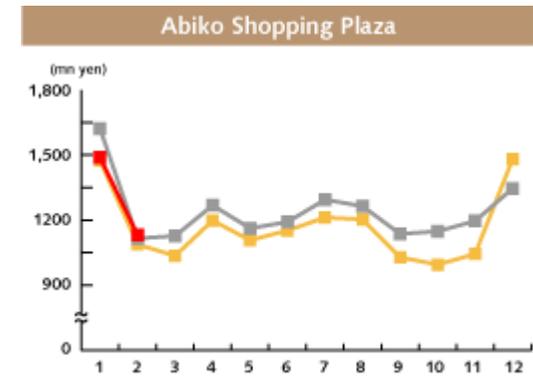
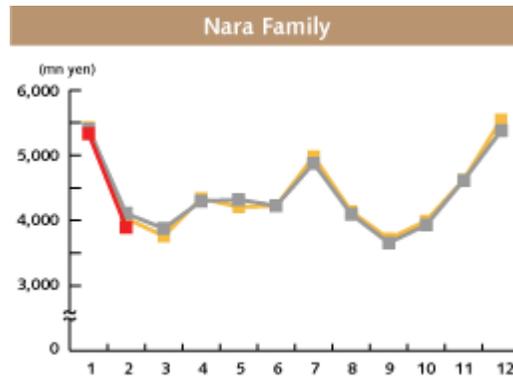
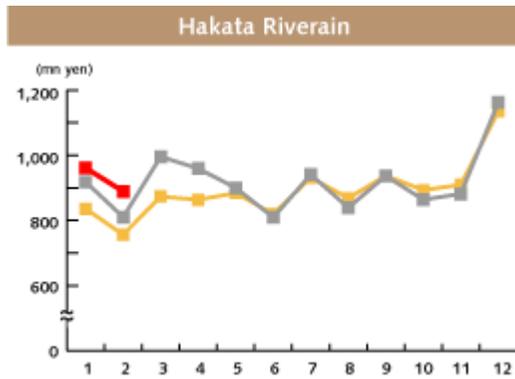
The three city planning laws is the phrase used for the three laws concerning retail properties in urban areas

- ▶ Law on Revitalizing Central City Areas
  - ▶ Aims to improve the infrastructure of inner-city areas, and encourage active retail and commercial functions
  - ▶ Revision of the Central City Area Activation Law
- ▶ Large-Scale Retail Store Location Law
  - ▶ Aims to secure due consideration of “maintaining the living environment of the surrounding area” regarding the location of large stores
  - ▶ This is not being revised, but the revision of the Law on Activating Central City Areas has resulted in two types of special measures that can be used
- ▶ City Planning Law
  - ▶ Aims to achieve the appropriate location of new large stores in each community

**Full enforcement**  
**Nov. 30, 2007**

The portion related to regulations for placement and development permits for facilities where a large number of customers will gather contains regulations on such buildings with over 10,000m<sup>2</sup> of total floor space in suburban areas.

# Change in Gross Sales of Growth-type Properties



- Actual sales for Jan.-Feb. 2007
- Actual sales for Jan.-Dec. 2006
- Actual sales for Jan.-Dec. 2005

(Note 1) Dotted lines indicate pre-acquisition data

(Note 2) Change in gross sales only shows properties whose total sales are comparable.

## 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.	
	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06
Rental revenue	460	464	351	351	407	407	274	274	330	330	160	160
Other income	0	0	0	0	0	0	0	0	0	0	8	7
<b>Total property income</b>	<b>460</b>	<b>464</b>	<b>351</b>	<b>351</b>	<b>407</b>	<b>407</b>	<b>274</b>	<b>274</b>	<b>330</b>	<b>330</b>	<b>168</b>	<b>168</b>
Tax and public charges	40	40	57	57	28	28	39	39	37	37	6	6
Facilities management	2	1	1	1	0	0	0	0	—	1	10	10
Property management fees	13	13	12	12	6	6	5	5	6	6	4	4
Other property expenses	1	1	1	1	1	1	1	1	1	1	0	0
Depreciation and amortization	80	78	82	82	81	81	64	63	73	73	8	8
<b>Total expenses</b>	<b>137</b>	<b>136</b>	<b>156</b>	<b>155</b>	<b>118</b>	<b>118</b>	<b>110</b>	<b>110</b>	<b>119</b>	<b>120</b>	<b>31</b>	<b>31</b>
<b>Real estate rental profit</b>	<b>322</b>	<b>327</b>	<b>194</b>	<b>195</b>	<b>289</b>	<b>289</b>	<b>164</b>	<b>163</b>	<b>210</b>	<b>209</b>	<b>137</b>	<b>137</b>
Rental deposits	840	840	981	981	798	798	745	745	538	538	282	282
Guaranteed deposits	801	801	3,924	3,924	—	—	2,586	2,784	4,849	4,849	—	—
<b>Deposits (ending balance)</b>	<b>1,641</b>	<b>1,641</b>	<b>4,905</b>	<b>4,905</b>	<b>798</b>	<b>798</b>	<b>3,332</b>	<b>3,530</b>	<b>5,388</b>	<b>5,388</b>	<b>282</b>	<b>282</b>

