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Japan Retail Fund Investment Corporation

AUGUST 2007 (11th) PERIOD RESULTS



Mitsubishi Corp UBS Realty

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01

Highlights of August 2007 (11th) Period Performance

Highlights of August 2007 (11th) Period Performance

External Growth

- ▶▶ Acquisition of a wide range of properties including large properties, development-type properties, urban retail facilities, as well as properties in regional hub cities

▶ Acquired Properties	(Acquisition price)
ESPA Kawasaki Annex (Note 1)	(5,600 million yen)
Ito-Yokado Yotsukaido	(13,600 million yen)
Oyama Yuen Harvest Walk	(10,200 million yen)
▶ Properties to be Acquired	(Expected acquisition price)
AEON Yachiyo Midorigaoka SC	(30,789 million yen)
GYRE	(8,000 million yen) (Note 2)
Urawa PARCO	(27,320 million yen)
Jingu Mae 4-chome East Project (Tentative Name)	(2,233 million yen)
Jingu Mae 4-chome West Project (Tentative Name)	(3,400 million yen)
Ario Otori (Tentative Name)	(19,100 million yen)
Cheers Sapporo (Tentative Name)	(2,750 million yen)

(Note 1) ESPA Kawasaki Annex is not considered a new property, as it is under combined management with the existing ESPA Kawasaki.

(Note 2) Acquisition price of GYRE refers to the building and a lease for land. The land price previously owned is not included.

Internal Growth

- ▶▶ Strengthening competitive advantage of owned properties on a medium to long-term basis

- ▶ Improvement of management through collaborations with property management companies (hereafter referred to as "PMs") and cooperating with retail developers
- ▶ Increasing value of existing properties by utilizing potential strengths
 - Acquisition of adjacent properties and parking spaces
 - Planning to increase parking facilities and expand sales space
 - Implementation of services other than sale of products within the business
- ▶ Improve ability to attract customers by increasing specialized stores and creating rooftop gardens
- ▶ Portfolio adjustment and capital recycling

Financial Strategy

- ▶ Issuance of unsecured corporate bonds
 - 5th Unsecured Corporate Bond Issuance (20 billion yen)
 - 6th Unsecured Corporate Bond Issuance (15 billion yen)
- ▶ Upgrade of issuer rating and debt rating by R&I from AA- to AA

For August 2007 Period:

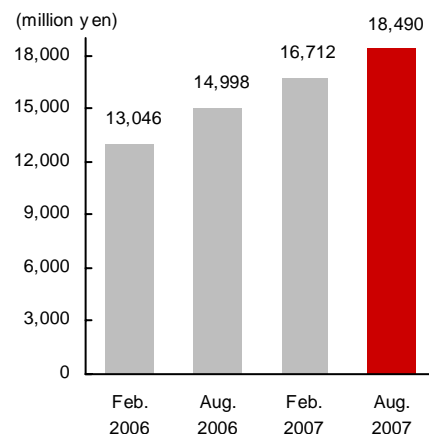
Operating Revenue 18,490 million yen(+10.6%), Net Income 6,396 million yen (+5.2%), Distribution per Unit 16,549 yen, FFO per Unit 26,018 yen (Note)

(Note) FFO per unit is calculated by "(Net income+ depreciation + other real estate related depreciation) / total units outstanding" and includes real estate sales profit/loss.
The figure excluding real estate sales profit/loss is 23,790 yen.

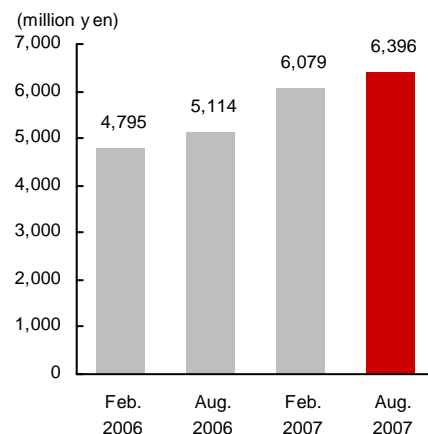
Highlights of August 2007 (11th) Period Performance

Historical Operating Results

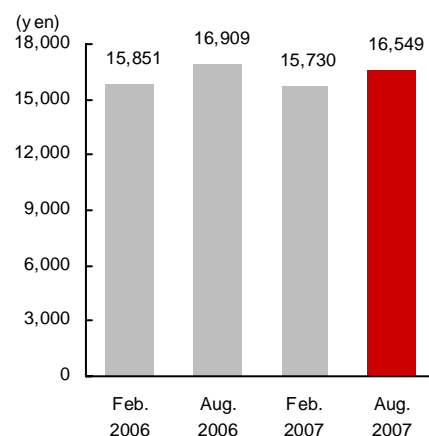
Operating Revenue



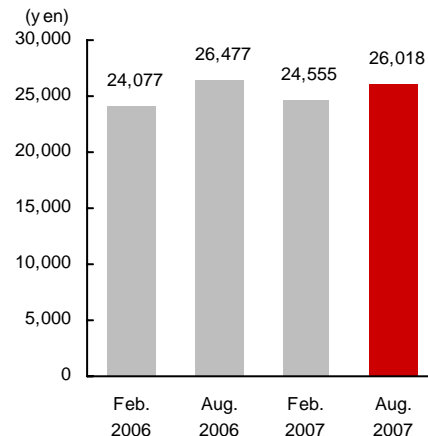
Net Income



Distribution per Unit



FFO per Unit



August 2007 Results and Forecasts

Item	Aug. 2007 Period (Actual)	Aug. 2007 Period (Note1) (Estimate)	Variance(%)
Operating Revenue (mn yen)	18,490	17,866	624 (3.5%)
Operating Income (mn yen)	7,408	6,982	426 (6.1%)
Recurring Profit (mn yen)	6,409	5,907	502 (8.5%)
Net Income (mn yen)	6,396	5,889	507 (8.6%)
Distribution per Unit (yen)	16,549	15,236	1,313 (8.6%)
FFO per Unit (Note2) (yen)	26,018	24,715	1,303 (5.3%)

(Note1) The Aug. 2007 Period forecast figures are those announced on April 12, 2007

(Note2) (Net income+ depreciation + other real estate related depreciation)/ total units outstanding

Asset Under Management

Total assets	488,747 million yen (+1.7% from previous period)
Total acquisition value	455,241 million yen
Total appraisal value	509,570 million yen
Difference between acquisition and appraisal value	54,329 million yen

(Note) As of Aug. 31, 2007

Forecasts for February and August 2008 Periods

▶ August 2007 Period Performance and Forecasts

Items	Aug. 2007 Period (184 days)	Feb. 2008 Period (Estimate/182 days)	Aug. 2008 Period (Estimate/184 days)
Operating Income (mn yen)	18,490	18,628	19,736
Recurring Profit (mn yen)	6,409	5,965	5,661
Net Income (mn yen)	6,396	5,950	5,646
Distribution per Unit (yen)	16,549	15,394	14,609
FFO per Unit (yen) (Note1)	26,018	26,452	26,730
FFO Payout Ratio	63.6%	58.2%	54.7%

▶ Capital Expenditures and Depreciation

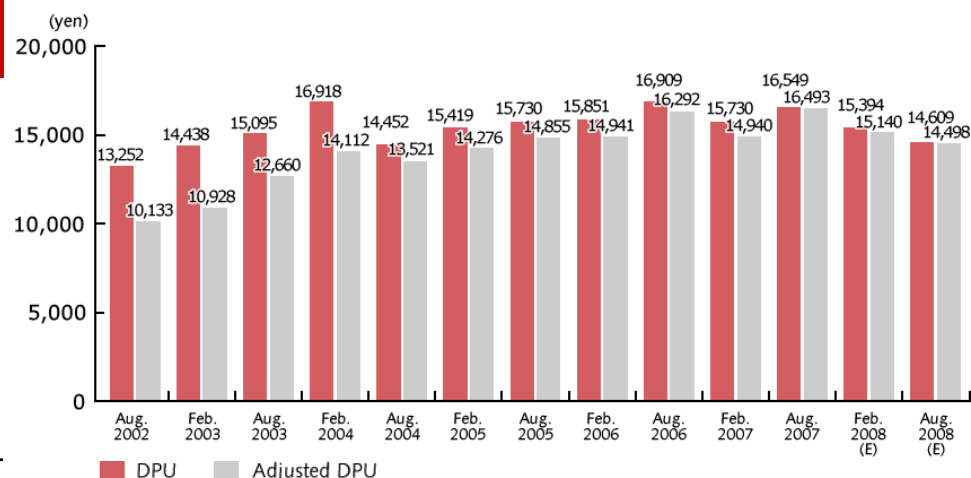
	Aug. 2003 Period	Feb. 2004 Period	Aug. 2004 Period	Feb. 2005 Period	Aug. 2005 Period	Feb. 2006 Period	Aug. 2006 Period	Feb. 2007 Period	Aug. 2007 Period	Feb. 2008 Period (Estimate) (Note 3)
Capital expenditures (Note3)	114	772	245	373	327	960	486	648	825	1,584
Maintenance	38	86	41	43	121	194	81	48	124	71
Total	153	857	286	416	448	1,154	567	696	950	1,655
Depreciation	844	1,081	1,497	1,682	2,305	2,472	2,894	3,411	3,659	4,274

(Note 1) (Net income + depreciation + other real estate related depreciation)/total units outstanding

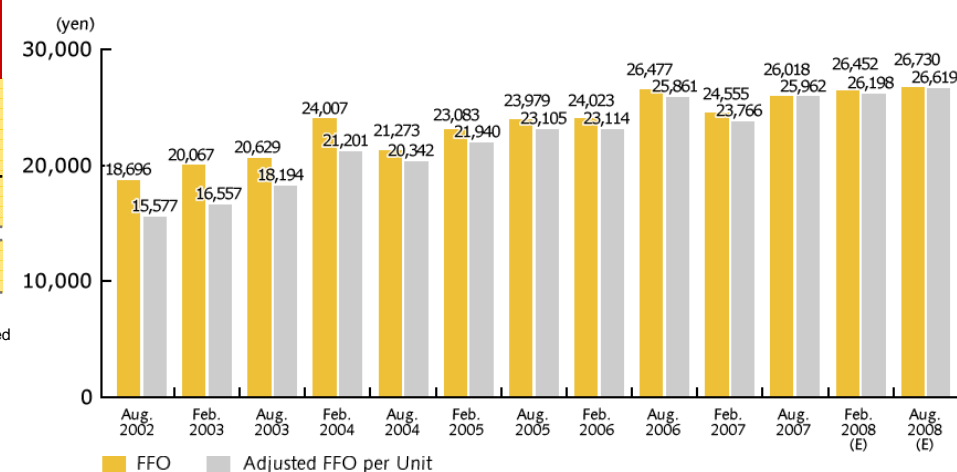
(Note 2) The above adjusted DPU and FFO per unit are calculated by subtracting the property tax amounts that were capitalized, or included in the acquisition values, from the distributable income for the period in which the acquisitions were made. In accordance with Japanese GAAP, the property tax is 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

(Note 3) The capital expenditure estimates do not include large-scale expansions of floor area or refurbishment unless they have already been disclosed

▶ DPU and Adjusted DPU (Note 2)



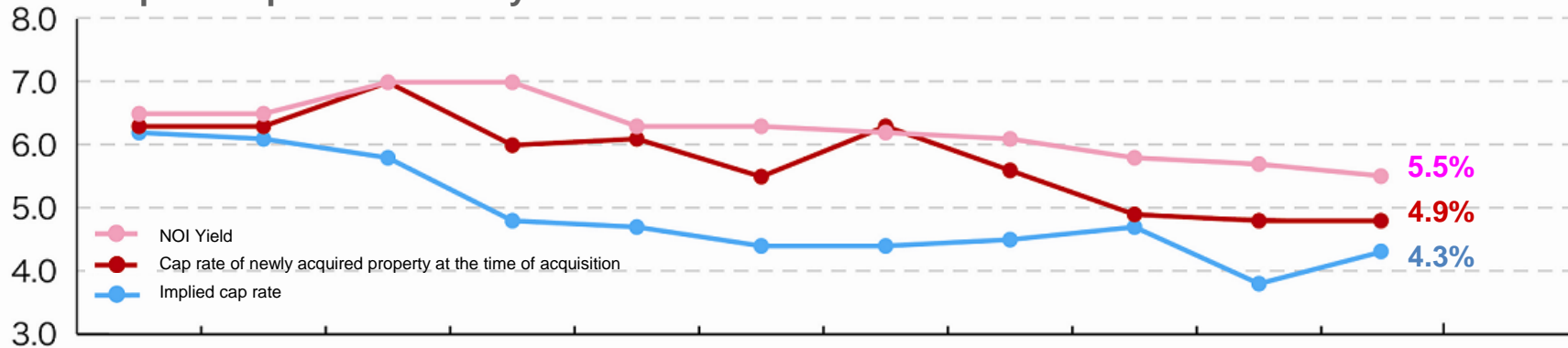
▶ FFO and Adjusted FFO (Note 2)



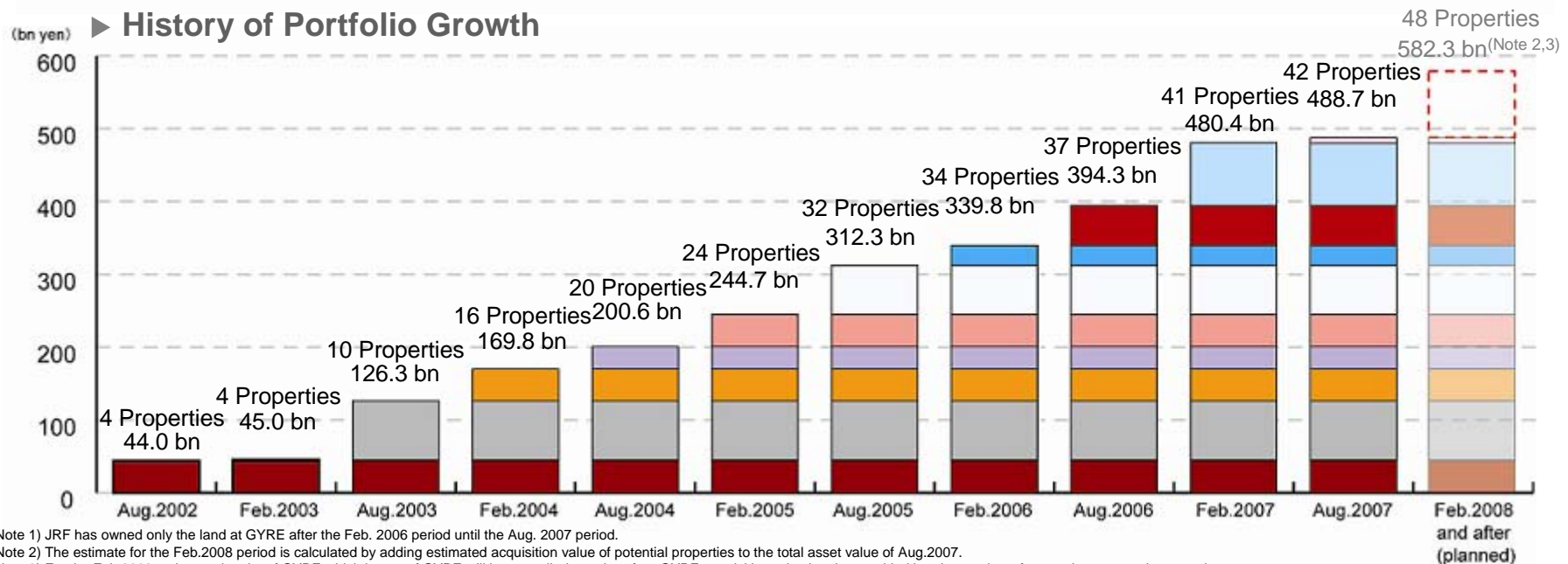
History of Portfolio Growth

▶ Due to acquisition of 2 new properties and the sale of 1 property, total asset size of the portfolio at the end of August 2007 period has grown to 488.7 billion yen

▶ Implied cap rate and NOI yield



▶ History of Portfolio Growth



(Note 1) JRF has owned only the land at GYRE after the Feb. 2006 period until the Aug. 2007 period.

