

Japan Retail Fund Investment Corporation
14th Asset Management Report
(Semi-Annual Report 14th)

September 1, 2008 – February 28, 2009



Japan Retail Fund Investment Corporation

Greetings from the Executive Directors

During the fiscal period ended February 2009, the global financial crisis that originated from the failure of Lehman Brothers, a leading U.S. securities company, expanded and had a ripple effect on the real economy, causing the business environment surrounding J-REIT to become extremely severe.

In the face of such a drastic change in the market environment, Japan Retail Fund Investment Corporation successfully took advantage of its robust base of rents that are generated from its excellent and large-scale portfolio properties and continued to achieve stable investment performance. Operating revenue and net income remained at high levels almost in line with our projections, posting 20,447 million yen and 5,820 million yen respectively, and distribution per unit was 15,059 yen.

During the period under review, we worked to “improve portfolio quality” primarily through replacement of selected properties and through internal growth, which is the essence of our medium-term business policy. As the first step in our efforts, we sold JUSCO Chigasaki SC. By utilizing the proceeds from the sale of this property, we acquired G-Bldg. Minami Aoyama 01, which is an urban-type retail property, in March 2009.

On the financial front, we strived to strengthen our financial standing through means such as diversifying lenders and shifting from short-term borrowings to long-term debt, in an effort to further stabilize operations. While the J-REIT market is facing difficult circumstances which we have never experienced before, we will continue to make efforts, along with the Asset Management Company Mitsubishi Corp. – UBS Realty Inc., to further enhance the characteristics of Japan Retail Fund Investment Corporation for a low-risk, steady and stable core fund so as to create a REIT in which investors feel secure in investing over the long run.

At the sixth General Meeting of Unitholders of Japan Retail Fund Investment Corporation held on November 25, 2008, I, Yorishige Kondo, was elected as Executive Director and Shuichi Namba and Masayoshi Sato as Supervisory Director. We will make an all-out effort in a concerted manner to meet your expectations, and we look forward to your continued support in the years to come.

Yorishige Kondo
Executive Director
Japan Retail Fund Investment Corporation

Report from the Asset Management Company

On behalf of the Asset Management Company, we hereby report to you on the investment performance of Japan Retail Fund Investment Corporation (JRF) in the period under review and the future investment direction.

Review of the fiscal period ended February 2009

During the fiscal period under review, the global financial crisis accelerated with the onset of the so-called “Lehman Shock” and the real economy deteriorated rapidly. It became clear that the Japanese economy had fallen into recession as represented by sharp falls in corporate earnings and a slowdown in consumer spending. In addition, we saw listed real-estate service companies going bankrupt successively in the real estate market, and J-REIT, which was inaugurated seven years ago, has been faced with unprecedented cataclysmic changes.

Under such circumstances, JRF continued to achieve high-level performance and successfully generate stable distribution. This, we believe, was because we were able to make the most of the favorable conditions of the location of each property and robust earnings capability of trade areas, as well as high utilization rate of 99% in the overall portfolio and extremely stable revenue base in which 97% of the portfolio is on a fixed rent contract (both figures are as of the end of February 2009.)

During the fiscal period under review, we sold JUSCO Chigasaki SC as part of our measures for enhancing the quality of the portfolio for 7,750 million yen to realize a gain on sale of about 87 million yen. We used the proceeds from that sale to acquire G-Bldg. Minami Aoyama 01, an urban-type retail property in Minato-ku, Tokyo, for 6,430 million yen after the turn of the fiscal period in March 2009. With respect to G DINING SAPPORO, restaurant premises which we had planned to acquire during the fiscal period under review, we rescheduled the acquisition timing due to changes in the layout of some of the floor areas and acquired the property in March 2009.

On the financial front, we took out loans worth a total of 11 billion yen (with the loan period ranging from two to five years) from new financial institutions such as Mizuho Corporate Bank, Ltd. to accelerate the diversification of lenders and shift to long-term debt. In addition, we established a 40-billion-yen commitment line, which can be used for acquiring assets and repaying existing debt, with the Bank of Tokyo-Mitsubishi UFJ, Ltd. and other banks (our previous commitment line was for 25 billion yen, which we had set up with the Bank of Tokyo-Mitsubishi UFJ, Ltd., and its usage was limited to redemption of short-term investment corporation bonds), in an effort to secure short-term liquidity.

Partial review of Medium-term Business Policy

In April 2008, JRF formulated the “Medium-term Business Policy”, which exhibits its road map for renewed growth, and it has since been performing investment management in line with it. With this basic policy, which was established to “enhance the quality of the portfolio” and with the principle objective of “maintaining stable distributions” and “increasing NAV per unit”, we will aim at further reinforcing the characteristics of REIT so that it is safe to invest in even under such difficult circumstances.