(mn yen)

Items	Ito-Yokado Yabashira		Ito-Yokado Kamifukuoka-Higashi		Ito-Yokado Nishikicho		8953 Daikanyama Bldg.		AEON Higashiura SC		8953 Harajuku FACE Bldg.	
	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06
Rental revenue	78	78	256	256	444	444	34	34	375	375	79	79
Other income	—	—	—	—	—	—	4	4	—	—	13	13
<b>Total property income</b>	<b>78</b>	<b>78</b>	<b>256</b>	<b>256</b>	<b>444</b>	<b>444</b>	<b>39</b>	<b>39</b>	<b>375</b>	<b>375</b>	<b>93</b>	<b>93</b>
Tax and public charges	15	15	40	40	60	60	1	1	50	50	2	2
Facilities management	0	0	1	1	—	—	4	3	0	2	5	6
Property management fees	2	2	4	4	4	4	1	1	4	4	4	4
Other property expenses	0	0	2	2	2	2	0	0	82	80	1	0
Depreciation and amortization	15	18	49	48	136	136	4	4	101	101	9	9
<b>Total expenses</b>	<b>34</b>	<b>37</b>	<b>97</b>	<b>97</b>	<b>204</b>	<b>204</b>	<b>11</b>	<b>11</b>	<b>240</b>	<b>241</b>	<b>23</b>	<b>23</b>
<b>Real estate rental profit</b>	<b>43</b>	<b>41</b>	<b>158</b>	<b>158</b>	<b>240</b>	<b>240</b>	<b>27</b>	<b>27</b>	<b>135</b>	<b>134</b>	<b>69</b>	<b>69</b>
Rental deposits	450	450	774	774	590	590	125	125	495	495	176	176
Guaranteed deposits	—	—	1,623	1,687	—	—	—	—	—	—	—	—
<b>Deposits (ending balance)</b>	<b>450</b>	<b>450</b>	<b>2,398</b>	<b>2,462</b>	<b>590</b>	<b>590</b>	<b>125</b>	<b>125</b>	<b>495</b>	<b>495</b>	<b>176</b>	<b>176</b>

(Note 1) The Feb. 2007 period runs from Sep. 1, 2006 to Feb. 28, 2007 (181 days)

(Note 2) The Aug. 2006 period runs from Mar. 1, 2006 to Aug. 31, 2006 (184 days)

## Performance by Property (Income-type Properties: 2)

(mn yen)

Items	AEON Kashiihama SC		AEON Sapporo Naebo SC		The land at GYRE		Esquisse Omotesando Annex		Ito-Yokado Amishima		Bic Camera Tachikawa	
	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06
	Rental revenue	477	477	378	381	—	—	27	27	180	180	356
Other income	5	—	0	—	190	198	0	0	—	—	30	31
<b>Total property income</b>	<b>483</b>	<b>477</b>	<b>378</b>	<b>381</b>	<b>190</b>	<b>198</b>	<b>27</b>	<b>27</b>	<b>180</b>	<b>180</b>	<b>386</b>	<b>387</b>
Tax and public charges	61	61	58	58	24	24	1	1	18	18	30	30
Facilities management	4	0	—	—	—	0	0	0	—	—	28	33
Property management fees	6	6	3	3	3	3	1	1	3	3	6	6
Other property expenses	2	2	20	21	0	0	0	0	0	0	1	1
Depreciation and amortization	99	99	132	132	—	—	1	1	25	26	88	90
<b>Total expenses</b>	<b>173</b>	<b>169</b>	<b>216</b>	<b>216</b>	<b>28</b>	<b>28</b>	<b>5</b>	<b>5</b>	<b>48</b>	<b>49</b>	<b>155</b>	<b>162</b>
<b>Real estate rental profit</b>	<b>309</b>	<b>308</b>	<b>162</b>	<b>164</b>	<b>161</b>	<b>169</b>	<b>22</b>	<b>22</b>	<b>132</b>	<b>131</b>	<b>231</b>	<b>225</b>
Rental deposits	700	700	654	654	—	—	64	64	232	232	712	712
Guaranteed deposits	—	—	—	—	—	—	—	—	—	—	—	—
<b>Deposits (ending balance)</b>	<b>700</b>	<b>700</b>	<b>654</b>	<b>654</b>	<b>—</b>	<b>—</b>	<b>64</b>	<b>64</b>	<b>232</b>	<b>232</b>	<b>712</b>	<b>712</b>