(Note 2) The estimate for the Feb. 2008 period is calculated by adding estimated acquisition value of potential properties to the total asset value of Aug. 2007.

(Note 3) For the Feb. 2008 estimate, the site of GYRE which is part of GYRE will be cancelled out, therefore GYRE acquisition price has been added but the number of properties was not increased.

Financial Strategy

Issuance of Unsecured Corporate Bonds

	5th	6th
Total offering size	20 billion yen	15 billion yen
Coupon rate	1.60%	2.17%
Collateral & Guarantee	None	None
Maturity	5 years	10 years
Pricing Date	May 23, 2007	May 23, 2007
Date of maturity	May 23, 2012	May 23, 2017
Rating	A1(Moody's), A+(S&P), AA(R&I)	

(Note) The rating for R&I shows upgraded rating. Rating at the time of issue was AA-.

Upgrades by Rating Agencies

- On June 25, 2007, R&I upgraded the issuer rating as well as rating of 1st-6th unsecured corporate bonds from AA- to AA.

Issuer ratings as of Aug. 31, 2007

Moody's	A1
S&P	A+
R&I	AA

Interest-bearing Liabilities as of Aug. 2007

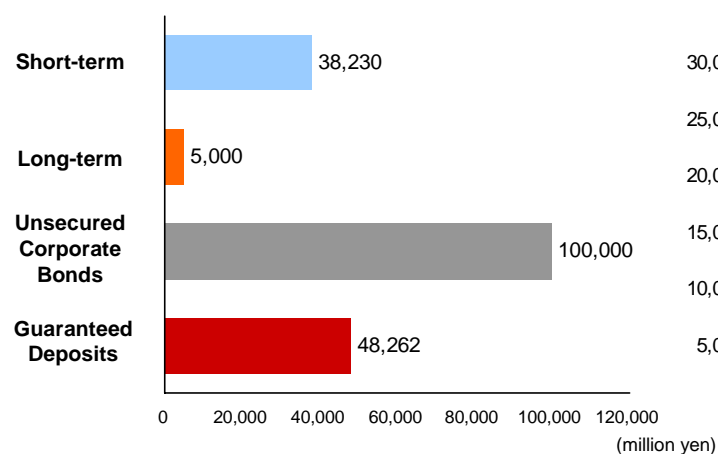
- Debt duration (average remaining years) Approx. 6.9yrs
- Average cost of debt (including rental deposits/guaranteed deposits) 1.11%
- Aug. 2007 period debt ratio 47.38%
- Aug. 2007 period debt ratio (marked-to-market base) 42.60%
- Debt service coverage ratio 11.8X

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

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

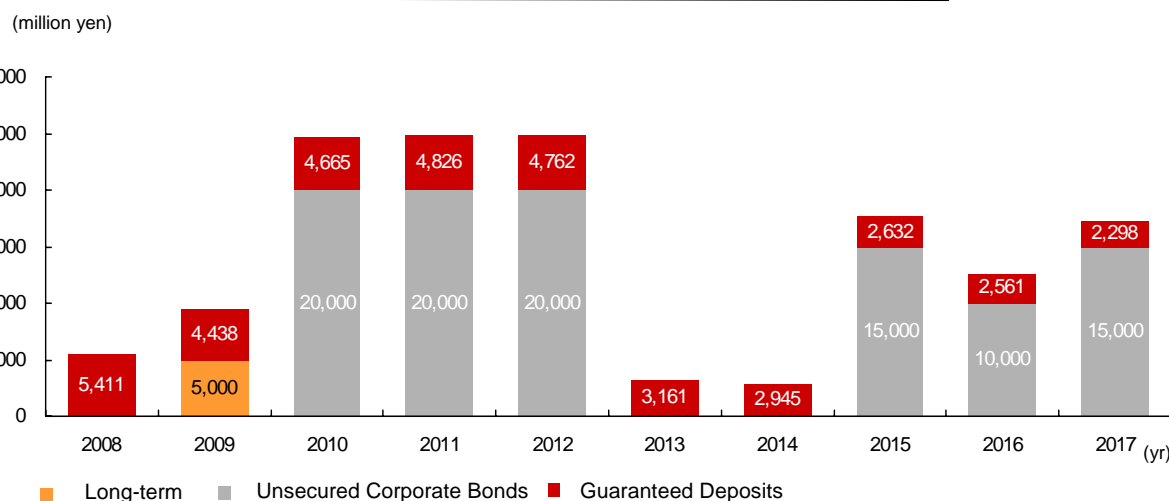
(Note 3) Debt service coverage ratio = EBIT/interest paid

Details of Interest-bearing Liabilities



(Note) Rental deposits at the end of Aug. 2007 period are 35,690 mn yen.

Maturity Ladder





02

Future Growth Strategies

Macro Trends in the Japanese Retail Industry and Consumption

Expansion of “specialized” businesses

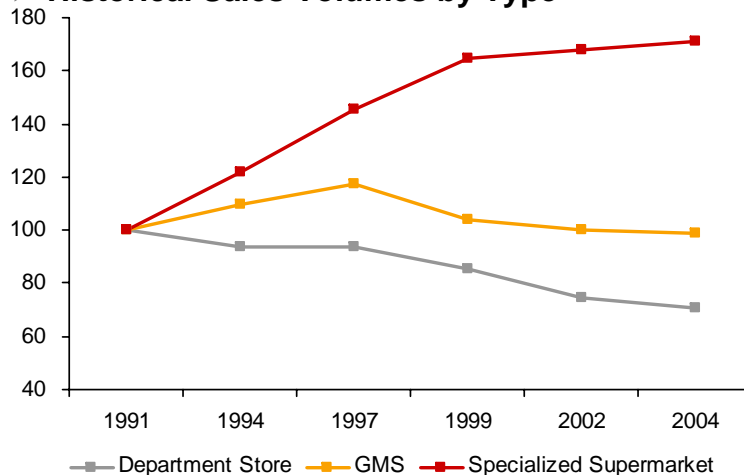
Expansion of market share of specialized supermarkets in contrast to “comprehensive” retailers such as department stores and other supermarkets — Consumers shift towards “selective consumption”

Polarization of consumption

- ▶ Strong focus on quality, brand, and safety (high-quality consumption)
- ▶ Especially cost-conscious towards necessities

- New tenants, predominantly specialized stores
- Active tenant leasing via direct-leasing

Historical Sales Volumes by Type



Department stores : Large department stores, Other department stores
 GMS : Large GMS, Medium GMS
 Specialized Supermarket : Clothing stores, Grocery stores, Living goods stores, Home centers

Source: Ministry of Economy, Trade and Industry – “Commercial Statistics 2004”
 Note: Rebased with 1991 to be 100

Expansion of service consumption (time-consuming type) in a mature consumer society/aging society

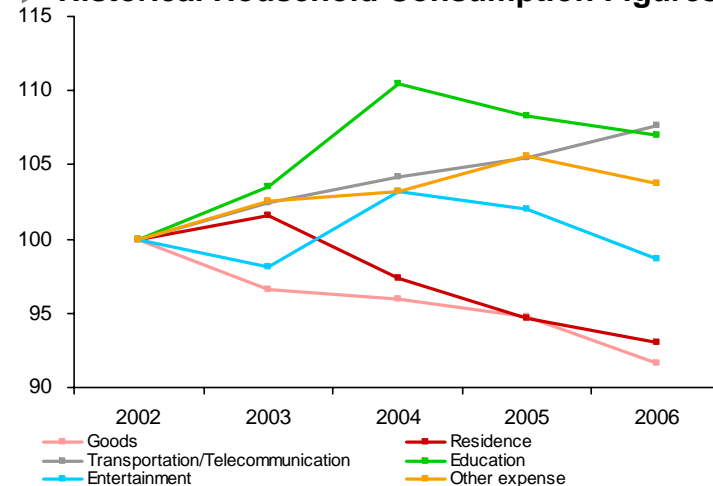
Transformation into “information-transmitting” urban retail facilities

More weight on consumption of “services” rather than “goods”

- ▶ Appeal of large-scale SCs that have wide-ranging service functions
- ▶ Appeal of urban retail facilities that function as “information transmitters”

- Exertion of large-scale SCs’ continuous competitive strength
- Focusing effort on urban retail facilities

Historical Household Consumption Figures



Goods : Food, Furniture/Household goods, Clothing
 Other expense : Utility, Medical expense, Others

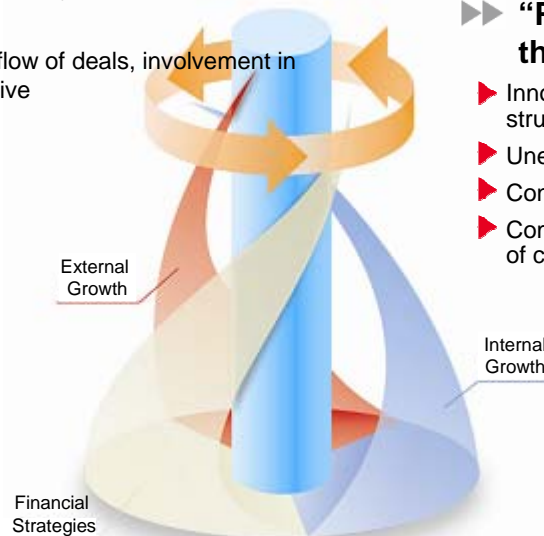
Source: Statistics Bureau
 Note: Rebased with 2002 to be 100

Future Growth Strategies

External Growth Strategies

▶▶ Key drivers to increase FFO per unit in the short run

- ▶ Actively promote external growth by maintaining a healthy spread of implied cap rates over cost of capital through utilizing low debt costs
- ▶ Acquire properties from a long-term perspective, considering whether the tenants have top shares in the retail sector, and the properties are backed by operational know-how of large-scale SCs
- ▶ Utilization of various strengths such as an abundant flow of deals, involvement in development projects based on a long-term perspective



Internal Growth Strategies

▶▶ “Potential growth” is the biggest value driver in the long run

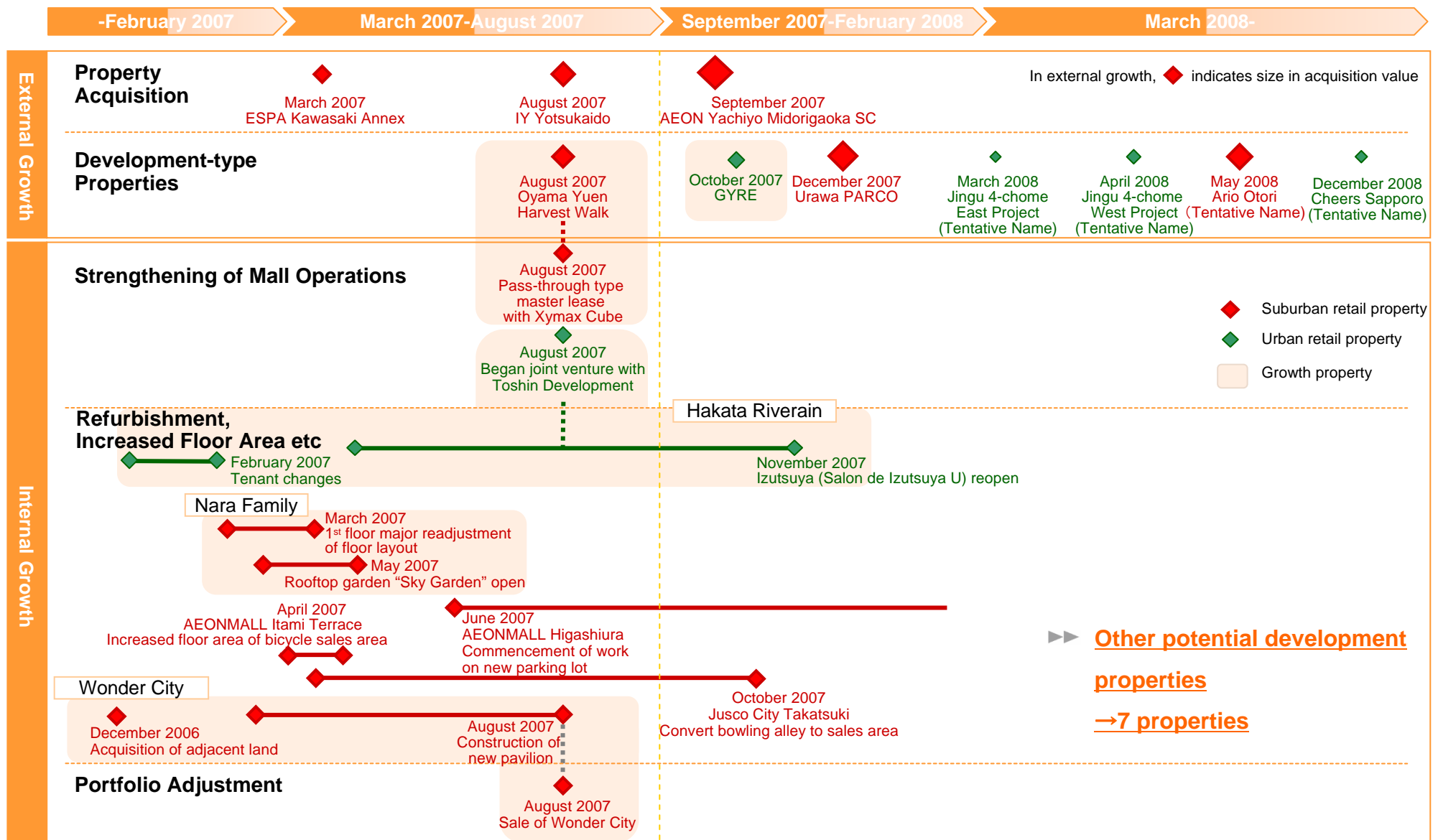
- ▶ Innovative effects within a traditional Japanese commercial facility leasing structure
- ▶ Unearthing potential within existing properties and increasing value
- ▶ Continuous tenant relations management
- ▶ Comprehensive operations via full-scale portfolio management, including recycling of capital by selling and buying properties