However, under the circumstances where the financial crisis that broke out thereafter triggered a global recession and where the business environment surrounding JRF is getting worse than we initially expected,

we need to implement powerful and flexible measures in order to overcome the adversity and continue to achieve stable investment management operation of JRF.

In order to overcome such a difficult situation, while we firmly maintain the essence of our basic policy, which we formulated in April 2008, we have recently reviewed a part of its important policy. The point of this review is that we will introduce the crisis management scenario for the time being while the turmoil in the market continues, and place a high priority on strengthening our financial position.

In the crisis management scenario, while we will maintain the basic policy of pursuing the quality of the portfolio, we will place high priority on securing a stable and strong financial position. To this end, we will take measures such as implementing the shift from short-term borrowings to long-term debt and selling real estate properties ahead of replacement, and we expect an increase in interest payment burden and a decrease in NOI provisionally as a result of such efforts. Therefore, we will temporarily postpone the initial target of “maintaining a distribution of 30,000 yen or more per unit annually”. We will maintain a stable and strong financial position through the above measures and establish a system that allows us to pursue an increase of yield of portfolio once again based on the initial policy when we confirm that the market has bottomed out and got back on a recovery track. For details, please refer to the explanation on pages 4 and 5 in this report.

The purposes of this review of the Medium-term Business Policy are to overcome the unprecedented crisis, achieve stable investment performance in the medium- and long-term and solidify the foundation as a REIT to ensure that investors can feel safe about investing. While we are projected to fly at a slightly lower attitude on a temporary basis to achieve the above, we would appreciate your understanding and support from a long-term perspective.

Trends in the retail industry and the advantage of retail properties

Looking at the overall retail industry in the recent period, the completion and opening of large-scale shopping centers has reached a peak due partly to the influence of the construction rush for development projects launched before the enforcement of the three laws on City Planning, and excess supply of floor space has been maintained in the near term in some regions. However, we expect that new openings of retail properties will decrease significantly from the end of this year through the next year and movement for restructuring plans and closing down of retail premises will gain momentum. As a result, supply and demand adjustment will progress and retail properties which have survived the present intense competition will establish a stable position in each area where they are located.

While the retail industry on the whole is facing difficult circumstances caused by the increasingly intensifying competition and economic downturn at present, characteristics of the retail industry at present are such that there is a large gap in business among each retail premises and individual outlets have significant ups and downs depending on their location and the strength of the trading area. In the meantime, we believe that many of the retail properties which JRF owns are well suited to surviving the competition. Retail premises which have won such a shakeout process will gain more edge and exert a stronger advantage in the future in the market where competition is eased.

Suburban-type retail properties which JRF owns have excellent competitive advantages. There are many tenants in those retail properties which are “the best store in the region” dealing in foods, living necessities and daily goods, in particular, to serve as a lifeline that supports people’s lifestyles. As an asset management company, we intend to further strengthen such advantages through aggressive management of retail properties by making the most of the characteristics of individual properties to grasp any opportunity that presents itself for growing by leaps and bounds.

Some of the real estate properties including office buildings and residential buildings have shown a downward trend in rent with the deceleration in the domestic economy. However, we can expect firm demand in particular for retail properties with lifestyle-oriented outlets even amid the recession, and this sector has a potential for steady growth in revenue in the medium- and long-term.

We will make an all-out effort to fully exercise our managerial capability and retail property management ability as an asset management company and to survive the competition in the market, so as to build up your trust in us and convince you that REIT is the right choice for investment especially in trying times. Therefore, we would appreciate your continued support and guidance in the years to come.

Yuichi Hiromoto
President & CEO
Mitsubishi Corp. – UBS Realty Inc.

ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			10 th	11 th	12 th	13 th	14 th
As of /for the six months ended			February 28, 2007	August 31, 2007	February 29, 2008	August 31, 2008	February 28, 2009
Operating revenues	Note 1	(Millions of yen)	16,712	18,490	18,708	20,254	20,447
(Rental revenues)	Note 1	(Millions of yen)	(16,583)	(17,629)	(18,708)	(20,254)	(20,359)
Operating expenses	Note 1	(Millions of yen)	9,773	11,082	11,199	12,475	12,563
(Rental expenses)	Note 1	(Millions of yen)	(8,093)	(9,232)	(9,272)	(10,343)	(10,442)
Operating income		(Millions of yen)	6,938	7,408	7,508	7,778	7,883
Recurring profit		(Millions of yen)	6,093	6,409	6,145	6,095	6,040
Net income	(a)	(Millions of yen)	6,079	6,396	6,131	6,080	5,820
Net assets	(b)	(Millions of yen)	256,844	257,160	256,896	256,845	256,584
(Period-on period change)		(%)	(+37.6)	(+0.1)	(-0.1)	(-0.0)	(-0.1)
Total assets	(c)	(Millions of yen)	480,415	488,747	546,831	589,630	578,674
(Period-on period change)		(%)	(+21.8)	(+1.7)	(+11.9)	(+7.8)	(-1.9)
Unitholders' capital		(Millions of yen)	250,764	250,764	250,764	250,764	250,764
(Period-on period change)		(%)	(+38.1)	(0.0)	(0.0)	(0.0)	(0.0)
Number of units issued and outstanding	(d)	(Units)	386,502	386,502	386,502	386,502	386,502
Net asset value per unit	(b)/(d)	(Yen)	664,535	665,354	664,670	664,538	663,864
Dividends	(e)	(Millions of yen)	6,079	6,396	6,131	6,080	5,820
Dividend per unit	(e)/(d)	(Yen)	15,730	16,549	15,865	15,733	15,059
(Profit dividend per unit)		(Yen)	(15,730)	(16,549)	(15,865)	(15,733)	(15,059)
(Dividend per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of recurring profit to total assets	Note 2	(%)	1.4 (2.8)	1.3 (2.6)	1.2 (2.4)	1.1 (2.1)	1.0 (2.1)
Return on unitholders' equity	Note 2	(%)	2.7 (5.5)	2.5 (4.9)	2.4 (4.8)	2.4 (4.7)	2.3 (4.6)
Ratio of net assets to total assets	(b)/(c)	(%)	53.5	52.6	47.0	43.6	44.3
(Period-on period change)			(+6.2)	(-0.9)	(-5.6)	(-3.4)	(+0.7)
Payout ratio	(e)/(a)	(%)	100.0	100.0	100.0	100.0	100.0
Additional information:							
Rental net operating income (NOI)	Note 2	(Millions of yen)	11,900	12,056	13,596	14,668	14,764
Net profit margin	Note 2	(%)	36.4	34.6	32.8	30.0	28.5
Debt service coverage ratio	Note 2	(Multiple)	16.0	11.8	8.9	7.8	7.4
Funds from operation (FFO) per unit	Note 2	(Yen)	24,555	23,790	26,628	28,043	27,374
FFO multiples	Note 2	(Multiple)	22.2	20.1	12.0	8.2	5.8
Distributable income per unit after adjustment for taxes on property and equipment	Note 3	(Yen)	14,940	16,493	15,614	15,495	14,864
FFO per unit adjusted after adjustment for taxes on property and equipment	Note 3	(Yen)	23,766	23,734	26,377	27,806	27,179

Note 1 Consumption tax are not included.

Note 2 Figures are calculated as below formulas. Percentages in parentheses are annualized using 181, 184, 182, 184 and 181 days for 10th, 11th, 12th, 13th and 14th fiscal period, respectively.

Ratio of recurring profit to total assets	Recurring profit/Average total assets Average total assets = (Total assets at beginning of period + Total assets at end of period) ÷ 2
Return on unitholders' equity	Net income/Average net assets Average net assets = (Net assets at beginning of period + Net assets at end of period) ÷ 2
Rental net operating income (NOI)	(Rental revenues – Rental expenses) + Depreciation
Net profit margin	Net income/Operating revenues
Debt service coverage ratio	Net income before interest expenses, amortization of bonds issuance costs and depreciation/Interest expenses
Funds from operation (FFO) per unit	(Net income + Loss on disposal of property – Gain on sales of property + Depreciation + Other depreciation related property)/Number of units issued and outstanding
FFO multiples	Market price per unit at end of period/Annualized FFO per unit

Note 3 The figures indicate pro forma distributable income and pro forma FFO per unit assuming that taxes on property and equipment were not capitalized but charged to income in the periods which were incurred. These figures are unaudited.

2. Outline of asset management operation for the 14th fiscal period

(1) Principal activities

Japan Retail Fund Investment Corporation (“the Investment Corporation”) was established under the Law Concerning Investment Trusts and Investment Corporations of Japan on September 14, 2001. It was the first investment corporation in Japan to specifically target retail property assets. It has steadily acquired assets and grown since listing on the Tokyo Stock Exchange (Stock code: 8953) on March 12, 2002.

After listing, the Investment Corporation acquired four properties and began actively managing them. Between then and the end of the 10th fiscal period (ended February 28, 2007) we acquired an additional 37 properties, reaching our target at listing of total assets of ¥400 billion within five years ahead of time. By the end of the 13th fiscal period (ended August 31, 2008), we had acquired a further nine properties and disposed of one. As of the end of the 14th fiscal period (ended February 28, 2009), we are not looking to expand in the current serious financial and economic climate; rather, we are following the medium-term business policy announced in April last year, replacing assets to improve portfolio quality, and we have so far disposed one property. As a result, as of February 28, 2009 we were managing 48 properties, with a net asset value of ¥578 billion.