(mn yen)

Items	Itabashi SATY		8953 Kita Aoyama Bldg.		AEON Yamato SC		Seiyu Hibarigaoka		Tobata SATY		JUSCO City Takatsuki	
	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06
	Rental revenue	630	651	32	32	534	534	261	261	315	315	411
Other income	0	0	2	1	—	—	0	0	1	0	0	0
<b>Total property income</b>	<b>630</b>	<b>651</b>	<b>34</b>	<b>34</b>	<b>534</b>	<b>534</b>	<b>261</b>	<b>261</b>	<b>316</b>	<b>315</b>	<b>411</b>	<b>411</b>
Tax and public charges	42	42	1	1	54	54	15	15	67	65	57	57
Facilities management	—	—	2	2	0	0	1	0	1	3	0	0
Property management fees	4	4	1	1	4	4	3	3	5	5	3	3
Other property expenses	263	263	0	1	2	2	0	0	3	5	1	1
Depreciation and amortization	108	107	3	3	114	114	88	88	69	67	108	108
<b>Total expenses</b>	<b>418</b>	<b>418</b>	<b>9</b>	<b>10</b>	<b>176</b>	<b>176</b>	<b>109</b>	<b>107</b>	<b>146</b>	<b>148</b>	<b>171</b>	<b>171</b>
<b>Real estate rental profit</b>	<b>212</b>	<b>232</b>	<b>25</b>	<b>24</b>	<b>357</b>	<b>357</b>	<b>151</b>	<b>153</b>	<b>169</b>	<b>167</b>	<b>239</b>	<b>239</b>
Rental deposits	754	754	40	40	1,068	1,068	300	300	315	315	1,232	1,232
Guaranteed deposits	—	—	—	—	—	—	—	—	—	—	3,983	4,230
<b>Deposits (ending balance)</b>	<b>754</b>	<b>754</b>	<b>40</b>	<b>40</b>	<b>1,068</b>	<b>1,068</b>	<b>300</b>	<b>300</b>	<b>315</b>	<b>315</b>	<b>5,215</b>	<b>5,462</b>

(Note 1) The Feb. 2007 period runs from Sep. 1, 2006 to Feb. 28, 2007 (181 days)

(Note 2) The Aug. 2006 period runs from Mar. 1, 2006 to Aug. 31, 2006 (184 days)

(Note 3) The name of the site of ESQUISSE Omotesando was changed to the site of GYRE.

## Performance by Property (Income-type Properties: 3)

(mn yen)

Items	8953 Jiyugaoka Building		JUSCO City Yagoto		JUSCO Naha		Cheers Ginza		JUSCO City Nishi-Otsu		Omiya SATY	
	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06
Rental revenue	84	82	164	164	385	385	87	87	375	375	198	74
Other income	6	5	0	0	2	4	23	24	1	0	0	0
<b>Total property income</b>	<b>91</b>	<b>87</b>	<b>164</b>	<b>164</b>	<b>388</b>	<b>389</b>	<b>111</b>	<b>111</b>	<b>376</b>	<b>375</b>	<b>198</b>	<b>75</b>
Tax and public charges	4	4	16	16	38	19	5	5	30	30	—	—
Facilities management	9	8	1	3	0	—	24	27	0	0	0	—
Property management fees	2	2	3	3	4	4	2	2	4	4	2	1
Other property expenses	0	0	0	0	29	29	1	5	5	5	2	0
Depreciation and amortization	14	13	33	33	81	80	16	16	88	88	50	25
<b>Total expenses</b>	<b>31</b>	<b>30</b>	<b>54</b>	<b>56</b>	<b>154</b>	<b>134</b>	<b>51</b>	<b>56</b>	<b>130</b>	<b>129</b>	<b>55</b>	<b>27</b>
<b>Real estate rental profit</b>	<b>59</b>	<b>57</b>	<b>109</b>	<b>107</b>	<b>233</b>	<b>255</b>	<b>60</b>	<b>55</b>	<b>246</b>	<b>245</b>	<b>142</b>	<b>48</b>
Rental deposits	126	126	502	502	2,118	2,118	168	168	988	988	440	440
Guaranteed deposits	47	47	50	58	—	—	—	—	—	—	—	—
<b>Deposits (ending balance)</b>	<b>174</b>	<b>174</b>	<b>552</b>	<b>561</b>	<b>2,118</b>	<b>2,118</b>	<b>168</b>	<b>168</b>	<b>988</b>	<b>988</b>	<b>440</b>	<b>440</b>

(mn yen)