Financial Strategies

▶▶ Procurement of capital to support external/internal growth, and leverage control towards maximization of unitholder value

- ▶ Diverse and agile debt financing through maintaining and utilizing high ratings
- ▶ Securing debt capacity that can facilitate acquisition of new, large-scale properties
- ▶ Reinforcement of debt procurement ability by utilizing current value (unrealized profit) of portfolio
- ▶ Implementation of agile equity financing in accordance with growth of FFO per unit

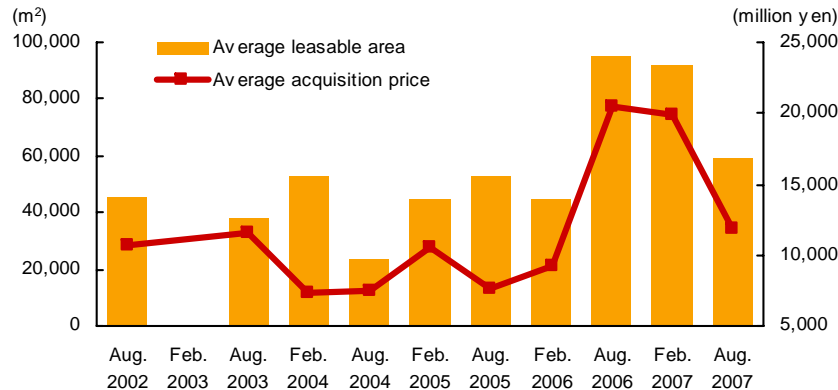
Future Growth Strategies - External/Internal Growth Plan



Future Growth Strategy – Portfolio Strategy

Investment in Large-scale Properties

- Shifts in average acquisition price/total leasable area of portfolio properties

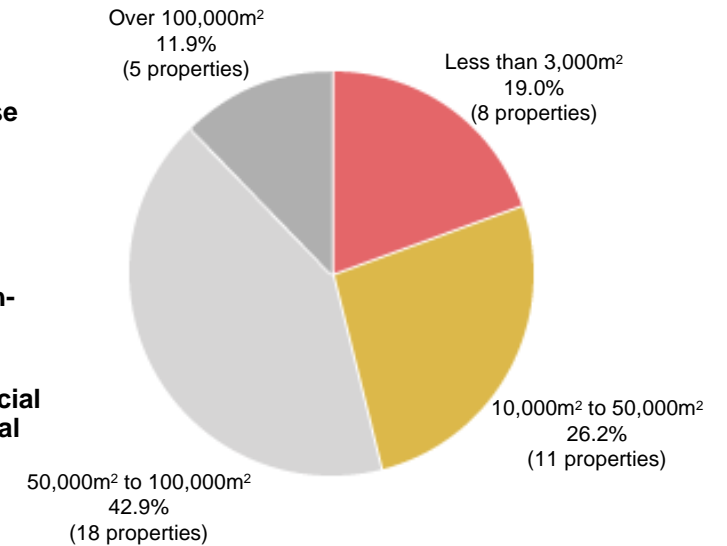


• Properties that have internal growth potential, competitive strength and can cater to diverse and changing consumer needs

• Properties that can attract high-quality tenants with high rent-paying capacity

• Investment in A-class commercial areas with high growth potential

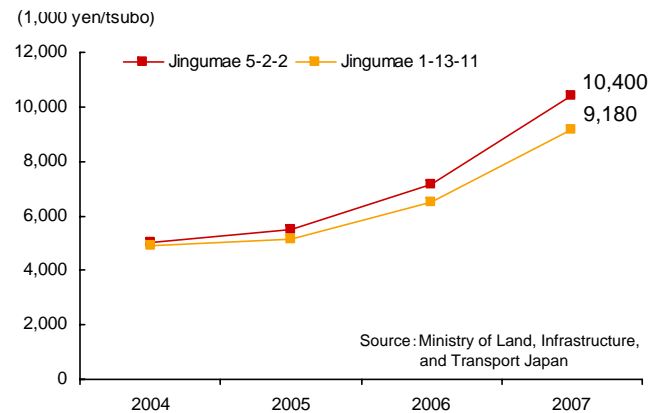
Percentage of Properties by Leasable Area



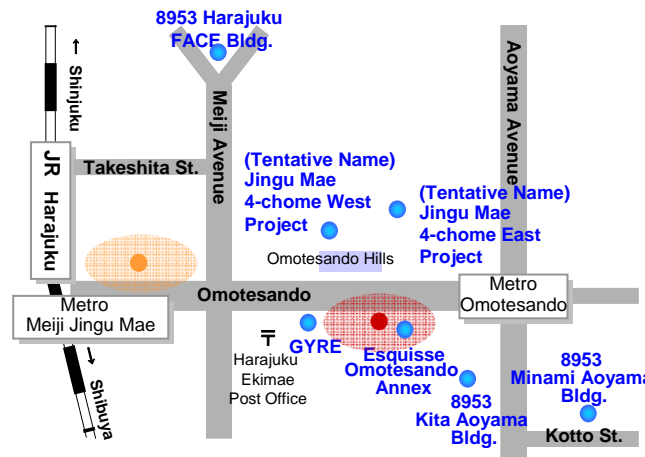
(As of August 31, 2007)

Investment in Urban Properties

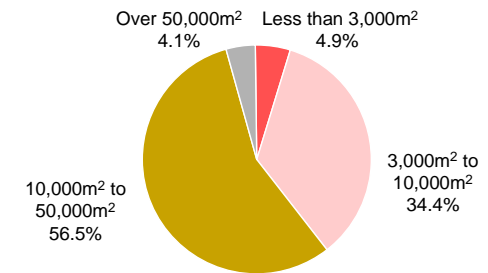
- Shifts in official land price in the Omotesando area



Source: Ministry of Land, Infrastructure, and Transport Japan



(Reference) Number of SCs in Japan by floor area



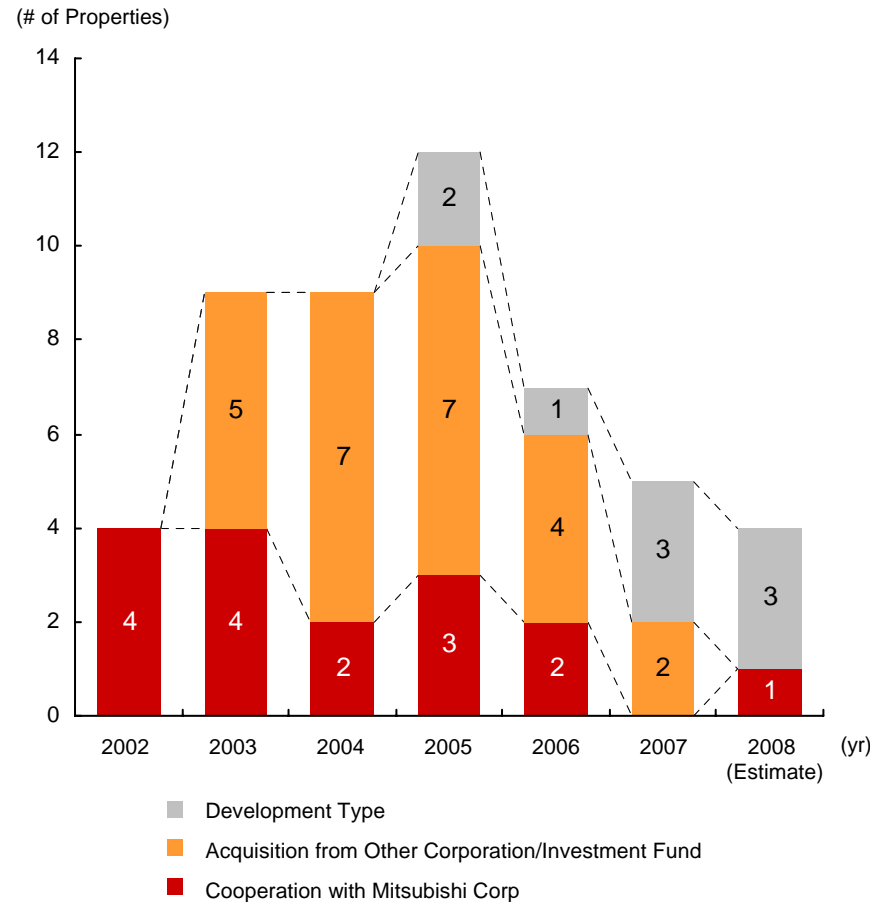
(Total number of SCs 2,813)

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

Abundant Acquisition Pipeline

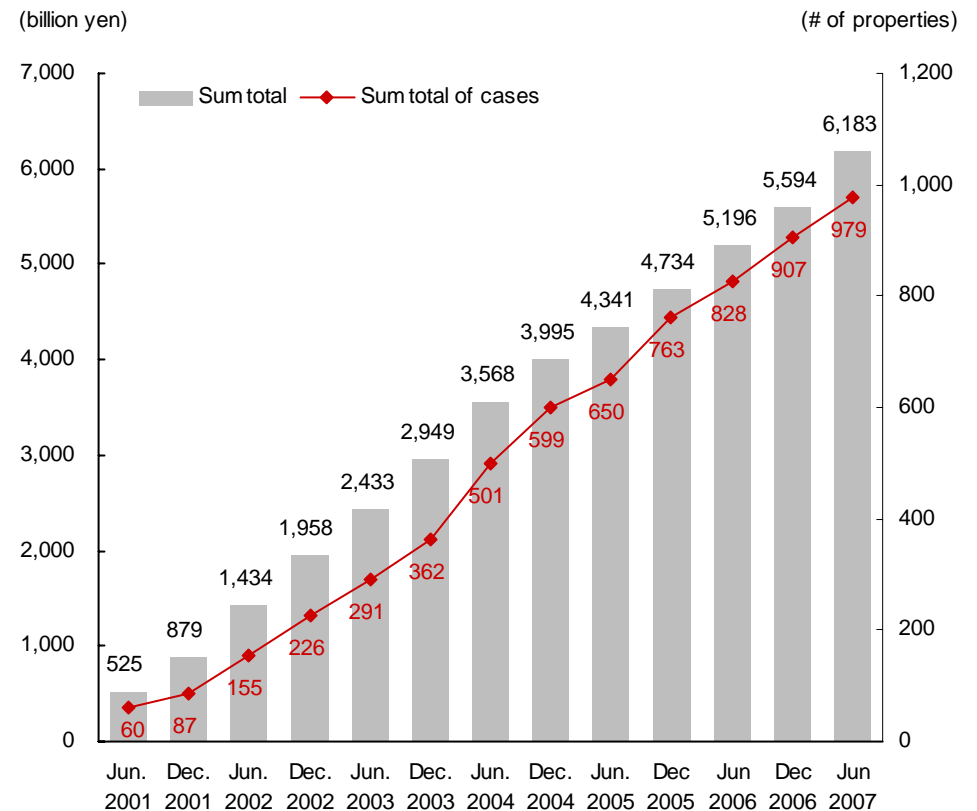
- ▶▶ Number of properties and values considered in a year (July 2006 to end of June 2007) :
151 properties (cumulative 979 properties) , approximately 987.2 billion yen (cumulative approximately 6.1 trillion yen)

▶ Shift in Property Acquisition Methods



(Note 1) Properties acquired in 2007 include properties to be acquired later in the year.
 (Note 2) The development type property in 2007 includes acquisition of GYRE.

▶ Shift in Number of Properties Considered



(Note) Properties re-considered for acquisition which had been considered before are added to period of re-consideration

Properties Acquired in August 2007 Period

▶ ESPA Kawasaki Annex^(Note1,2)



Overview

Acquisition Date : Mar. 1, 2007
 Location : Kawasaki, Kanagawa
 Land : 17,500.97m²
 Total Leasable Area : 15,364.89m²
 Acquisition Price : 5,600 mn yen
 Investment Style : Income
 Main Tenant : Sports Depo

- ▶▶ Expectation of expanding market in the surrounding area
- ▶▶ Acquisition of a retail property adjoining in an existing shopping center aiming at achieving synergies



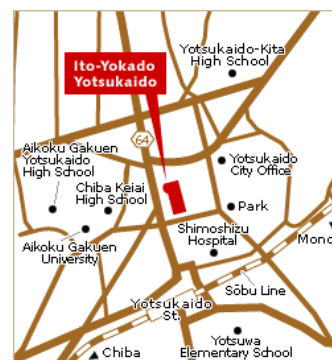
▶ Ito-Yokado Yotsukaido



Overview

Acquisition Date : Aug. 30, 2007
 Location : Yotsukaido, Chiba
 Land : 33,839m²
 Total Leasable Area : 59,207.19m²
 Acquisition Price : 13,600 mn yen
 Investment Style : Income
 Main Tenant : Ito-Yokado

- ▶▶ Upon close of its former store which operated for 28 years, it reopened as Ito-Yokado Yotsukaido in March 2005



▶ Oyama Yuen Harvest Walk



Overview

Acquisition Date : Aug. 31, 2007
 Location : Oyama, Tochigi
 Land : 113,692.86m²
 Total Leasable Area : 58,767.20m²
 Acquisition Price : 10,200 mn yen
 Investment Style : Growth
 Main Tenants : York Benimaru
 Super Viva Home

- ▶▶ A pass-through master-lease property that has the PM company Xymax Cube as its master lessee
- ▶▶ First property in Tochigi Prefecture
- ▶▶ Re-development of the former "Oyama Amusement Park" site



(Note 1) ESPA Kawasaki Annex is not classified as a new property since it will be managed together with the existing ESPA Kawasaki SC.

(Note 2) Land and total leasable area include car parking area that we have acquired as ESPA Kawasaki.

Properties Acquired/Acquisitions Planned in the February 2008 Period

▶ **Aeon Yachiyo Midorigaoka SC**



Overview

Acquisition Date :	Sep. 4, 2007
Location :	Yachiyo, Chiba
Land :	45,990.71m ²
Total Leasable Area:	14,353.77m ²
Acquisition Price:	30,789 mn yen
Investment Style :	Income
Main Tenant :	JUSCO

- ▶▶ A property accessible from a wide area situated in a suburban town outside Tokyo.



▶ **GYRE**



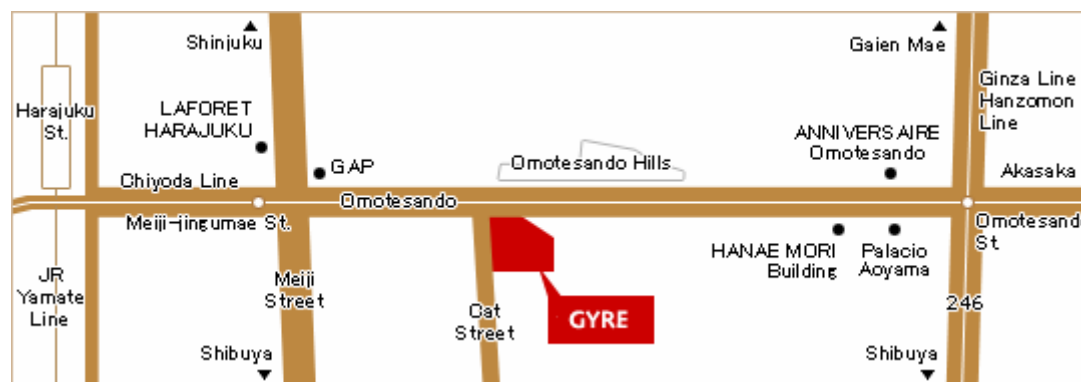
Overview (Planned)

Acquisition Date :	Mid-Oct. 2007
Location :	Jingu Mae, Shibuya, Tokyo
Land :	1,768.78m ²
Total Leasable Area:	4,944.37m ²
Acquisition Price:	8,000 mn yen
Investment Style :	Growth
Main Tenants :	CHANEL, BVLGARI, MoMA Design Store, Omotesando Ukaitei, Le Pre Verre

- ▶▶ Urban retail property located in a brand concentrated area just like Ginza.