(2) Results

Our portfolio is centered on investments in retail property in major cities and suburban areas throughout Japan. We concentrate on “Urban Shopping Center (SC)” located in large urban areas with high population densities, in business precincts, near major railway stations and in important shopping areas etc., and “Suburban Shopping Center (SC)” with large leasable areas, multiple means of access (car, rail and bus) located in areas with extensive pedestrian retail and commercial traffic, and with high quality tenants on long leases. Our basic 5 strategy is to build a portfolio with a good balance of “Income Type” properties, which can be expected to yield stable cash flows over the medium and longer term, and “Growth Type” properties, aimed at significantly increasing cash flows and asset values from increases in rental revenue, through higher tenant sales achieved by replacing tenants and adding value to the properties.

The Investment Corporation also pays attention to the balance and distribution among geographical areas, property types, lease conditions and tenants, and aims for sustained stable income from the entire

portfolio as well as internal growth by adding to the value of its existing assets. We also aim to improve the quality of the portfolio by selectively replacing assets, as outlined in the medium-term business policy released last year.

Our income-type assets are generally anchored by long-term master leases with top quality tenants such as AEON Retail, Ito-Yokado and AEONMALL. The rental revenue is very stable and occupancy rates are close to 100%. Our growth-type assets include Hakata Riverain, Nara Family, Abiko Shopping Plaza, Kyoto Family, Higashi-Totsuka Aurora City, Oyama Yuen Harvest Walk and GYRE. We aim to continue to maximize the potential value of these retail properties, and to continue to replace tenants and engage in ongoing renewal and promotional activities.

We are looking at replacing assets to contribute to raising the quality of the portfolio and enhancing longer term profitability. As a first step in this asset replacement, we disposed of JUSCO Chigasaki SC during the period (for a sale price of ¥7,750 million), as part of our overall review of anticipated future profitability and changes in asset values as well as the structure of the portfolio.

(3) Funding

During the period, we refinanced existing short-term borrowings, issued commercial paper, closed our existing ¥25,000 million commitment line, and established a new ¥40,000 million commitment line with the aims of ensuring short-term liquidity and making use of commercial paper. Following our conversion of ¥7,400 million of short-term loans during the 13th fiscal period to long-term loans, in order to diversify our funding sources and extend debt maturities, we also took out new long-term loans of ¥11,000 million during this period. As a result, outstanding debt at the end of the period was ¥142,675 million, of which ¥119,275 million was short-term and ¥23,400 million was long-term debt.

The total balance outstanding on our first through sixth corporate bond issues prior to the current period was ¥100,000 million as of the end of the period.

(4) Results and distributions

For the period, Operating Revenue was ¥20,447 million, and Operating Income was ¥7,883 million, after deducting operating expenses such as fixed property tax, utilities charges, asset management fees, etc. Recurring Profit for the period was ¥6,040 million, and Net Income for the period was ¥5,820 million.

The distribution per unit will be ¥15,059 per unit. This represents 100% of profit available for distribution at the end of the period, after disregarding amounts of less than ¥1 per unit, and after the application of the special taxation provisions (Article 67-15 of the Act on Special Measures Concerning Taxation) to adjust the maximum amount of profit for distribution to account for any for losses.

3. Changes in unitholders' capital

There was no change in unitholders' capital for the six months ended February 28, 2009. The outline of changes in unitholders' capital for the previous periods was as follows:

Date	Capital transaction	Number of units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
September 14, 2001	Private placement for incorporation	400	400	200	200	Note 1
March 12, 2002	Public offering	52,000	52,400	23,462	23,662	Note 2
March 4, 2003	Public offering	95,000	147,400	47,697	71,360	Note 3
March 26, 2003	Allocation of investment units to a third party	5,102	152,502	2,561	73,921	Note 4
March 2, 2004	Public offering	67,000	219,502	42,267	116,188	Note 5
March 8, 2005	Public offering	56,000	275,502	43,175	159,364	Note 6
March 29, 2005	Allocation of investment units to a third party	4,000	279,502	3,083	162,448	Note 7
September 14, 2005	Public offering	23,000	302,502	19,109	181,557	Note 8
September 21, 2006	Public offering	78,000	380,502	64,263	245,821	Note 9
September 27, 2006	Allocation of investment units to a third party	6,000	386,502	4,943	250,764	Note 10

Note 1 The Investment Corporation was incorporated through private placement at a price of ¥500,000 per unit.

Note 2 New investment units were issued at a price of ¥470,000 per unit (subscription price of ¥451,200 per unit) through a public offering in order to raise funds for acquiring new real property and refund short-term debts.

Note 3 New investment units were issued at a price of ¥521,228 per unit (subscription price of ¥502,080 per unit) through a public offering in order to raise funds for acquiring new real property and refund short-term debts.

Note 4 New investment units were issued at a price of ¥502,080 per unit through the allocation of investment units to a third-party in order to raise funds for acquiring new real property and refund short-term debts.

Note 5 New investment units were issued at a price of ¥654,910 per unit (subscription price of ¥630,852 per unit) through a public offering in order to raise funds for acquiring new real property and refund short-term debts.