Items	Loc City Ogaki		Kawaramachi OPA		AEON Ueda SC		Diamond City Leafa		Diamond City Terrace		Total Income Properties	
	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06
Rental revenue	332	66	287	—	198	—	418	—	281	—	9,674	8,123
Other income	—	—	0	—	0	—	3	—	—	—	294	294
<b>Total property income</b>	<b>332</b>	<b>66</b>	<b>288</b>	<b>—</b>	<b>198</b>	<b>—</b>	<b>422</b>	<b>—</b>	<b>281</b>	<b>—</b>	<b>9,968</b>	<b>8,416</b>
Tax and public charges	—	—	—	—	0	—	—	—	—	—	912	891
Facilities management	0	—	1	—	0	—	—	—	—	—	108	114
Property management fees	3	0	3	—	2	—	3	—	2	—	153	137
Other property expenses	89	17	1	—	1	—	17	—	7	—	551	612
Depreciation and amortization	108	36	52	—	74	—	210	—	75	—	2,354	1,845
<b>Total expenses</b>	<b>201</b>	<b>54</b>	<b>60</b>	<b>—</b>	<b>78</b>	<b>—</b>	<b>232</b>	<b>—</b>	<b>84</b>	<b>—</b>	<b>4,078</b>	<b>3,443</b>
<b>Real estate rental profit</b>	<b>131</b>	<b>11</b>	<b>227</b>	<b>—</b>	<b>120</b>	<b>—</b>	<b>189</b>	<b>—</b>	<b>196</b>	<b>—</b>	<b>5,890</b>	<b>4,974</b>
Rental deposits	600	600	1,056	—	—	—	1,676	—	900	—	21,455	17,823
Guaranteed deposits	—	—	5,053	—	—	—	—	—	8,600	—	31,519	18,384
<b>Deposits (ending balance)</b>	<b>600</b>	<b>600</b>	<b>6,109</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,676</b>	<b>—</b>	<b>9,500</b>	<b>—</b>	<b>52,974</b>	<b>36,207</b>

(Note 1) The Feb. 2007 period runs from Sep. 1, 2006 to Feb. 28, 2007 (181 days)

(Note 2) The Aug. 2006 period runs from Mar. 1, 2006 to Aug. 31, 2006 (184 days)