- ▶▶ Offers high potential as a commercial site: the growth rate in land value exceeded 40% according to the official land price announced on Jan. 1, 2007.

- ▶▶ Leading edge shops are to be included in the mall: the BVLGARI shop will host the world's first BVLGARI café and MoMA's design shop is the first one to be opened outside New York.



(Note) The above image was provided by Takenaka Corporation. The picture is a computer-generated rendition prepared by the developer and subject to subsequent modification.

Acquisitions Planned after February 2008 —Development Type—

▶ Urawa PARCO



Overview (Planned)

Acquisition Date : Dec. 25, 2007
 Location : Urawa, Saitama City, Saitama
 Completion : Sep. 2007
 Acquisition Price : 27,320 mn yen
 Total Leasable Area : 64,236.71m²
 Investment Style : Income
 Main Tenant : PARCO

▶ Jingu Mae 4-chome East Project (Tentative Name)



Te-le-design: © All rights Reserved

Overview (Planned)

Acquisition Date : End of Mar. 2008
 Location : Jingu Mae, Shibuya, Tokyo
 Completion : End of Mar. 2008
 Acquisition Price : 2,233 mn yen
 Gross Floor Area : 479.06m²
 Main Tenants : to be determined

▶ Cheers Sapporo (Tentative Name)

- ▶ Located in between Oodori Street and the Susukino area.
- ▶ Second restaurant facility acquired by JRF following Cheers Ginza.

Overview (Planned)

Acquisition Date : Dec. 2008
 Location : Chuo-ku, Sapporo, Hokkaido
 Completion : Oct. 2008
 Acquisition Price : 2,750 mn yen
 Gross Floor Area : 5,132.50m²
 Main Tenants : to be determined

▶ Jingu Mae 4-chome West Project (Tentative Name)



Overview (Planned)

Acquisition Date : Apr. 2008
 Location : Jingu Mae, Shibuya, Tokyo
 Completion : Late Oct. 2007
 Acquisition Price : 3,400 mn yen
 Gross Floor Area : 553.95m²
 Main Tenants : to be determined

▶ Ario Otori (Tentative Name)



Overview (Planned)

Acquisition Date : Beg. of May 2008
 Location : Nishi-ku, Sakai City, Osaka
 Completion : Late Mar. 2008
 Acquisition Price : 19,100 mn yen
 Total Leasable Area : 139,923.58m²
 Investment Style : Income
 Main Tenant : Ito-Yokado



(Note) The picture of Jingu Mae 4-chome East/West Projects and Ario Otori are computer-generated renditions prepared by the developer and subject to subsequent modification.

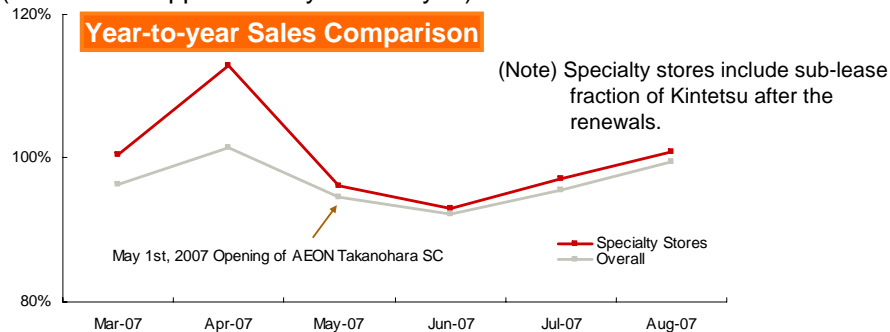
Sustaining and Increasing Property Value amidst Intensified Competition

▶ Nara Family

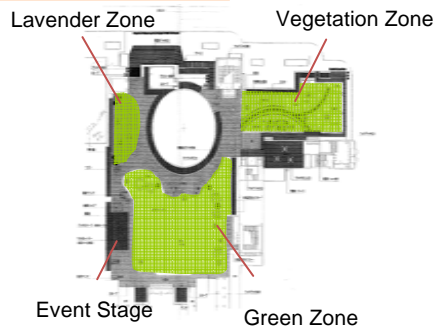
- ▶ Several GMSs constructed within a 15 minute car ride

Operations aimed at sustaining the property value were implemented

- ▶ Renewal of the first floor (Mar. 2007)
Tenant replacement (e.g. first Banana Republic in Nara)
(Investment: approximately 200 mn yen)
- ▶ Conversion of the rooftop amusement park into a rooftop garden (May 2007)
Implementation of customer attraction measures including pro-environmental measures, events and recreational areas
(Investment: approximately 100 mn yen)



Rooftop Garden



▶ AEONMALL Higashiura

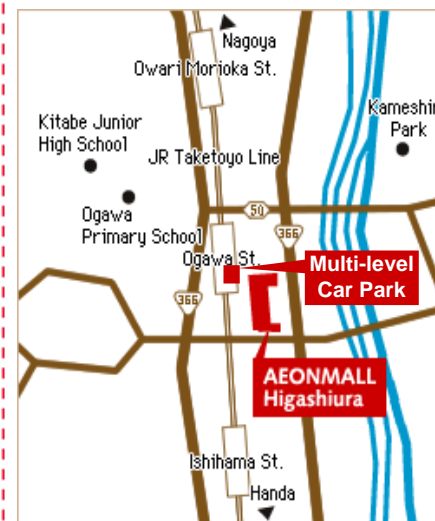
- ▶ Planned construction of a GMS within 15km trading zone

Large scale increase in floor area to improve sales profit

- ▶ “First Phase Plan”: Jun. 2007 to Spring 2008 (planned)
Construction of a multi-level parking area adjoining the shopping center

Overview of the planned parking area

Land area	: 9,631.95m ²
Gross floor area	: 43,097.98m ²
Acquisition price	: 2,540 mn yen



Response to Rent Revision Requests

Ito-Yokado Narumi

▶▶ Background

At the time of acquisition, there were possibilities that competitors had been planning opening new stores in the same area (which had opened in November 2004), JRF acquired Ito-Yokado Narumi considering their negative impact such as decrease in sales and downward rent revision. Almost for 4 years after the acquisition, JRF has been negotiating rent terms with Ito-Yokado

▶▶ Agreements

- ▶ 20% downward rent revision beginning from September 1 2007, but a commitment of a 4 year irrevocable extension of the contract was secured
- ▶ Ito-Yokado agreed to continue paying current rent levels at other Ito-Yokado properties (**ESPA Kawasaki, Abiko Shopping Plaza, Ito-Yokado Yabashira, Ito-Yokado Kamifukuoka, Ito-Yokado Tsunashima**) and to have no rent revision for 3 years
- ▶ Agreed to consider detailed plans to add value at of JRF-owned Ito-Yokado properties such as changing master-lease into direct-lease

▶ Rent revision timing and period of prohibiting contract cancellation in major master-lease/single-tenant properties

Rent revision timing

	Before Aug. 2007 ^(Note)	Before Aug. 2010	After Sep. 2010	Depends on negotiation	N/A
AEON (including AEONMALL, AEON Kyushu and others)	3	1	8	1	2
MYCAL					2
Ito-Yokado			5	1	
Others	1				1

(Note) Out of 4 properties with rent revision timing before Aug. 2007, 1 property is under negotiation of rent revision, 3 properties are under negotiation of rent revision as well as value-up plans

Periods of prohibiting contract cancellation

	Before Aug. 2010	Sep. 2010–Aug. 2012	Sep. 2012–Sep. 2017	Others	No cancellation
AEON (including AEONMALL, AEON Kyushu and others)			9	3	3
MYCAL					2
Ito-Yokado	1	1	1	3	
Others				2	

▶ General Response and Rent Revision Timing

- ▶▶ Gathering of information relating to the tenant at an early stage
- ▶▶ Discussion of possible countermeasures with the tenant



- Early actions including property sale
- Proposing plans to add value (Attracting tenants with many customers which can replace GMS)
- Early negotiation utilizing experience with multiple properties
- Consideration to change ineffective area into direct-lease

Improved Mall Management and Capital Recycling

▶ Initiation of a Joint Venture

- ▶▶ A contract was concluded with Toshin Development Co., Ltd, a subsidiary of Takashimaya on a joint investment in and management of real property
- ▶▶ As the first step of the joint venture, 50% of Hakata Riverain's (Fukuoka) beneficiary interest was sold to Toshin Development.
- ▶▶ A plan to deal with intensifying competition amongst commercial facilities in the Tenjin/Hakata area and to increase the property value has been created.

Sale Overview

- ▶ Share of Property Sold : 50% beneficiary interest
- ▶ Sale Price : 7,220 million yen
- ▶ Sale Expenses : Approximately 13 million yen
- ▶ Sale Profit : Approximately 831 million yen
- ▶ Sale Date : Aug. 1, 2007



▶ Maximization of Investor Value

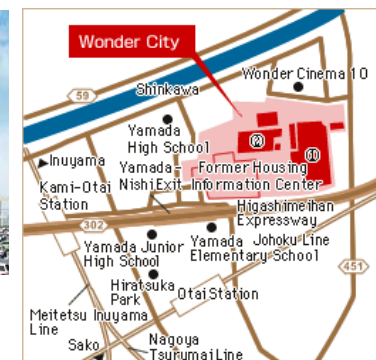
- ▶▶ The possibility of utilizing the underused space at Wonder City's (Nagoya, Aichi) site had been considered since the acquisition.
- ▶▶ It was determined that full-scale redevelopment was necessary to maximize the value of the property as a commercial facility. However, the unforeseen establishment of the so-called "Three City Planning Laws" meant that it was more appropriate to delegate the redevelopment to a developer, Mitsubishi Corporation, in order to maximize the return on investment.

Sale Overview

- ▶ Sale Price : 19,400 million yen
- ▶ Sale Expenses : Approximately 1,907 million yen
- ▶ Sale Profit : Approximately 29 million yen
- ▶ Sale Date : Aug. 31, 2007



The above image was provided by Mitsubishi Corporation.

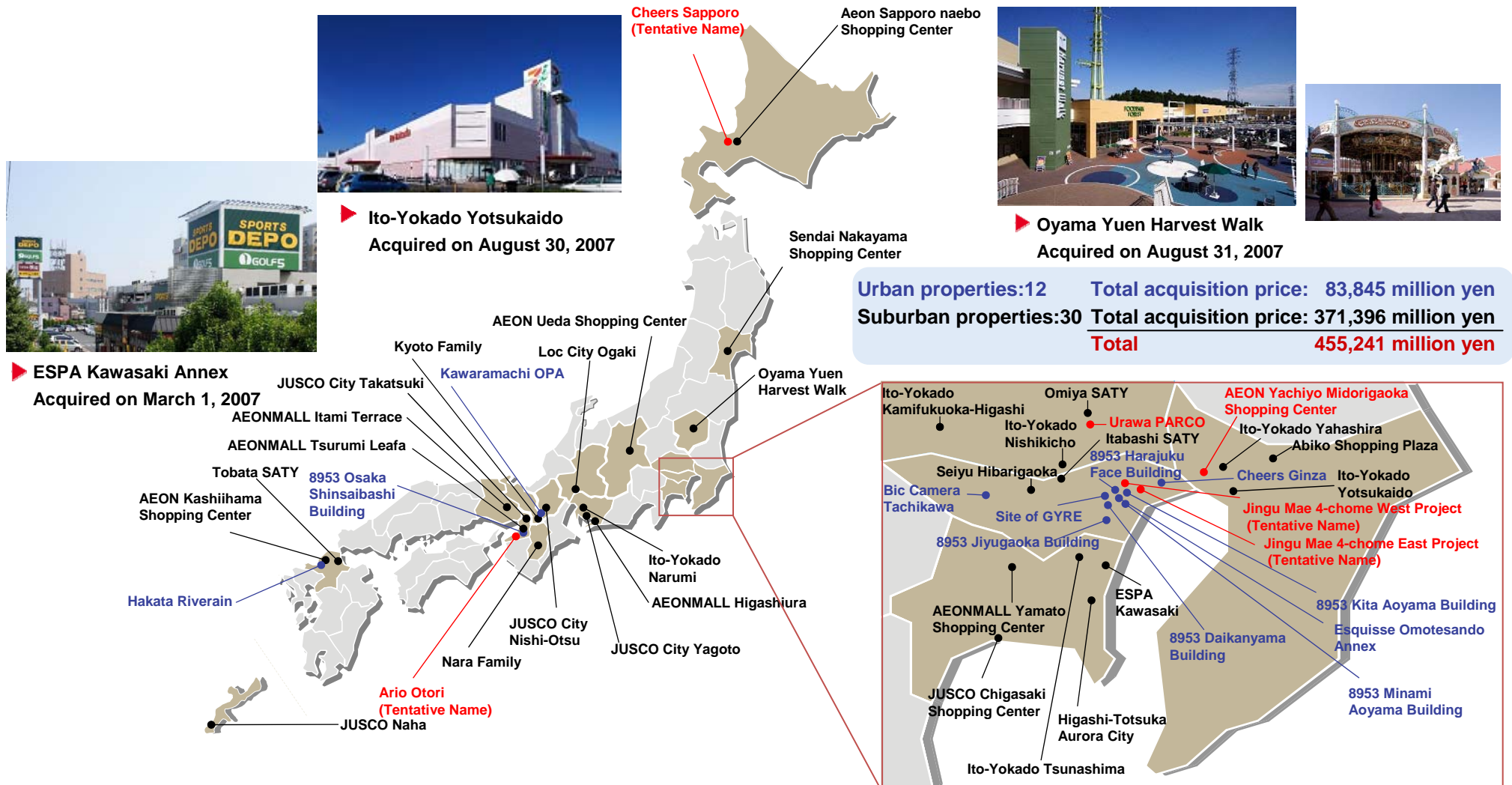




03

Portfolio Overview

Locations of Portfolio Properties



(Note 1) Map presents existing portfolio as of Aug. 2007 and planned acquisitions in and after the Feb. 2008 period

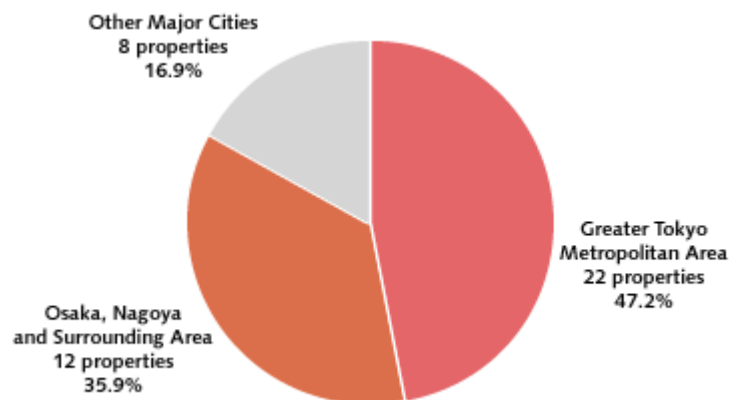
(Note 2) The black indicates suburban properties, the blue ones are urban properties and the red ones are planned or completed acquisitions in the Feb. 2008 period or after

(Note 3) Total acquisition price excludes acquisitions in the Feb. 2008 period or after

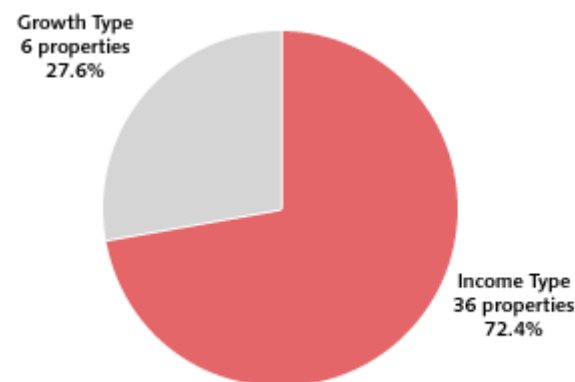
(Note 4) ESPA Kawasaki Annex is not classified as a new property since it will be managed together with the existing ESPA Kawasaki.