Note 6 New investment units were issued at a price of ¥798,700 per unit (subscription price of ¥770,990 per unit) through a public offering in order to raise funds for acquiring new real property and refund short-term debts.

Note 7 New investment units were issued at a price of ¥770,990 per unit through the allocation of investment units to a third party in order to raise funds for acquiring new real property and refund short-term debts.

Note 8 New investment units were issued at a price of ¥861,300 per unit (subscription price of ¥830,850 per unit) through a public offering in order to refund short-term debts.

Note 9 New investment units were issued at a price of ¥852,600 per unit (subscription price of ¥823,890 per unit) through a public offering in order to raise funds for acquiring new real property and refund short-term debts.

Note 10 New investment units were issued at a price of ¥823,890 per unit through the allocation of investment units to a third party in order to raise funds for acquiring new real property and refund short-term debts.

Fluctuation in market price of the investment securities:

The market price of the investment securities on Tokyo Stock Exchange REIT Market fluctuated during each fiscal period as follows:

(Yen)

Fiscal period	10 th	11 th	12 th	13 th	14 th
As of /for the six months ended	February 28, 2007	August 31, 2007	February 29, 2008	August 31, 2008	February 28, 2009
Highest price	1,190,000	1,320,000	1,020,000	696,000	506,000
Lowest price	831,000	815,000	600,000	401,000	251,000
Closing price at end of period	1,100,000	950,000	640,000	455,000	321,000

4. Dividends

The Investment Corporation decided to distribute all amounts of distributable profit except for fractional distribution per unit less than one yen to achieve maximum deduction of dividends for income tax purposes under the Special Taxation Measures Law of Japan. As a result, dividend per unit amounted to ¥15,059 for the six months ended February 28, 2009.

Fiscal period	10 th	11 th	12 th	13 th	14 th
As of /for the six months ended	February 28, 2007	August 31, 2007	February 29, 2008	August 31, 2008	February 28, 2009
Net income (Thousands of yen)	6,079,654	6,396,342	6,131,888	6,080,780	5,820,421
Retained earnings (Thousands of yen)	29	150	184	129	217
Total dividends (Thousands of yen)	6,079,676	6,396,221	6,131,854	6,080,835	5,820,333
(Dividend per unit) (Yen)	(15,730)	(16,549)	(15,865)	(15,733)	(15,059)
Profit dividends (Thousands of yen)	6,079,676	6,396,221	6,131,854	6,080,835	5,820,333
(Profit dividend per unit) (Yen)	(15,730)	(16,549)	(15,865)	(15,733)	(15,059)
Unitcapital refunds (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit) (Yen)	(-)	(-)	(-)	(-)	(-)

5. Management policies and Issues

(1) Outlook for overall operations

The macroeconomic outlook is for a serious and rapid deterioration in the fund-raising environment due to the turmoil in the financial markets and global credit crunch brought on by the subprime loan problems. Property transactions are expected to continue to be weak due to limited inflows of funds for property investment, and the outlook is for this to continue.

Conditions are expected to remain difficult in the retail sector. Individual consumer spending overall is expected to continue to be soft. Although some specialty retailers will do well, sales at high-end brand stores will suffer and new store openings will be deferred, while department store sales will decline. These factors will also affect the environment for retail properties: the large general retailers will announce restructurings of existing stores and deferrals or freezes of new store openings. Given this serious state of affairs, sales of consumers will be concerned about job security and will tend to cut back on spending even more; consumer goods not considered necessary or urgently needed, including luxury items, will continue to suffer. On the other hand, sales of daily necessities, and particularly food, should be relatively strong.

The competition between retail properties is intense at present due to increased competition from large new properties opening in the suburbs, and the competition will intensify. The gap between weak and strong properties will widen with competition over the range of convenience, including access by various means of transportation, and competition between properties themselves.

In the environment described above, the Investment Corporation will follow through with raising the quality of its portfolio as set out in the medium-term business policy, maintaining and enhancing the competitive position of our remaining retail properties. At the same time, we will prioritize maintaining financial health in the face of these unprecedented economic difficulties.

(2) Issues confronting the Investment Corporation

① Investment strategy

The Investment Corporation will not make acquisitions to expand its portfolio until the external environment improves, in line with our medium-term business policy. We will seize any limited opportunities to replace properties in this difficult real estate market to upgrade our existing portfolio and maintain and enhance longer-term cash flow.

② Internal growth strategy

The Investment Corporation will work to maintain stable rental revenues from our existing properties and pursue further cost savings, etc. We will work with the property management companies on renewing our growth-type assets and replacing tenants with the emphasis on investment efficiency to maintain and enhance the competitive positions of properties. We will also implement sales and promotional activities to enhance the attractiveness of these properties and expand sales, while at the same time lifting their profitability through intensive cost saving plans, beginning with utilities charges. For our income-type assets, we will analyze the trading area of each property and examine the conditions for their performance. On that analysis, we will take into account the current position and prospects for tenants, and add floor space, renovate, bring in new specialty stores and replace some existing tenants to maintain competitiveness and add value.