## Performance by Property (Growth-type Properties)

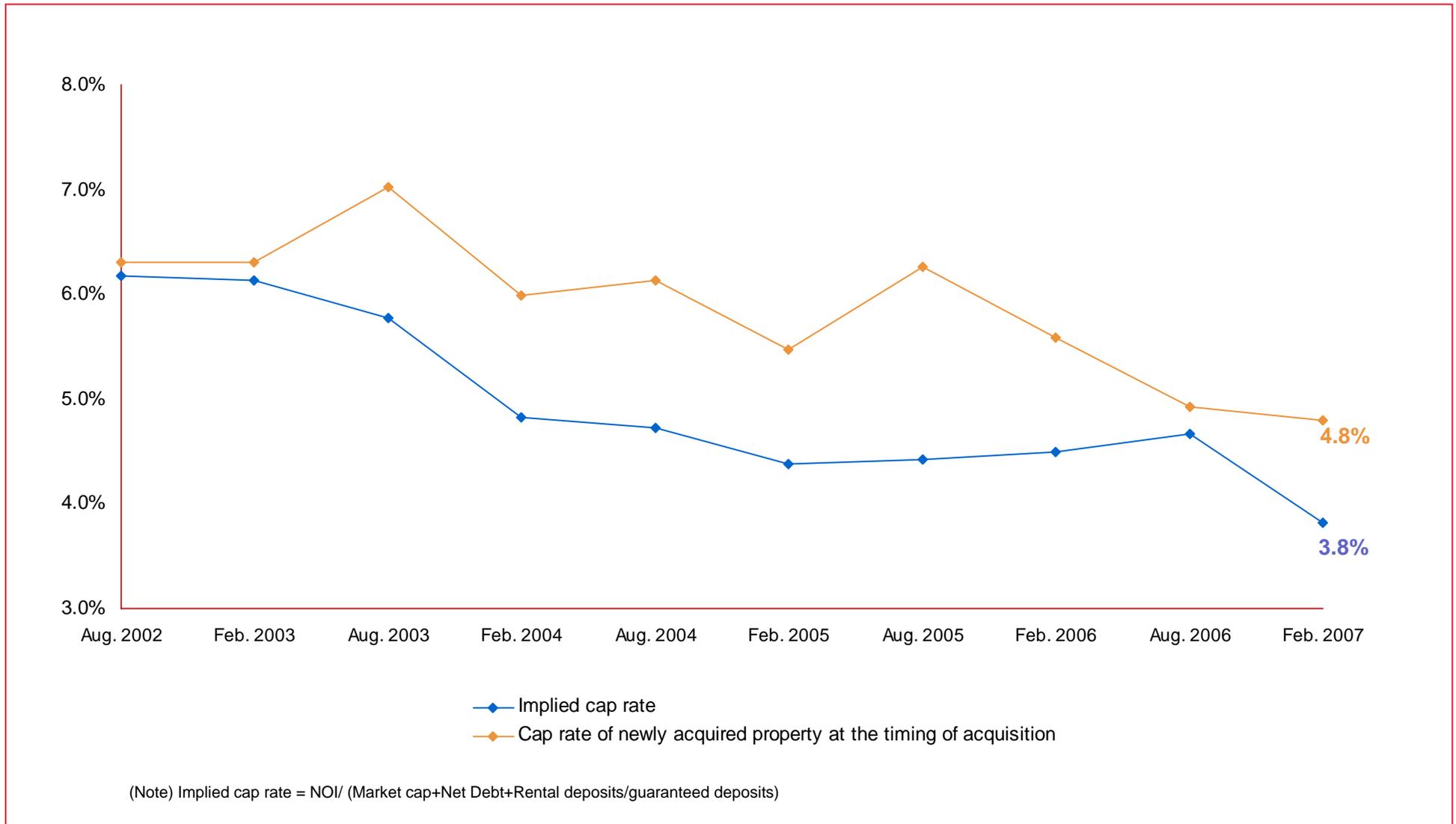
Items	Hakata Riverain		Nara Family		Abiko Shopping Plaza		Wonder City		Kyoto Family		Higashi-Totsuka Aurora City		Total Growth Properties		Overall Total	
	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06	Feb-07	Aug-06 <sup>(Note3)</sup>	Feb-07	Aug-06
Rental revenue	902	889	1,861	1,869	482	486	608	609	537	545	1,192	1,171	5,583	5,571	15,257	13,694
Other income	203	208	313	345	266	213	35	42	130	133	80	66	1,031	1,010	1,325	1,304
<b>Total property income</b>	<b>1,106</b>	<b>1,098</b>	<b>2,174</b>	<b>2,215</b>	<b>749</b>	<b>700</b>	<b>644</b>	<b>652</b>	<b>667</b>	<b>678</b>	<b>1,273</b>	<b>1,238</b>	<b>6,614</b>	<b>6,582</b>	<b>16,583</b>	<b>14,998</b>
Tax and public charges	108	108	96	96	34	34	71	71	30	30	—	—	342	342	1,254	1,233
Facilities management	337	387	458	483	230	226	39	45	194	209	90	69	1,351	1,421	1,459	1,535
Property management fees	65	67	176	201	53	47	108	108	84	57	7	7	495	489	648	626
Sales promotion expenses	177	146	101	71	18	21	2	0	10	8	0	—	310	246	311	251
Other property expenses	65	57	243	265	13	13	3	4	106	106	1	21	449	466	1,000	1,019
Depreciation and amortization	183	181	232	228	99	99	125	125	72	71	344	344	1,057	1,049	3,411	2,894
Real property retirement loss	3	33	4	19	—	—	—	—	—	1	—	—	7	54	7	54
<b>Total real estate rental expenses</b>	<b>946</b>	<b>982</b>	<b>1,313</b>	<b>1,367</b>	<b>451</b>	<b>443</b>	<b>351</b>	<b>355</b>	<b>497</b>	<b>484</b>	<b>454</b>	<b>443</b>	<b>4,011</b>	<b>4,076</b>	<b>8,093</b>	<b>7,519</b>
<b>Real estate rental profit</b>	<b>160</b>	<b>115</b>	<b>860</b>	<b>847</b>	<b>298</b>	<b>256</b>	<b>293</b>	<b>296</b>	<b>170</b>	<b>194</b>	<b>819</b>	<b>794</b>	<b>2,603</b>	<b>2,504</b>	<b>8,489</b>	<b>7,478</b>
Rental deposits	774	759	5,569	5,567	950	950	833	834	816	848	6,094	5,796	15,039	14,757	36,494	32,580
Guaranteed deposits	—	—	9,428	11,957	3,548	3,811	4,765	4,765	—	—	—	—	17,742	20,535	49,262	38,919
<b>Deposits (ending balance)</b>	<b>774</b>	<b>759</b>	<b>14,998</b>	<b>17,525</b>	<b>4,499</b>	<b>4,762</b>	<b>5,599</b>	<b>5,600</b>	<b>816</b>	<b>848</b>	<b>6,094</b>	<b>5,796</b>	<b>32,781</b>	<b>35,293</b>	<b>85,756</b>	<b>71,500</b>

(Note 1) The Feb. 2007 period runs from Sep. 1, 2006 to Feb. 28, 2007 (181 days)