Portfolio Diversification (42 properties) (Note)

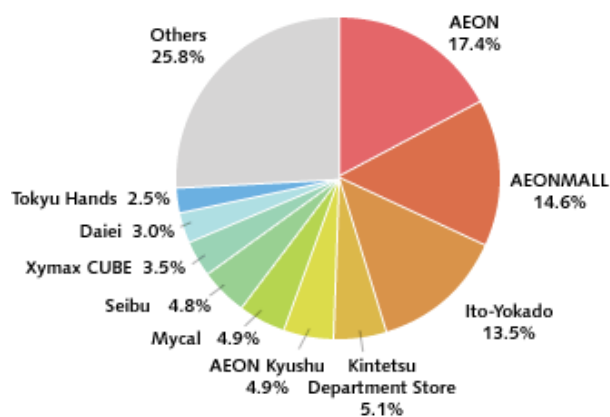
Geography



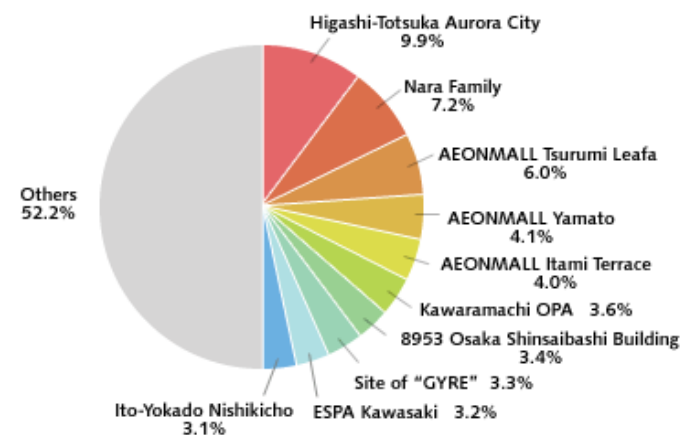
Investment Types



Tenants



Scale



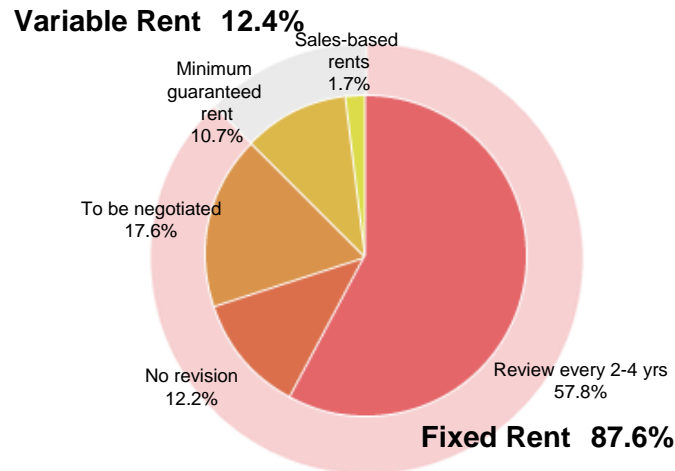
(Note 1) As of Aug. 31, 2007.

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

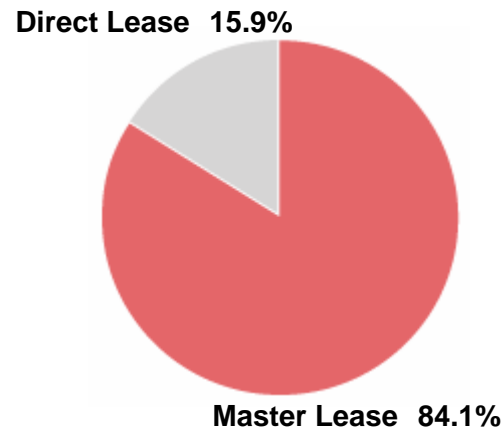
(Note 3) AEONMALL figure in the tenants diversification indicates combined figure of AEONMALL and Diamond City upon its merger.

Portfolio Data

Rent Types

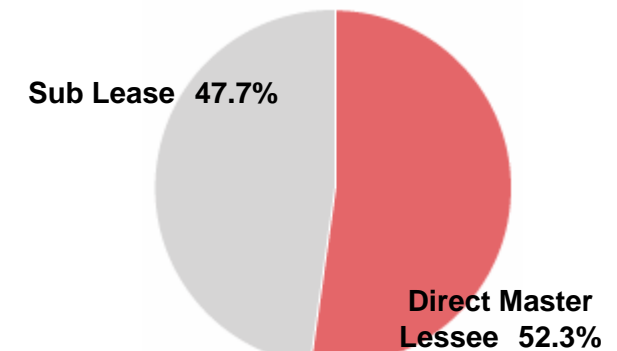


Lease Types



(Note) Based on annual rent.

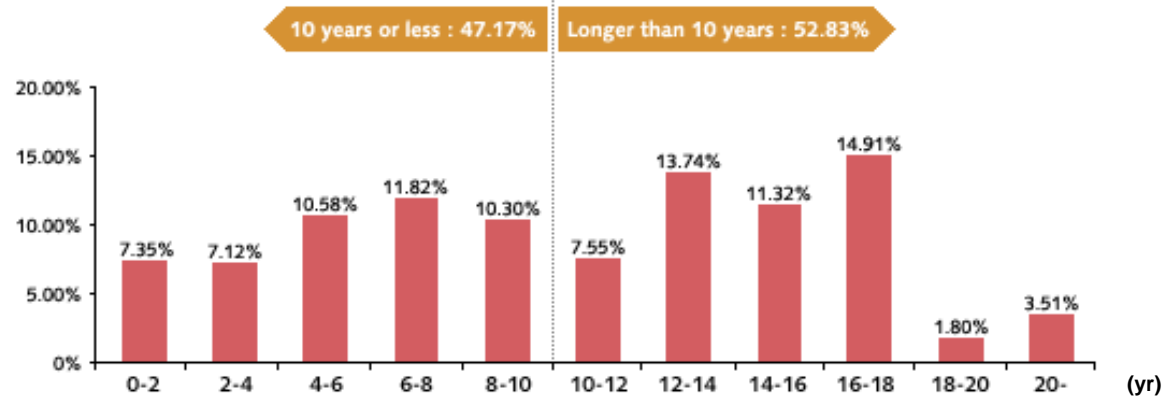
Sub Lease Ratio in Master Lessee Type^(Note1,2)



(Note 1) 30 properties. Based on sales floor area.

(Note 2) The sales floor area is based on tenant disclosures at the time of its opening.

Remaining Term on Lease Contract



(Note 1) Based on annual rent.

(Note 2) The terms based on Aug. 31, 2007.

Portfolio List (Note 1)

Name	Investment Type	Age (Note 2) (Years)	Total Leasable Area (m ²)	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
Tokyo metropolitan areas												
ESPA Kawasaki	Income	7.3	65,313.47	100.00	15,691	3.4	6.2	16,210	5	Ito-Yokado, Sports Depo	9.1	Xymax Cube
JUSCO Chigasaki SC	Income	6.9	63,652.33	100.00	8,300	1.8	6.2	8,850	1	JUSCO	4.7	Geo Akamatsu
Abiko Shopping Plaza	Growth	12.9	42,642.36	100.00	10,200	2.2	7.2	14,700	53	Ito-Yokado	8.8	Xymax Cube
8953 Minami Aoyama Building	Income	5.5	1,540.98	100.00	5,350	1.2	5.5	7,650	3	Hugo Boss	13.5	CB Richard Ellis
Ito-Yokado Yabashira	Income	24.9	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	8.0	28,316.18	100.00	6,900	1.5	6.3	8,190	1	Ito-Yokado	9.7	Geo Akamatsu
Ito-Yokado Nishikicho	Income	3.8	73,438.52	100.00	13,212	2.9	5.6	16,000	1	Ito-Yokado	8.3	Geo Akamatsu
8953 Daikanyama Building	Income	16.5	574.46	100.00	1,235	0.3	5.3	1,660	1	Onward Kashiyama	4.7	Mitsui Fudosan Bldg. Management
8953 Harajuku FACE Building	Income	22.4	1,479.10	100.00	2,770	0.6	5.6	4,280	5	Diesel Japan	8.5	Xymax Cube
Esquisse Omotesando Annex	Income	10.5	540.78	100.00	860	0.2	5.5	1,270	2	LS Mode	4.5	Mitsui Fudosan Bldg. Management
Site of GYRE (Note 5)	Income	-	1,768.78	100.00	14,712	3.2	-	16,700	1	Takenaka Corporation	-	Geo Akamatsu
Ito-Yokado Tsunashima	Income	25.5	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	37.1	20,983.43	100.00	11,920	2.6	5.5	13,100	2	Bic Camera	15.5	Jones Lang LaSalle
Itabashi SATY	Income	7.3	72,253.88	100.00	12,400	2.7	5.4	14,700	1	SATY	6.0	Xymax Cube
8953 Kita Aoyama Building	Income	2.6	492.69	100.00	989	0.2	5.4	1,450	2	NEWS, Best Bridal	11.4	Office Mitsuki
AEONMALL Yamato	Income	5.8	85,226.68	100.00	16,823	3.7	5.5	20,800	1	JUSCO	7.9	Xymax Cube
Seiyu Hibarigaoka	Income	28.9	19,070.88	100.00	6,100	1.3	7.6	8,110	1	Seiyu	10.3	CB Richard Ellis
8953 Jiyugaoka Building	Income	8.2	1,814.10	100.00	2,700	0.6	5.2	3,480	11	NEXT, Sûr Jiyugaoka	3.2	Xymax Cube
Cheers Ginza	Income	2.5	1,686.58	100.00	4,200	0.9	4.3	4,420	9	Kyoto Yururi, Ginza Syoutaien	5.7	Nomura Bldg. Management
Higashi-Totsuka Aurora Ciry	Growth	8.0	151,429.78	100.00	50,500	11.1	4.5	50,500	4	Seibu Dept. Store, Daiei	4.3	Aim Create
Omiya SATY	Income	6.9	75,344.90	100.00	6,133	1.3	5.8	6,670	1	SATY	8.5	Xymax Cube
Ito-Yokado Yotsukaido	Income	2.6	59,207.19	100.00	13,600	3.0	4.1	13,600	1	Ito-Yokado	5.8	Geo Akamatsu
Subtotal/Weighted Agerage		10.3	804,908.22	100.00	211,211	46.4	5.4	240,340	108		-	

(Note 1) As of Aug. 31, 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. Therefore, ESPA Kawasaki Annex which was acquired in 11th term is not included in the cap rates at the time of acquisition. Cap rate for Sendai Nakayama SC only uses the formerly leased space by JUSCO; likewise, cap rates for 8953 Jiyugaoka Building uses that of NEXT building.

(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 and 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 and cap rate as of acquisition.

(Note 6) ESPA Kawasaki Annex is managed together with the existing ESPA Kawasaki. Therefore, ESPA Kawasaki Annex figures are incorporated into ESPA Kawasaki.

(Note 7) AEON Yamato SC has been renamed as AEONMALL Yamato.

Portfolio List (Note 1)

Name	Investment Type	Age (Note 2) (Years)	Total Leasable Area (m ²)	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
Osaka, Nagoya and surrounding areas												
8953 Osaka Shinsaibashi Building	Income	8.6	13,666.96	100.00	14,300	3.1	5.5	17,100	1	Tokyu Hands	5.5	Xymax Cube
Nara Family	Growth	14.8	85,075.32	99.68	31,241	6.9	7.4	36,700	133	Kintetsu Dept. Store, JUSCO	5.2	AEONMALL
Ito-Yokado Narumi	Income	10.1	50,437.91	100.00	8,540	1.9	7.3	8,180	1	Ito-Yokado	7.4	Xymax Cube
AEONMALL Higashiura	Income	6.1	100,457.69	100.00	6,700	1.5	6.3	9,150	1	JUSCO	14.2	Xymax Cube
JUSCO City Takatsuki	Income	13.5	77,267.23	100.00	11,700	2.6	6.0	12,900	1	JUSCO	3.6	CB Richard Ellis
JUSCO City Yagoto	Income	14.0	63,778.44	100.00	3,700	0.8	7.0	4,160	2	JUSCO	4.2	Xymax Cube
JUSCO City Nishi Otsu	Income	10.8	62,717.26	100.00	13,100	2.9	5.2	13,200	1	JUSCO	4.9	Xymax Cube
Kyoto Family	Growth	24.8	25,603.95	99.08	5,340	1.2	6.5	6,660	62	JUSCO, Nitori	3.7	AEONMALL
Loc City Ogaki	Income	2.1	57,500.35	100.00	4,950	1.1	8.2	5,260	1	MaxValu	6.5	Geo Akamatsu
Kawaramachi OPA	Income	8.8	18,848.20	100.00	18,500	4.1	4.4	18,400	1	OPA	2.5	Geo Akamatsu
AEONMALL Tsurumi Leafa	Income	0.8	138,538.63	100.00	29,900	6.6	4.6	30,700	1	JUSCO	6.6	Xymax Cube
AEONMALL Itami Terrace	Income	5.0	150,503.77	100.00	20,300	4.5	5.1	20,300	1	JUSCO, Toys 'R Us, Sports Authority	4.9	Xymax Cube
Subtotal/Weighter Average		8.9	844,395.71	99.91	168,271	37.0	5.8	182,710	206		-	
Other major city												
Sendai Nakayama SC	Income	11.2	46,248.96	100.00	10,200	2.2	7.6	13,200	2	JUSCO	3.8, 3.2, 1.2	Xymax Cube
Hakata Riverain	Growth	8.7	25,465.00	88.39	6,309	1.4	6.5	6,820	68	IDC Otsuka Kagu, Louis Vuitton, Gucci	0.07	Geo Akamatsu
AEON Kashiihama SC	Income	3.8	109,616.72	100.00	13,300	2.9	6.2	15,300	1	JUSCO	0.9	Geo Akamatsu
AEON Sapporo Naebo SC	Income	4.2	74,625.52	100.00	9,260	2.0	6.2	11,200	1	JUSCO	1.8	Xymax Cube
Tobata SATY	Income	8.5	93,258.23	100.00	6,290	1.4	6.6	7,900	1	SATY	1.9	Geo Akamatsu
JUSCO Naha	Income	13.9	79,090.48	100.00	10,700	2.4	6.0	12,000	1	JUSCO	7.3	Jones Lang LaSalle
AEON Ueda SC	Income	3.2	61,349.07	100.00	9,500	2.1	5.3	9,700	1	JUSCO	3.3	Geo Akamatsu
Oyama Yuen Harvest Walk	Growth	0.4	58,767.20	100.00	10,200	2.2	5.4	10,400	1	York Benimaru, Super Viva Home	3.4	Xymax Cube
Subtotal/Weighter Average		6.5	548,421.18	99.03	75,759	16.6	6.2	86,520	76		-	
Total/Weighted Average		9.1	2,197,725.11	99.81	455,241	100.0	5.7	509,570	390		-	

(Note 1) As of Aug. 31, 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. Therefore, ESPA Kawasaki Annex which was acquired in 11th term is not included in the cap rates at the time of acquisition. Cap rate for Sendai Nakayama SC only uses the formerly leased space by JUSCO; likewise, cap rates for 8953 Jiyugaoka Building uses that of NEXT building.