At the same time, we will maintain stable rental revenue through rental negotiations with strategic tenants, considering our long term view and management policies, to maintain and improve the overall stability and profitability of the portfolio.

③ Financial strategy

We will make efficient use of tenant deposits and guarantees (balance of about ¥74 billion at the end of the 14th fiscal period). We will also make use of existing funding means, including a total of ¥142,500 million in unsecured bank loans, ¥40,000 million in commitment lines and ¥50,000 million in commercial paper as well as looking at bond issues using the shelf registration system. In addition, we will seriously consider new long-term borrowings, to prepare to finance the redemptions of our bonds that will come due over a medium to long timeframe.

Our financial policies always pay close attention to worst case scenarios so that we can properly meet any further deterioration in the financial and economic environment. We will overcome the current financial situation and maintain sound finances through leverage control etc.

6. Subsequent events

Termination notice from a tenant at Hakata Riverain:

IZUTSUYA CO., LTD. (“IZUTSUYA”), a tenant at Hakata Riverain, has notified the Investment Corporation that IZUTSUYA had decided to terminate the periodic tenant lease agreement until June 30, 2009, in advance of expiration of the contracted period.

The Investment Corporation will receive ¥396 million of penalty money for the cancellation from IZUTSUYA in accordance with the periodic tenant lease agreement. The penalty money will be accounted for as operating revenues for the six months ending August 31, 2009.

Outline of the Investment Corporation

1. Investment unit

Fiscal period	10 th	11 th	12 th	13 th	14 th
As of	February 28, 2007	August 31, 2007	February 29, 2008	August 31, 2008	February 28, 2009
Number of units authorized (Units)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Number of units issued and outstanding (Units)	386,502	386,502	386,502	386,502	386,502
Number of unitholders (People)	11,582	10,438	10,447	10,621	10,990

2. Unitholders

Major unitholders as of February 28, 2009 were as follows:

Name	Address	Number of units owned	Ratio of number of units owned to total number of units issued (Note 1)
		(Units)	(%)
NikkoCiti Trust and Banking Corporation, trust account	3-14, Higashi-Shinagawa 2-chome, Shinagawa-ku, Tokyo	32,133	8.31
Japan Trustee Services Bank, trust account	8-11, Harumi 1-chome, Chuo-ku, Tokyo	22,257	5.75
Trust and Custody Services Bank, trust account	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	22,056	5.70
The Master Trust Bank of Japan, trust account	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	14,620	3.78
Mitsubishi Corporation	3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	13,975	3.61
Government of Singapore Investment Corporation Pte Ltd.	168 ROBINSON ROAD #37-01 CAPITAL TOWER SINGAPORE 068912	13,803	3.57
The Nomura Trust and Banking Co., Ltd. Investment Trust	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	13,253	3.42
The Fuji Fire and Marine Insurance	18-11, Minamisenba 1-chome, Chuo-ku, Osaka city, Osaka	10,140	2.62
The Bank of New York, Treaty JASDEC Account	AVENUE DES ARTS, 35 KUNSTLAAN, 1040 BRUSSELS, BELGIUM	9,110	2.35
State Street Bank and Trust Company	P.O.BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.	8,992	2.32
Total		160,339	41.48

Note 1 Ratio of number of units owned to total number of units issued is calculated by rounding down to the second decimal place.

3. Officers

(1) Directors and independent auditor

Post	Name	Major additional post	Compensation or fee for the six months ended February 28, 2009 (Thousands of yen)
Executive Director	Yorishige Kondo	Professor of Tokyo University of Technology	2,580 (Note 2)
Supervisory Director	Shuichi Namba	Attorney-at-law of Momo-o, matsuo & Namba	1,680 (Note 2)
	Masayoshi Sato	Certified Public Accountant of Tokyo Kyodo Accounting Office	1,680 (Note 2)
Independent auditor	PricewaterhouseCoopers Aarata		16,000 (Note 2)

Note 1 There is no investment unit of the Investment Corporation held by the Executive Director nor the Supervisory Directors in their own name or that of others. Although Supervisory Directors may have additional post in other company than listed above, there is no conflict of interests between those companies including listed above and the Investment Corporation.

Note 2 Compensation for Directors indicates actual payments, and the fee for the independent auditor indicates estimated fees on an accrual basis.

(2) Changes in officers

None

(3) Policy for dismissal of independent auditor

The Board of Directors shall decide taking various factors into consideration.