(Note 2) The Aug. 2006 period runs from Mar. 1, 2006 to Aug. 31, 2006 (184 days)

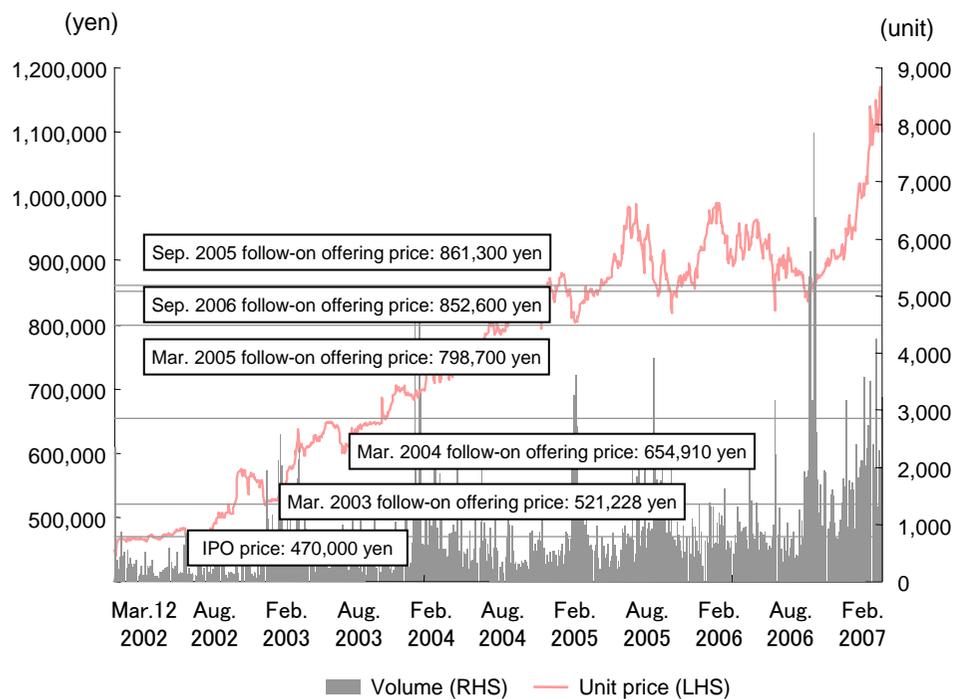
(Note 3) Higashi-Totsuka Aurora City used to be classified as income property until the last period. Starting this fiscal period, it is classified as growth-type property, and therefore its figure is excluded from the total of income-type properties for convenience, and is added to the total of growth-type properties for the last period.

# Implied Cap Rate



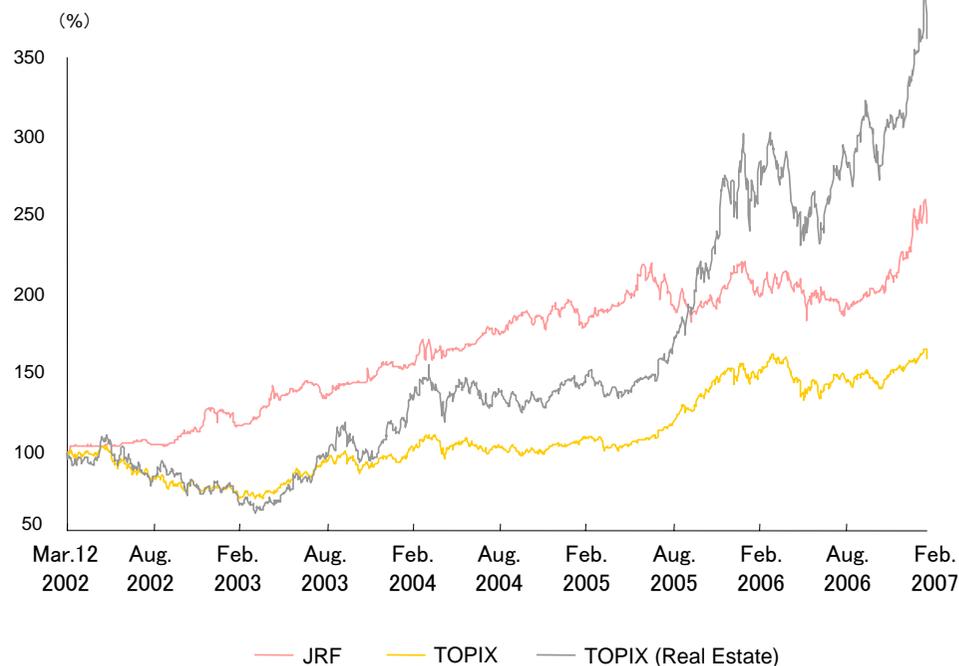
# Unit Price Performance Since IPO

Unit Price Trends (through Feb. 28, 2007) (Note 1)