(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) AEON Higashiura SC, Diamond City Leafa and Diamond City Terrace have been renamed as AEONMALL Higashiura, AEONMALL Tsurumi Leafa and AEONMALL Itami Terrace, respectively.

(Note 6) As Diamond City and AEONMALL merged on August 21, 2007, if the PM companies of Nara Family and Kyoto Family were Diamond City, AEONMALL succeeded PM company roles.



04

August 2007 (11th) Period Results of Operation

August 2007 Period Income Statements

Items	Aug. 2007 Period		Feb. 2007 Period		Variation	
	Amount	%	Amount	%	Amount	%
I. Operating revenue	'000 yen	%	'000 yen	%	'000 yen	%
Rental revenue	18,490,462	100.0	16,712,331	100.0	1,778,131	10.6
Other operating revenue	17,629,533		16,583,040		1,046,492	
TK distribution (gain)	860,929				860,929	
	—		129,290		△ 129,290	
II. Operating expenses	11,082,035	59.9	9,773,466	58.5	1,308,569	13.4
Property related expenses	9,232,620		8,093,733		1,138,886	
Other operating related expenses						
Asset management fees	1,474,161		1,387,307		86,854	
Directors' fees	5,806		4,607		1,198	
Custodian fees	74,798		64,685		10,112	
General administration fees	128,820		117,016		11,803	
Other	165,828		106,115		59,713	
Operating Income	7,408,426	40.1	6,938,865	41.5	469,561	6.8
III. Non-operating revenue	25,709	0.1	15,779	0.1	9,930	62.9
Interest revenue	19,109		9,971		9,138	
Other	6,599		5,807		791	
IV. Non-operating expenses	1,024,675	5.5	860,963	5.1	163,712	19.0
Interest expense	289,677		273,082		16,595	
Interest expense of corporate bonds	644,058		362,050		282,007	
Amortization of corporate bonds	56,580		55,246		1,334	
Finance related cost	25,569		30,700		△ 5,131	
Offering costs	—		128,854		△ 128,854	
Amortization of organization costs	—		—			
Other non-operating expenses	8,789		11,027		△ 2,238	
Recurring Profit	6,409,460	34.7	6,093,680	36.5	315,779	5.2
Income before income taxes	6,409,460	34.7	6,093,680	36.5	315,779	5.2
Income, inhabitant and corporate taxes	22,450		15,048		7,402	
Tax adjustments	△ 9,332		△ 1,021		△ 8,311	
Net Income	6,396,342	34.6	6,079,654	36.4	316,688	5.2
Retained earnings (beginning balance)	29		51		△ 22	
Retained earnings (ending balance)	6,396,371		6,079,705		316,666	

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

(Note 2) The Aug. 2007 period runs from Mar. 1, 2007 to Aug. 31, 2007 (184 days)

August 2007 Period Balance Sheets

Items	Aug. 2007 Period		Feb. 2007 Period		Variation	
	Amount	%	Amount	%	Amount	%
Assets	'000 yen	%	'000 yen	%	'000 yen	%
I.Current assets						
Cash and cash equivalents	15,613,878		11,697,860		3,916,017	
Entrusted cash and cash	11,402,076		12,733,367		△ 1,331,291	
Rental receivables	641,369		689,862		△ 48,493	
Consumption tax refundable	—		1,165,935		△ 1,165,935	
Other current assets	599,697		475,153		124,544	
Total Current Assets	28,257,021	5.8	26,762,178	5.6	1,494,842	5.6
II.Non-current assets						
1.Property and equipment at cost						
Buildings	164,823,614		162,020,556		2,803,058	
Building improvements	9,219,114		8,031,632		1,187,482	
Machinery and equipment	752,901		649,774		103,127	
Vehicles	308		—		308	
Furniture & Fixtures	1,477,097		1,390,235		86,862	
Land	271,323,193		270,699,741		623,452	
Net property and equipment	447,596,230	91.6	442,791,940	92.2	4,804,290	1.1
2.Intangible assets						
Leasehold land	8,914,567		6,992,334		1,922,233	
Other intangible assets	169,690		198,798		△ 29,108	
Total intangible assets	9,084,257	1.9	7,191,132	1.5	1,893,124	26.3
3.Investments						
Lease deposit	3,354,958		3,166,362		188,596	
Long-term prepaid expenses	99,367		108,713		△ 9,345	
Other	100,610		257,405		△ 156,795	
Total investments	3,554,936	0.7	3,532,481	0.7	22,455	0.6
Total Non-Current Assets	460,235,424	94.2	453,515,554	94.4	6,719,870	1.5
III.Deferred assets						
Issuance costs of corporate bonds	254,778		137,759		117,018	
Total Deferred Assets	254,778	0.1	137,759	0.0	117,018	84.9
Total Assets	488,747,224	100.0	480,415,492	100.0	8,331,731	1.7

Items	Aug. 2007 Period		Feb. 2007 Period		Variation	
	Amount	%	Amount	%	Amount	%
Liabilities	'000 yen	%	'000 yen	%	'000 yen	%
I.Current liabilities						
Account payable	579,907		849,082		△ 269,174	
Short-term debt	38,230,000		63,730,000		△ 25,500,000	
Accrued liabilities	69,913		12,793		57,119	
Accrued expenses	1,371,562		951,860		419,702	
Accrued income taxes	22,450		15,048		7,402	
Accrued consumption taxes	96,001		—		96,001	
Rent received in advance	1,399,636		1,376,188		23,448	
Deposits	838,876		857,195		△ 18,319	
Lease deposits	5,406,715		5,814,463		△ 407,748	
Other	25,351		22,269		3,081	
Total Current Liabilities	48,040,415	9.8	73,628,902	15.3	△ 25,588,487	△ 34.8
II.Non-current liabilities						
Corporate bonds—unsecured	100,000,000		65,000,000		35,000,000	
Long-term debt	5,000,000		5,000,000		—	
Tenant leasehold and security	78,546,031		79,942,478		△ 1,396,447	
Total Non-Current Liabilities	183,546,031	37.6	149,942,478	31.2	33,603,552	22.4
Total Liabilities	231,586,446	47.4	223,571,381	46.5	8,015,065	3.6
Unitholders' Equity						
I.Total investment						
1.Unitholders' capital						
Unitholders' capital	250,764,406		250,764,406		—	
2.Retained earnings						
Retained earnings	6,396,371		6,079,705		316,666	
Total unitholders' equity	257,160,778	52.6	256,844,111	53.5	316,666	0.1
Net Assets	257,160,778	52.6	256,844,111	53.5	316,666	0.1
Total Liabilities and Unitholders' Equity	488,747,224	100.0	480,415,492	100.0	8,331,731	1.7

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

(Note 2) The Aug. 2007 period runs from Mar. 1, 2007 to Aug. 31, 2007 (184 days)

August 2007 Period Cashflow and Distribution Statements

('000 yen)		
Items	Aug. 2007 Period	Feb. 2007 Period
I. Cash Flow from Operating Activities		
Income before income taxes	6,409,460	6,093,680
Depreciation and amortization	3,659,967	3,411,395
Other	662,040	△ 334,126
Net Cash from Operating Activities	10,731,467	9,170,949
II. Cash Flow from Investing Activities		
Purchase of property and equipment	△ 32,246,410	△ 80,562,310
Proceeds from sale of property and equipment	24,631,693	—
Payment of tenant leasehold and security deposits	△ 7,305,105	△ 3,362,211
Proceeds from tenant leasehold and security deposits	5,500,909	17,618,823
Purchase of intangible assets	△ 1,940,920	△ 369,261
Payment of tenant deposits	△ 200,400	△ 78,361
Proceeds from tenant deposits	11,803	15,724
Proceeds from repayment of TK	—	943,707
Loss from other investments/other acquisition of assets	△ 2,000	△ 29,750
Gain from other investments/other acquisition of assets	158,795	—
Net Cash used in Investment Activities	△ 11,391,632	△ 65,823,639
III. Cash Flow from Financing Activities		
Proceeds from short-term debt	14,500,000	60,730,000
Repayments of short-term debt	△ 40,000,000	△ 79,070,000
Proceeds from issuance of corporate bonds	34,826,400	19,906,102
Proceeds from issuance of investment units	—	69,206,760
Distribution payment	△ 6,081,509	△ 5,119,992
Net Cash from Financing Activities	3,244,891	65,652,869
IV. Net change in cash and cash equivalents	2,584,726	9,000,179
V. Cash and cash equivalents at beginning of period	24,431,228	15,431,048
VI. Cash and cash equivalents at end of period	27,015,954	24,431,228

('000 yen)		
Items	Aug 2007 Period	Feb 2007 Period
Retained earnings (ending balance)	6,396,371	6,079,705
Distribution amount	6,396,222	6,079,676
DPU (yen)	(16,549)	(15,730)
Retained earnings carried forward	150	29

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

(Note 2) The Aug. 2007 period runs from Mar. 1, 2007 to Aug. 31, 2007 (184 days)



05

Appendix

Changes in Environment Surrounding Commercial Facilities

Recent Trends in Retail Industry

- ▶▶ **Adjustments in opening of large suburb retail stores and consolidation of urban functions in central city due to amendment of Three Laws on City Planning**
- ▶▶ **Escalated reorganization of the Industry**
 - ▶ AEON, Daiei, and Marubeni form capital / business alliance
【March 9, 2007】
 - ▶ Daimaru and Matsuzakaya officially announce their merger
【March 14, 2007】
 - ▶ AEONMALL and Diamond City to merge in August, 2007
【March 20, 2007】
 - ▶ Hankyu Department Stores and Hanshin Department Stores agreed to merge in October 2007
【March 26, 2007】
 - ▶ Business alliance between Isetan and Tokyu Department Stores
【March 27, 2007】
 - ▶ Merger between Isetan and Mitsukoshi by establishing joint holding company
【August 23, 2007】

Influence of Three Laws on City Planning

Three Laws on City Planning is a general name for three laws regarding retail business in urban areas

- ▶▶ **Laws for Activation of Central Cities**
 - ▶ Amendment from “Urban Centers Activation Law” with the objectives “Improvement in maintenance of urban centers”, “activation of retail businesses”
- ▶▶ **Laws for Large Retail Stores**
 - ▶ Aims to require consideration to the environment of the surrounding areas when opening a new large retail store
 - ▶ Due to the amendment of “Laws for Activation of Central Cities”, two special measures can be utilized without amending the law
- ▶▶ **City Planning Law**
 - ▶ Aims to allow appropriate establishment of large scale retail stores in each area

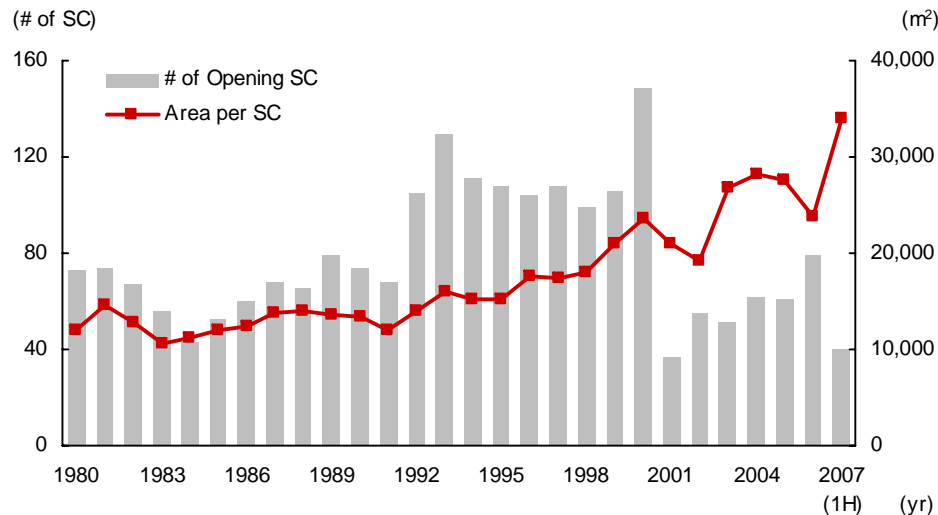
Complete Enforcement

November 30, 2007

Enforces restriction on location of large scale customer attractions and permits for development.
It restricts suburban location of large scale attraction with floor area over 10,000 m²

Retail Sector in Japan and Consumption Behavior

Opening of Shopping Centers and their Increasing Size



New Development of SCs in Japan by Region

	2001	2002	2003	2004	2005	2006
Central area	9	12	9	11	6	15
Major cities	4	5	3	6	2	4
Medium cities	5	5	4	3	2	8
Small cities		2	2	2	2	3
Surrounding area	7	12	9	7	7	10
Suburban area	21	31	32	44	48	54
TOTAL	37	55	50	62	61	79

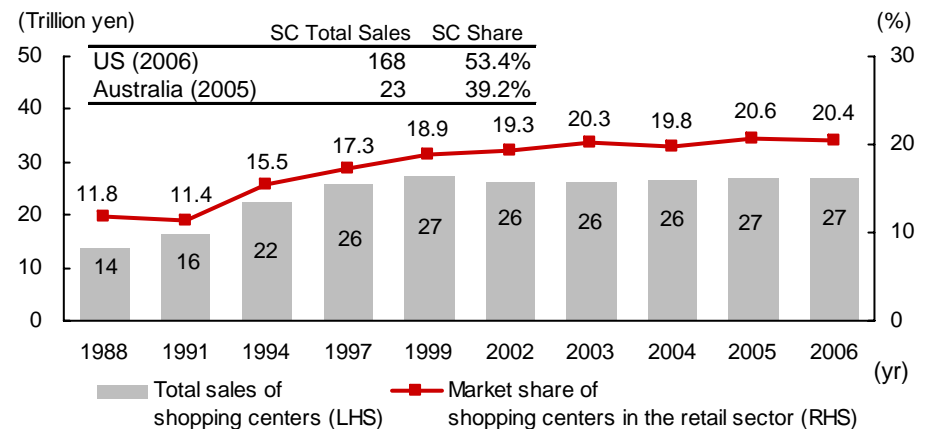
City size

- Major cities : Government designated cities
- Medium cities : Cities with more than 150,000 population excluding government designated cities
- Small cities : Cities with less than 150,000 population

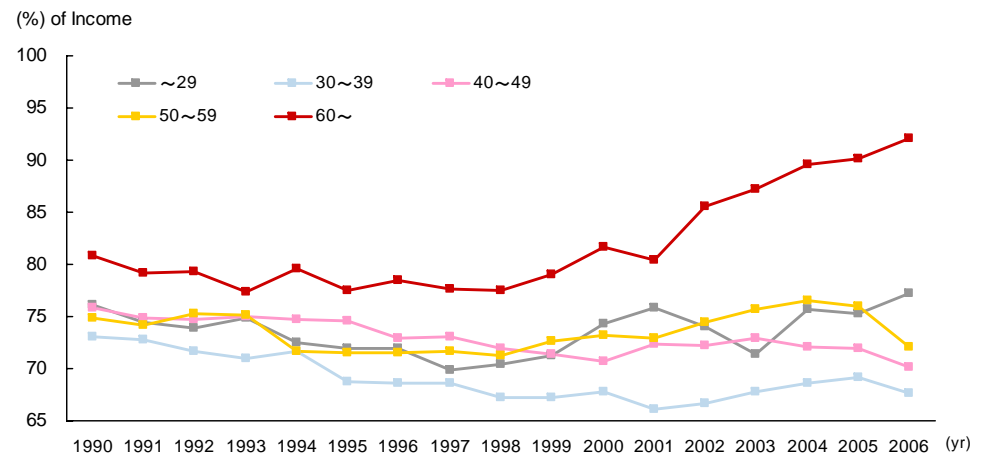
Location

- Central area : Central downtown area with commercial functions
- Surrounding area : Area adjacent to central downtown with commercial, federal and business metropolitan functions
- Suburban area : Suburban area with residential and agricultural functions

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

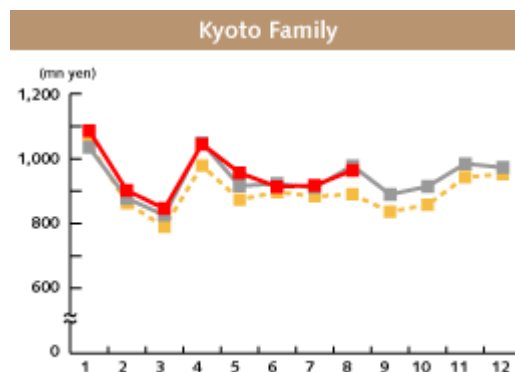
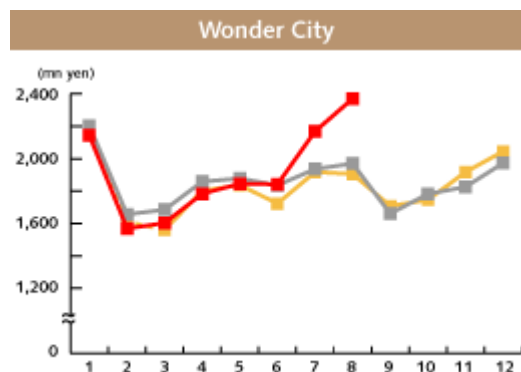
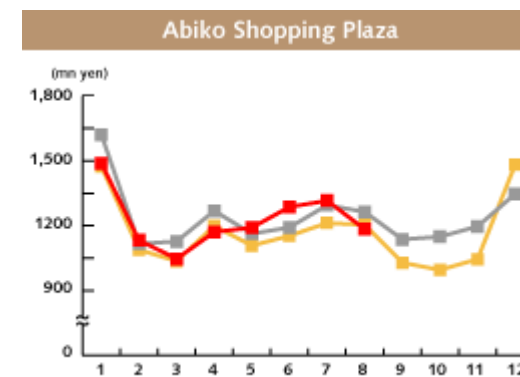
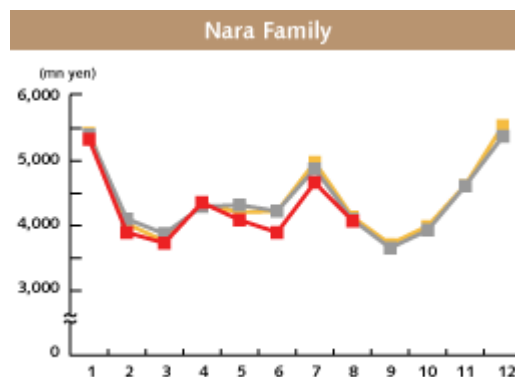
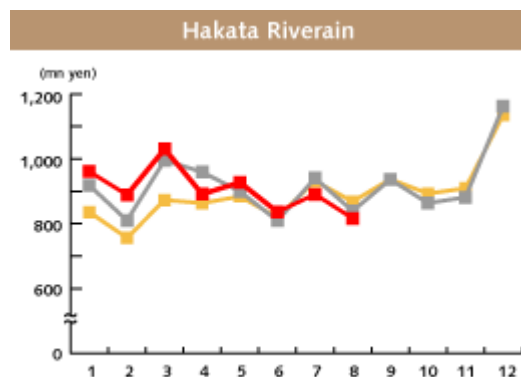


Consumption Behavior According to Age Groups



Source: Japan Council of Shopping Centers, Australian Shopping Center Industry, Statistics Bureau

Total Sales of Growth Properties



- Actual sales for Jan.-Aug.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
 (Note 3) As of Aug., 2007

Performance by Property (Income-type Properties 1)

(mn yen)

Items	Sendai Nakayama SC		ESPA Kawasaki		8953 Osaka Shinsaibashi Bldg.		JUSCO Chigasaki SC		Ito-Yokodo Narumi		8953 Minami Aoyama Bldg.	
	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07
Rental revenue	464	460	491	351	407	407	274	274	330	330	160	160
Other income	0	0	0	0	0	0	0	0	0	0	7	8
Total property income	464	460	492	351	407	407	274	274	330	330	168	168
Tax and public charges	40	40	57	57	28	28	38	39	37	37	6	6
Facilities management	2	2	3	1	0	0	0	0	—	—	10	10
Property management fees	13	13	14	12	6	6	5	5	6	6	4	4
Other property expenses	1	1	5	1	1	1	1	1	1	1	0	0
Depreciation and amortization	82	80	101	82	81	81	64	64	74	73	8	8
Total expenses	141	137	183	156	118	118	110	110	119	119	30	31
Real estate rental profit	322	322	308	194	288	289	163	164	210	210	137	137
Rental deposits	840	840	1,070	981	798	798	745	745	538	538	282	282
Guaranteed deposits	801	801	4,350	3,924	—	—	2,586	2,586	4,849	4,849	—	—
Deposits (ending balance)	1,641	1,641	5,421	4,905	798	798	3,332	3,332	5,388	5,388	282	282

(mn yen)

Items	Ito-Yokodo Yabashira		Ito-Yokodo Kamifukuoka-Higashi		Ito-Yokodo Nishikicho		8953 Daikanyama Bldg.		AEONMALL Higashiura		8953 Harajuku FACE Bldg.	
	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07
Rental revenue	78	78	256	256	444	444	34	34	375	375	84	79
Other income	—	—	—	—	—	—	4	4	—	—	13	13
Total property income	78	78	256	256	444	444	39	39	375	375	98	93
Tax and public charges	16	15	41	40	60	60	1	1	50	50	2	2
Facilities management	—	0	0	1	—	—	3	4	—	0	5	5
Property management fees	2	2	4	4	4	4	1	1	7	4	4	4
Other property expenses	0	0	4	2	2	2	0	0	81	82	1	1
Depreciation and amortization	15	15	49	49	136	136	4	4	101	101	7	9
Total expenses	34	34	99	97	204	204	11	11	240	240	22	23
Real estate rental profit	43	43	155	158	240	240	27	27	135	135	76	69
Rental deposits	450	450	774	774	590	590	125	125	495	495	193	176
Guaranteed deposits	—	—	1,558	1,623	—	—	—	—	—	—	—	—
Deposits (ending balance)	450	450	2,333	2,398	590	590	125	125	495	495	193	176

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

(Note 2) The Aug. 2007 period runs from Mar. 1, 2007 to Aug. 31, 2007 (184 days)

Performance by Property (Income-type Properties 2)

(mn yen)

Items	AEON Kashiihama SC		AEON Sapporo Naebo SC		Site of GYRE		Esquisse Omotesando Annex		Ito-Yokado Tsunashima		Bic Camera Tachikawa	
	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07
Rental revenue	477	477	378	378	—	—	27	27	180	180	356	356
Other income	—	5	0	0	190	190	0	0	—	—	29	30
Total property income	477	483	378	378	190	190	27	27	180	180	385	386
Tax and public charges	60	61	58	58	24	24	1	1	18	18	31	30
Facilities management	0	4	0	—	—	—	0	0	—	—	30	28
Property management fees	6	6	3	3	3	3	1	1	3	3	6	6
Other property expenses	2	2	20	20	0	0	0	0	0	0	1	1
Depreciation and amortization	98	99	131	132	—	—	2	1	25	25	87	88
Total expenses	167	173	214	216	27	28	5	5	47	48	157	155
Real estate rental profit	309	309	163	162	162	161	22	22	132	132	228	231
Rental deposits	700	700	654	654	—	—	64	64	232	232	712	712
Guaranteed deposits	—	—	—	—	—	—	—	—	—	—	—	—
Deposits (ending balance)	700	700	654	654	—	—	64	64	232	232	712	712

(mn yen)

Items	Itabashi SATY		8953 Kita Aoyama Bldg.		AEONMALL Yamato SC		Seiyu Hibarigaoka		Tobata SATY		JUSCO City Takatsuki	
	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07
Rental revenue	671	630	32	32	534	534	261	261	315	315	411	411
Other income	1	0	1	2	—	—	0	0	0	1	0	0
Total property income	673	630	34	34	534	534	261	261	315	316	411	411
Tax and public charges	41	42	1	1	54	54	15	15	65	67	57	57
Facilities management	—	—	2	2	1	0	—	1	0	1	0	0
Property management fees	4	4	1	1	4	4	3	3	5	5	3	3
Other property expenses	262	263	0	0	2	2	0	0	3	3	1	1
Depreciation and amortization	108	108	3	3	114	114	80	88	69	69	101	108
Total expenses	417	418	9	9	177	176	100	109	145	146	164	171
Real estate rental profit	255	212	25	25	356	357	160	151	170	169	246	239
Rental deposits	754	754	40	40	1,068	1,068	300	300	315	315	1,232	1,232
Guaranteed deposits	—	—	—	—	—	—	—	—	—	—	3,737	3,983
Deposits (ending balance)	754	754	40	40	1,068	1,068	300	300	315	315	4,969	5,215

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

(Note 2) The Aug. 2007 period runs from Mar. 1, 2007 to Aug. 31, 2007 (184 days)

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	
	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07
Rental revenue	84	84	164	164	385	385	87	87	375	375	209	198
Other income	6	6	0	0	2	2	36	23	0	1	0	0
Total property income	91	91	164	164	388	388	123	111	375	376	210	198
Tax and public charges	4	4	16	16	29	38	5	5	30	30	55	—
Facilities management	9	9	1	1	0	0	24	24	1	0	1	0
Property management fees	2	2	3	3	4	4	2	2	4	4	2	2
Other property expenses	0	0	0	0	29	29	1	1	5	5	2	2
Depreciation and amortization	14	14	33	33	81	81	16	16	88	88	50	50
Total expenses	31	31	54	54	145	154	50	51	131	130	112	55
Real estate rental profit	59	59	109	109	242	233	72	60	243	246	97	142
Rental deposits	126	126	502	502	2,118	2,118	170	168	988	988	440	440
Guaranteed deposits	47	47	50	50	—	—	—	—	—	—	—	—
Deposits (ending balance)	174	174	552	552	2,118	2,118	170	168	988	988	440	440

(mn yen)

Items	Loc City Ogaki		Kawaramachi OPA		AEON Ueda SC		AEONMALL Tsurumi Leafa		AEONMALL Itami Terrace		Ito-Yokado Yotsukaido		Total Income Properties	
	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07
Rental revenue	328	332	340	287	297	198	860	418	578	281	3	—	10,764	9,674
Other income	—	—	7	0	0	0	0	3	0	—	0	—	303	294
Total property income	328	332	348	288	297	198	860	422	578	281	3	—	11,067	9,968
Tax and public charges	32	—	43	—	46	0	163	—	99	—	0	—	1,342	912
Facilities management	0	0	2	1	22	0	0	—	—	—	—	—	130	108
Property management fees	3	3	3	3	3	2	6	3	4	2	0	—	164	153
Other property expenses	88	89	1	1	1	1	31	17	14	7	—	—	577	551
Depreciation and amortization	108	108	52	52	111	74	317	210	150	75	14	—	2,593	2,354
Total expenses	233	201	104	60	185	78	519	232	267	84	14	—	4,806	4,078
Real estate rental profit	94	131	243	227	111	120	341	189	310	196	-11	—	6,261	5,890
Rental deposits	600	600	1,056	1,056	—	—	1,759	1,676	900	900	429	—	22,075	21,455
Guaranteed deposits	—	—	5,053	5,053	—	—	—	—	8,600	8,600	3,865	—	35,502	31,519
Deposits (ending balance)	600	600	6,109	6,109	—	—	1,759	1,676	9,500	9,500	4,295	—	57,577	52,974

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

(Note 2) The Aug. 2007 period runs from Mar. 1, 2007 to Aug. 31, 2007 (184 days)

Performance by Property (Growth-type Properties)