High	1,190,000 yen	(Feb. 26, 2007)
Low	433,000 yen	(Mar. 13, 2002)
Average price (closing price)	748,798 yen	(as of Feb. 28, 2007)
Total volume	857,746 units	(as of Feb. 28, 2007)
Daily average volume	698 units	(as of Feb. 28, 2007)

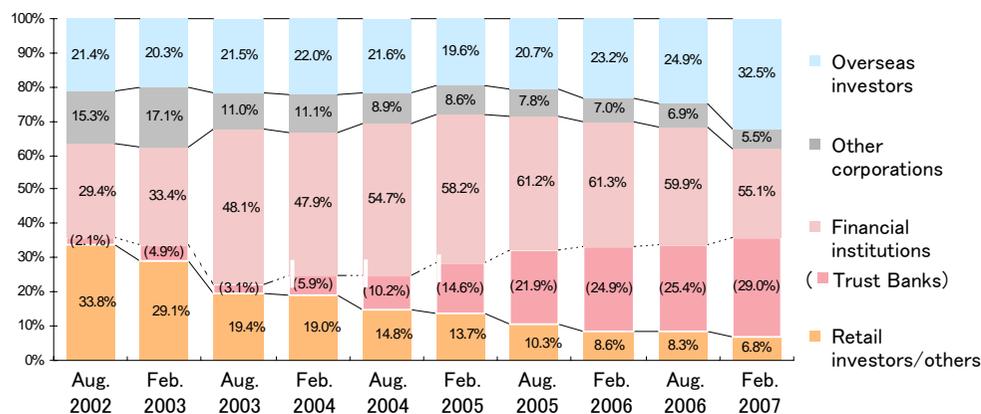
Relative Price Fluctuations (through Feb. 28, 2007) (Note 2)



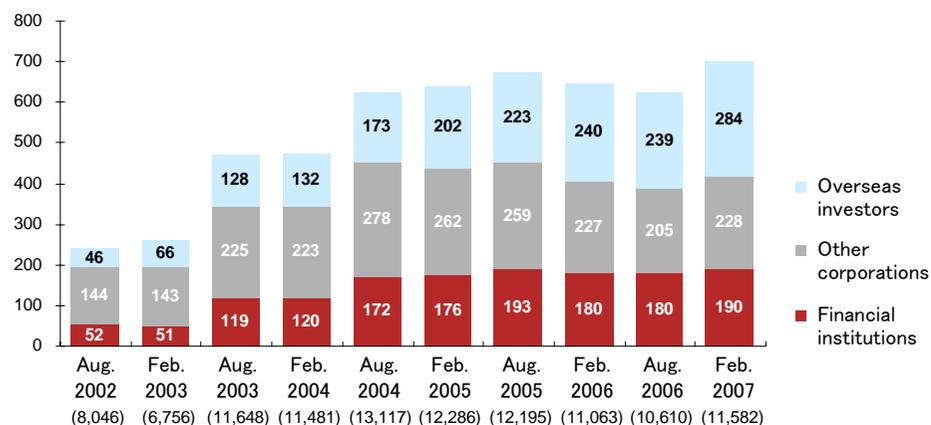
(Note 1) Closing price basis  
 (Note 2) Mar. 12, 2002 (IPO Date) closing price as 100%  
 Source: Bloomberg

# Composition of Unitholders

## Ownership Share by Investor Type



## Number of Units



(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 Feb. 28, 2007

Rank	Name	Units	Share (%)
1	Japan Trustee Services Bank, trust account	28,315	7.32
2	NikkoCiti Trust and Banking Corporation, trust account	25,754	6.66
3	The Master Trust Bank of Japan, trust account	20,131	5.20
4	Trust & Custody Services Bank, trust account	19,600	5.07
5	The Nomura Trust and Banking, Investment Trust	14,640	3.78
6	Mitsubishi Corporation	13,975	3.61
7	Government of Singapore Investment Corporation Pte Ltd.	12,857	3.32
8	The Bank of New York, Treaty JASDEQ Account	11,978	3.09
9	The Chugoku Bank	6,862	1.77
10	AIG Star Life Insurance, general account	6,805	1.76
11	The Joyo Bank	6,535	1.69
12	Goldman Sachs International	6,082	1.57
13	UBS AG London Asia Equities	4,789	1.23
14	The Gibraltar Life Insurance, units held in general and other accounts	4,775	1.23
15	The Bank of Ikeda	4,746	1.22
16	The Fuji Fire and Marine Insurance	4,723	1.22
17	The Hiroshima Bank	4,069	1.05
18	Barclays Bank Plc Barclays Capital Securities	4,055	1.04
19	American Life Insurance Company GAL	3,432	0.88
20	The Hachijuni Bank	3,375	0.87
Total		207,498	53.68