Items	Hakata Riverain		Nara Family		Abiko Shopping Plaza		Wonder City		Kyoto Family		Higashi-Totsuka Aurora City		Oyama-Yuen Harvest Walk		Total Growth Properties		(mn yen)	
	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07	Aug-07	Feb-07 ^(Note3)	Aug-07	Feb-07
Rental revenue	769	902	1,841	1,861	478	482	595	608	536	537	1,302	1,192	2	—	5,527	5,583	16,291	15,257
Other income	218	203	335	313	223	266	38	35	140	130	77	80	—	—	1,034	1,031	1,337	1,325
Total property income	987	1,106	2,176	2,174	701	749	634	644	677	667	1,380	1,273	2	—	6,561	6,614	17,629	16,583
Tax and public charges	90	108	96	96	34	34	72	71	30	30	164	—	—	—	489	342	1,831	1,254
Facilities management	362	337	509	458	225	230	44	39	205	194	96	90	0	—	1,445	1,351	1,575	1,459
Property management fees	52	65	165	176	49	53	103	108	86	84	7	7	—	—	464	495	628	648
Sales promotion expenses	123	177	98	101	17	18	0	2	8	10	0	0	0	—	248	310	250	311
Other property expenses	157	65	241	243	15	13	105	3	108	106	22	11	0	—	651	449	1,228	1,000
Depreciation and amortization	172	183	240	232	99	99	107	125	73	72	345	344	27	—	1,066	1,057	3,659	3,411
Real property retirement loss	16	3	43	4	0	—	—	—	0	—	0	—	0	—	59	7	59	7
Total real estate rental expenses	975	946	1,395	1,313	442	451	435	351	512	497	635	454	28	—	4,426	4,011	9,232	8,093
Real estate rental profit	12	160	781	860	259	298	198	293	164	170	744	819	-26	—	2,134	2,603	8,396	8,489
Rental deposits	356	774	5,096	5,569	944	950	—	833	780	816	6,094	6,094	342	—	13,615	15,039	35,690	36,494
Guaranteed deposits	—	—	9,428	9,428	3,332	3,548	—	4,765	—	—	—	—	—	—	12,760	17,742	48,262	49,262
Deposits (ending balance)	356	774	14,525	14,998	4,276	4,499	—	5,599	780	816	6,094	6,094	342	—	26,375	32,781	83,952	85,756

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

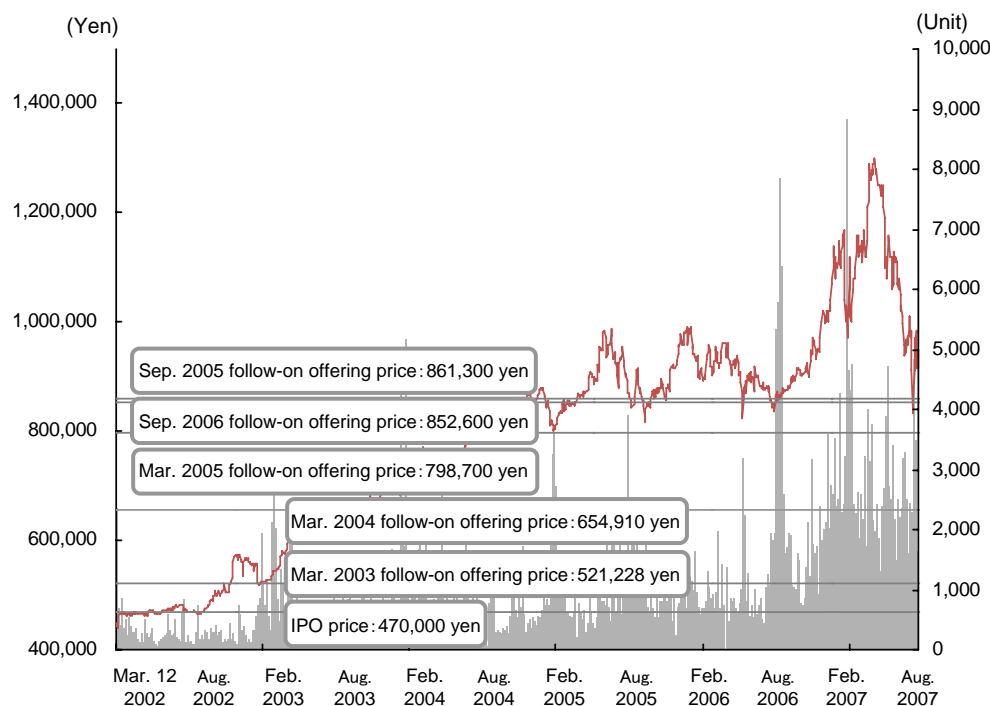
(Note 2) The Aug. 2007 period runs from Mar. 1, 2007 to Aug. 31, 2007 (184 days)

(Note 3) Hakata Riverain was partially sold on Aug. 1, 2007

(Note 4) Wonder City was sold on Aug. 31, 2007 therefore not included in the current portfolio

Price of Investment Unit

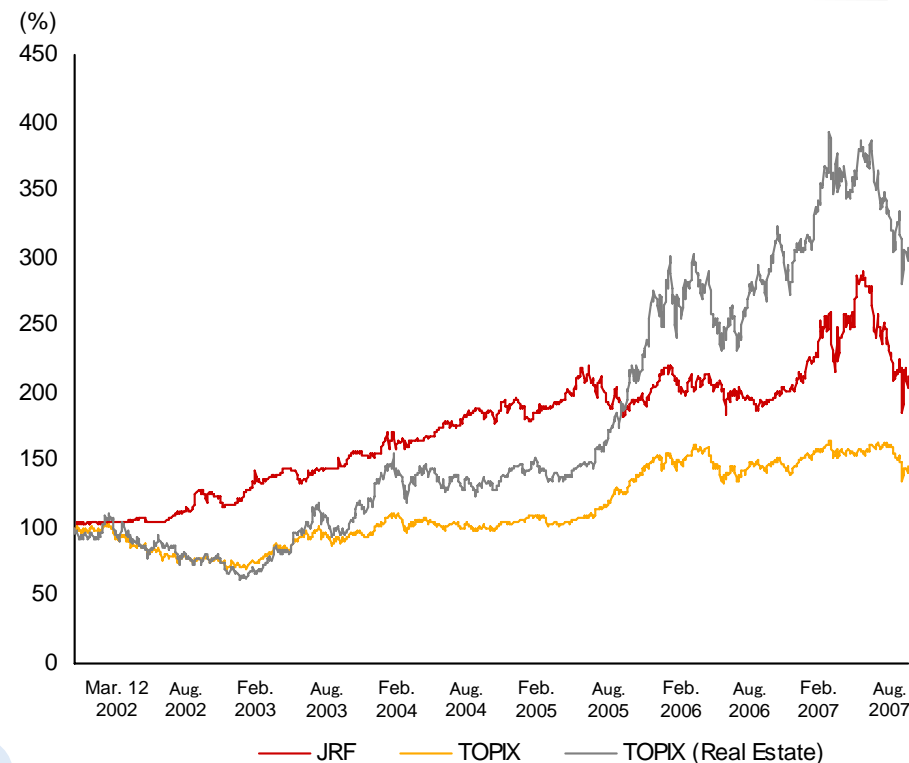
► Price per Unit (through Aug. 31, 2007)^(Note)



Highest Price	¥1,300,000	(May 15, 2007)
Lowest Price	¥440,000	(Mar. 15, 2007)
Average Unit Price	¥780,601	(As of Aug. 31, 2007)
Total Volume	1,137,262 Units	(As of Aug. 31, 2007)
Daily Average Volume	842 Units	(As of Aug. 31, 2007)

(Note) Closing price basis
Source: Bloomberg

► Relative Price Fluctuations (through Aug. 31, 2007)^(Note1, 2)



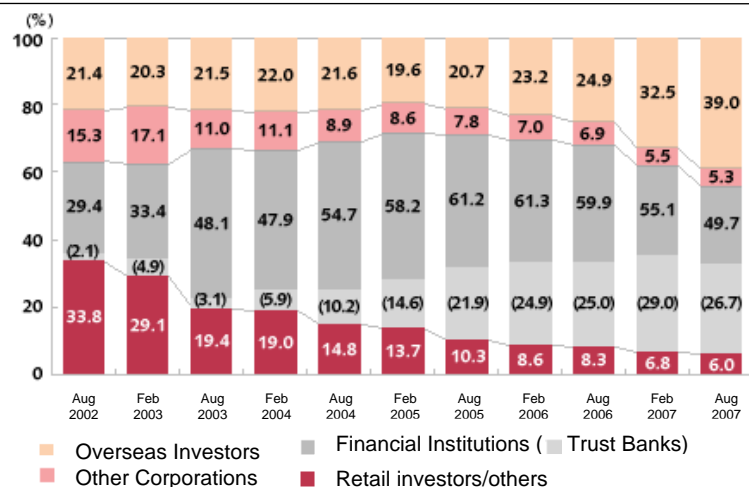
(Note 1) Closing price basis

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

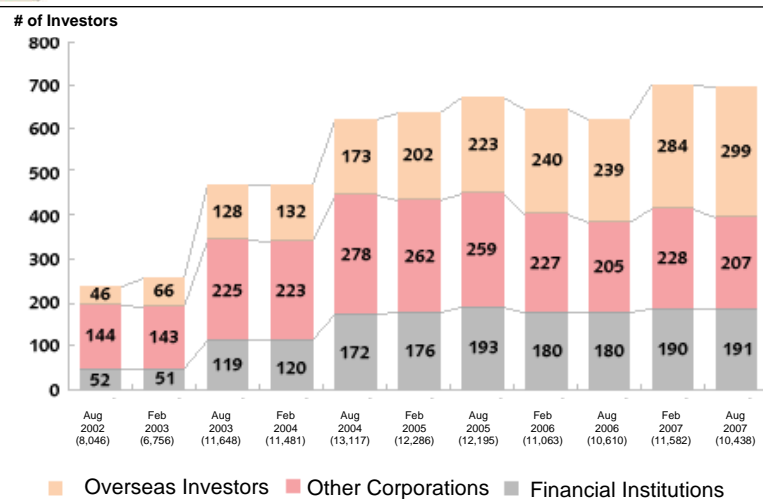
Source: Bloomberg

Investor Analysis

Ownership Share by Investor Type



Number of Unitholders



(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, 2007

Rank	Name	Units	Share (%)
1	Japan Trustee Services Bank, trust account	27,135	7.02
2	NikkoCiti Trust and Banking Corporation, trust account	26,912	6.96
3	Trust and Custody Services Bank, trust account	17,311	4.47
4	The Master Trust Bank of Japan, trust account	15,518	4.01
5	Mitsubishi Corporation	13,975	3.61
6	Government of Singapore Investment Corporation Pte Ltd.	13,436	3.47
7	The Bank of New York, Treaty JASDEQ Account	13,359	3.45
8	The Nomura Trust and Banking, Investment Trust	12,470	3.22
9	State Street Bank and Trust Company	8,842	2.28
10	The Bank of Ikeda	8,746	2.26
11	UBS AG London Asia Equities	8,178	2.11
12	Goldman Sachs International	7,257	1.87
13	The Chugoku Bank	7,129	1.84
14	AIG Star Life Insurance, general account	6,917	1.78
15	The Hiroshima Bank	4,069	1.05
16	The Joyo Bank	3,855	0.99
17	Barclays Bank Plc Barclays Capital Securities	3,833	0.99
18	The Hachijuni Bank	3,775	0.97
19	ABN AMRO Bank NV European Hub	3,711	0.96
20	The North Pacific Bank	3,680	0.95
Total		210,108	54.26

Management Company Structure

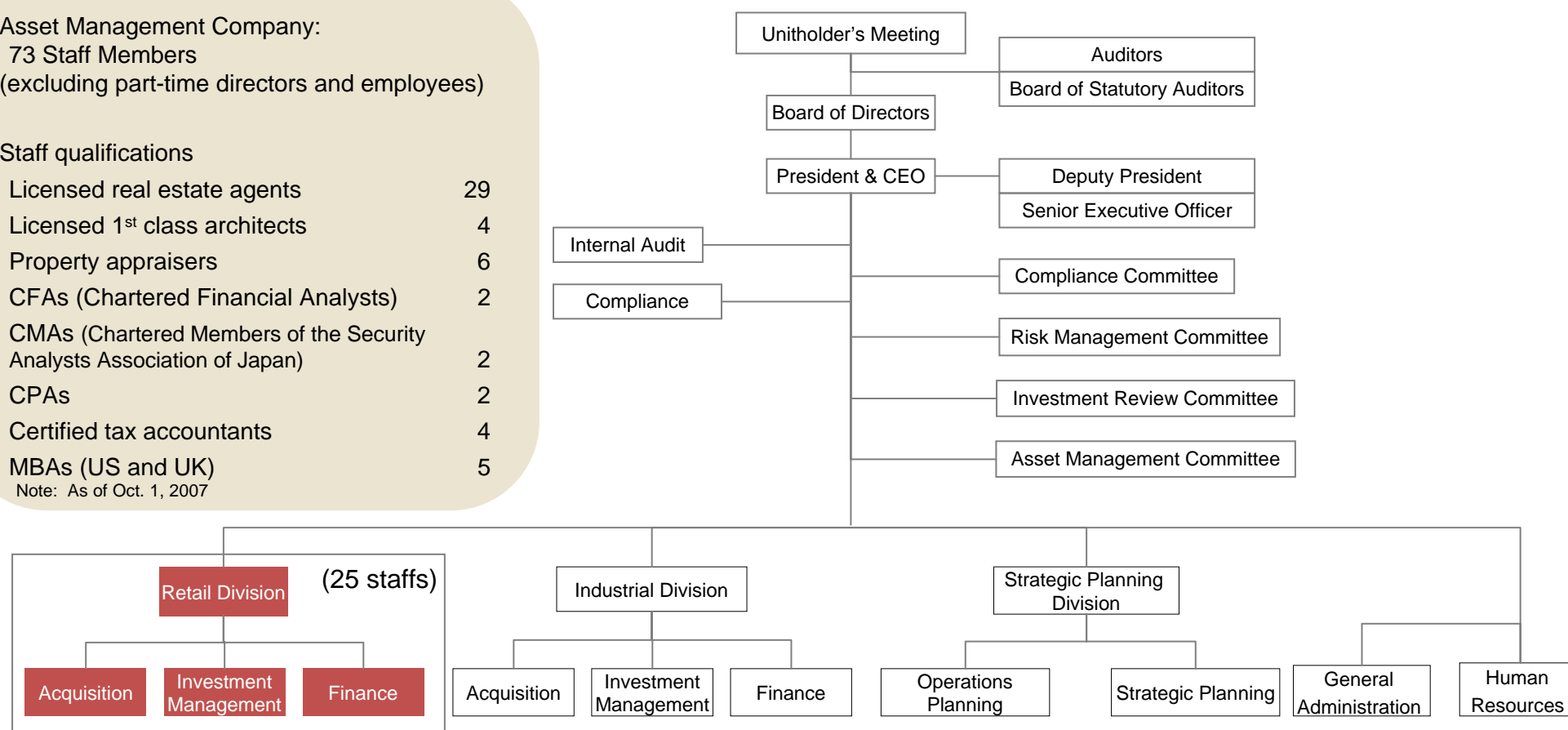
- **MCUBSR was authorized to manage multiple investment corporations in January 2007, and the new organization was implemented on Feb. 13, 2007 to maintain independence of each transaction team and decision making**

Asset Management Company:
73 Staff Members
(excluding part-time directors and employees)

Staff qualifications

Licensed real estate agents	29
Licensed 1 st class architects	4
Property appraisers	6
CFAs (Chartered Financial Analysts)	2
CMAs (Chartered Members of the Security Analysts Association of Japan)	2
CPAs	2
Certified tax accountants	4
MBAs (US and UK)	5

Note: As of Oct. 1, 2007



Disclaimer

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Asset Management Company: Mitsubishi Corp.-UBS Realty Inc.

(金融商品取引業者 関東財務局長(金商)第403号)