# Management Company Structure

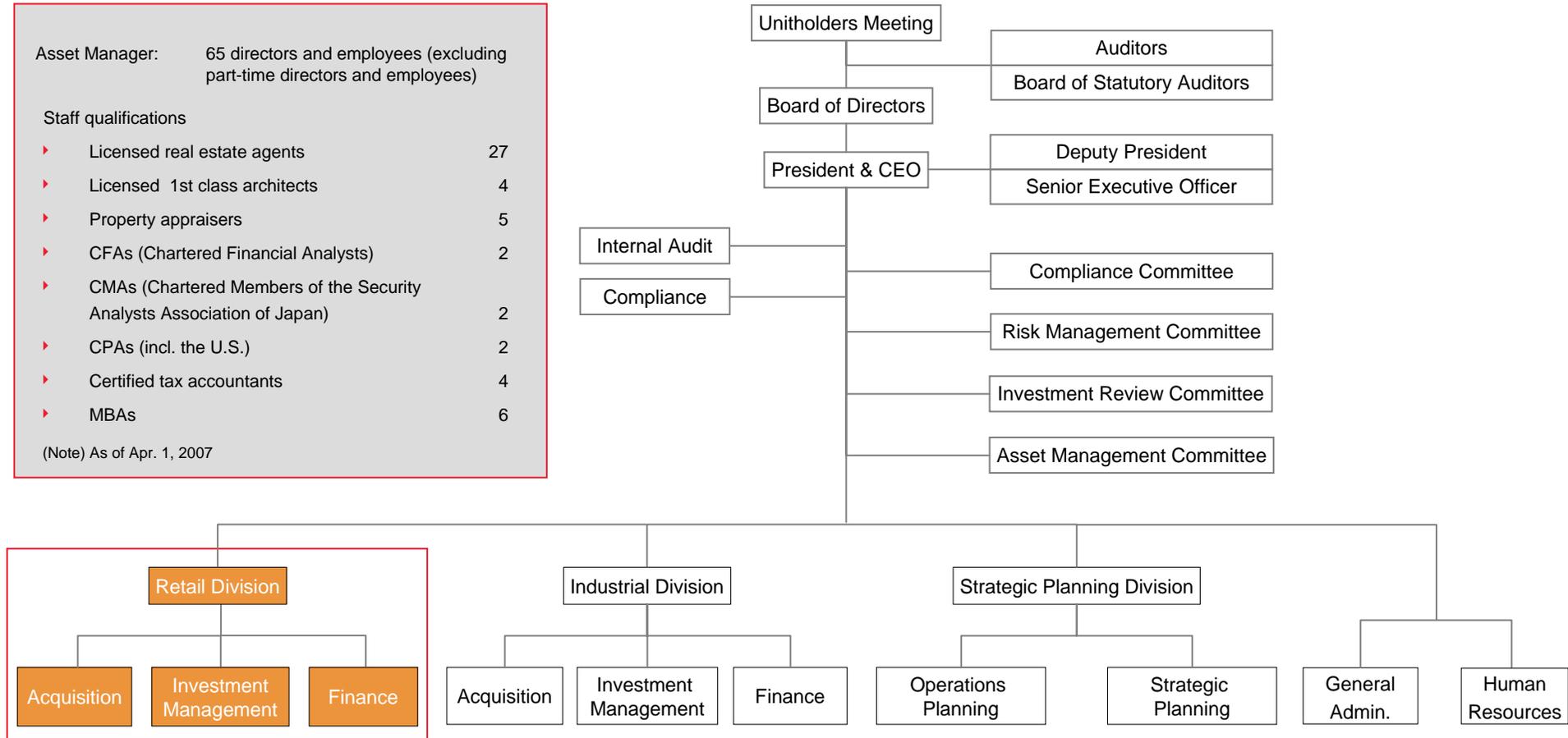
- ▶ **Change of operational methodology, a pre-condition for undertaking investment management from multiple investment entities, was authorized in Jan. 2007. Thus, the structure was re-organized to maintain independence of transaction and decision-making operations, starting on Feb. 13, 2007.**

Asset Manager: 65 directors and employees (excluding part-time directors and employees)

Staff qualifications

- ▶ Licensed real estate agents 27
- ▶ Licensed 1st class architects 4
- ▶ Property appraisers 5
- ▶ CFAs (Chartered Financial Analysts) 2
- ▶ CMAs (Chartered Members of the Security Analysts Association of Japan) 2
- ▶ CPAs (incl. the U.S.) 2
- ▶ Certified tax accountants 4
- ▶ MBAs 6

(Note) As of Apr. 1, 2007



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