4. Name of asset manager and other administrator

Classification	Name
Asset manager	Mitsubishi Corp. - UBS Realty Inc.
Custodian	Mitsubishi UFJ Trust and Banking Corporation
General administrator (regarding unit investment securities)	Mitsubishi UFJ Trust and Banking Corporation
General administrator (regarding investment corporation bonds)	The Bank of Tokyo-Mitsubishi UFJ,Ltd.
General administrator (regarding income and other taxes)	Zeirishi-Hojin PricewaterhouseCoopers

Condition of investment assets

1. Composition of assets

Classification of assets	Region	As of August 31, 2008		As of February 28, 2009	
		Total of net book value (Millions of yen)	Composition ratio (%)	Total of net book value (Millions of yen)	Composition ratio (%)
Real property	Tokyo metropolitan area	5,838	1.0	5,834	1.0
Trust beneficial interest in real property	Tokyo metropolitan area	277,648	47.1	268,281	46.4
	Osaka and Nagoya metropolitan area	188,629	32.0	187,831	32.5
	Other metropolitan areas	92,588	15.7	91,672	15.8
	Sub-total	558,865	94.8	547,785	94.7
Bank deposits and other assets		24,926	4.2	25,055	4.3
Total assets		589,630	100.0	578,674	100.0

2. Major property

The principal real properties (top ten properties in net book value) as of February 28, 2009 were as follows:

Name of real property	Net book value (Millions of yen)	Leasable area (Note 1) (m ²)	Leased area (Note 2) (m ²)	Occupancy ratio (Note 3) (%)	Ratio of rental revenue to total rental revenues (Note 3) (%)	Major use
Higashi-Totsuka Aurora City (trust beneficial interest)	50,916	107,597.69	107,597.69	100.0	6.7	Retail facilities
Nara Family (trust beneficial interest)	31,480	85,070.44	82,170.20	96.6	10.5	Retail facilities
AEON Yachiyo Midorigaoka Shopping Center (trust beneficial interest)	30,573	132,294.48	132,294.48	100.0	3.4	Retail facilities
AEONMALL Tsurumi Leafa (trust beneficial interest)	29,414	138,538.63	138,538.63	100.0	4.4	Retail facilities
8953 Saitama Urawa Building (trust beneficial interest)	27,008	64,236.71	64,236.71	100.0	- (Note 4)	Retail facilities
GYRE (trust beneficial interest)	22,834	4,934.28	4,934.28	100.0	3.1	Retail facilities
AEONMALL Itami Terrace (trust beneficial interest)	20,726	157,904.26	157,904.26	100.0	2.8	Retail facilities
Ario Otori (trust beneficial interest)	19,430	95,135.36	95,135.36	100.0	2.4	Retail facilities
Kawaramachi OPA (trust beneficial interest)	18,870	18,848.20	18,848.20	100.0	1.8	Retail facilities
AEON Sapporo Hassamu Shopping Center (trust beneficial interest)	18,406	102,169.00	102,169.00	100.0	2.8	Retail facilities
Total	269,660	906,729.05	903,828.81	99.7	41.6	

Note 1 “Leasable area” means the total leasable area of the building of each property used as stores, offices, etc. indicated in the lease agreement or the plan of such property and it does not include the leasable area of warehouses and land (flat parking lots).

Note 2 “Leased area” means the total leased area of the building of each property used as stores, offices, etc. indicated in the lease agreement and it does not include the leased area of warehouses and land (flat parking lots).

Note 3 “Occupancy ratio” (percentage of leased area against the leasable area at the end of accounting period) and “Ratio of rental revenue to total rental revenues” are calculated by rounding to the nearest first decimal place.

Note 4 Ratio of rental revenue to total rental revenues is undisclosed because the consent from the tenant has not been acquired.

3. Details of property

The retail facilities as of February 28, 2009 were as follows:

Name of real property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
Sendai Nakayama Shopping Center	35-40,57.5 Minami Nakayama 1-chome, Izumi-ku, Sendai-shi, Miyagi	Trust beneficial interest	46,248.96	10,800	9,575
ESPA Kawasaki	1,2 Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficial interest	65,313.47	14,020	14,865
8953 Osaka Shinsaibashi Building	4-12, Minami Senba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	14,500	13,439
Hakata Riverain (Note 4)	3-1, Shimo-Kawabatamachi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	25,920.11	6,160	6,504
Ito-Yokado Narumi	232, Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	50,437.91	5,840	7,841
8953 Minami Aoyama Building	8-5, Minami Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficial interest	1,540.98	6,360	5,340
Nara Family	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	85,070.44	34,000	31,480
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba, etc.	Trust beneficial interest	42,642.36	12,300	10,291
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,840	1,540
Ito-Yokado Kamifukuoka Higashi	1-30, Ohara 2-chome, Fujimino-shi, Saitama	Trust beneficial interest	28,316.18	7,070	6,585
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	13,200	12,233
8953 Daikanyama Building	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,620	1,263
8953 Harajuku Face Building	32-5, Jingumae 2-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,479.10	3,920	2,764
AEONMALL Higashiura	62-1, Aza-toueicho, Oaza-ogawa, Higashiuracho, Chitan-gun, Aichi	Trust beneficial interest	129,124.73	10,400	8,414
AEON Kashiihama Shopping Center	12-1, Kashiihama 3-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	109,616.72	13,600	12,840
AEON Sapporo Naebo Shopping Center	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,830	8,173
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,934.28	26,800	22,834
Esquisse Omotesando Annex	1-17, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	540.78	1,350	886
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	5,000	4,982
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo	Trust beneficial interest	20,983.43	11,800	11,871
Itabashi SATY	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,253.88	13,200	12,026
8953 Kita Aoyama Building	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,370	989
AEONMALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	17,800	16,476
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	7,140	5,576
Tobata SATY	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	6,050	6,054
JUSCO City Takatsuki	47-2, Haginosho 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	9,930	11,196
8953 Jiyugaoka Building	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	1,814.15	3,260	2,646
JUSCO City Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,778.44	3,680	3,799
JUSCO Naha	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,700	10,694
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	4,000	4,137
JUSCO City Nishi-Otsu	11-1, Ohjigaoka 3-chome, Otsu-shi, Shiga	Trust beneficial interest	62,717.26	11,200	13,221
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	25,606.48	5,970	5,414
Higashi-Totsuka Aurora City	535-1, 536-1, 537-1, 9 Shinanocho, Totsuka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	107,597.69	42,000	50,916
Omiya SATY	574-1, Kushibikicho 2-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	75,344.90	5,970	6,240
Loc City Ogaki	233-1, Nakashima, Mitsuzukacho, Ogaki-shi, Gifu etc.	Trust beneficial interest	57,500.35	4,340	4,581
Kawaramachi OPA	385 Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	16,700	18,870
AEON Ueda Shopping Center	12-18, Tsuneda 2-chome, Ueda-shi, Nagano	Trust beneficial interest	61,349.07	8,210	9,334
AEONMALL Tsurumi Leafa	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	27,700	29,414

Name of real property	Location (Note 1)	Form of ownership	Leasable area	Appraisal value at end of period	Net book value
			(Note 2) (m ²)	(Note 3) (Millions of yen)	(Millions of yen)
AEONMALL Itami Terrace	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	18,800	20,726
Ito-Yokado Yotsukaido	(tentative) Area number 5-1 Within Land Readjustment Project Area of North of Yotsukaido-shi, Chiba	Trust beneficial interest	59,207.19	11,000	13,891
Oyama Yuen Harvest Walk	1457 Oaza-Kizawa, Oyama-shi, Tochigi	Trust beneficial interest	58,767.20	7,070	10,087
AEON Yachiyo Midorigaoka Shopping Center	1-3, Midorigaoka 2-chome, Yachiyo-shi, Chiba	Trust beneficial interest	132,294.48	24,400	30,573
8953 Jingumae6 Building	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,470	2,398
8953 Saitama Urawa Building	11-1, Higashitakasago-cho, Urawa-ku, Saitama-shi, Saitama	Trust beneficial interest	64,236.71	26,200	27,008
AEON Sapporo Hassamu Shopping Center	1-1 Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,169.00	17,200	18,406
Ario Otori	199-12 Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka etc.	Trust beneficial interest	95,135.36	16,100	19,430
G-Bldg. Jingumae01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	3,630	3,435
G-Bldg. Jingumae02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,850	2,340
Total			2,525,167.01	537,350	553,619

Note 1 "Location" means the residence indication or the location indicated in the land registry book.

Note 2 "Leasable area" means the total leasable area of the building of each property used as stores, offices, etc. indicated in the lease agreement or the plan of such property and it does not include the leasable area of warehouses and land (flat parking lots).

Note 3 "Appraisal value at end of period" shows the value appraised by the real estate appraiser (CB Richard Ellis K.K., Daiwa Real Estate Appraisal Co., Ltd. and Japan Real Estate Institute) in accordance with the methods and standard of assets valuation as stipulated in the Articles of Incorporation of the Investment Corporation as well as the regulations as stipulated by The Investment Trusts Association, Japan.

Note 4 Although the Investment Corporation owns 50% of the share of quasi-co-ownership in respect of Hakata Riverain after the partial sale of its ownership interest on August 1, 2007, the leasable area above shows the total area of the property.

Operating results of each retail facility for the six months ended August 31, 2008 and February 28, 2009 were as follows:

Name of real property	For the six months ended							
	August 31, 2008				February 28, 2009			
	Number of tenants	Occupancy ratio	Rental revenues	Ratio of rental revenue to total rental revenues	Number of tenants	Occupancy ratio	Rental revenues	Ratio of rental revenue to total rental revenues
	(Note 1)	(Note 2) (%)	(Millions of yen)	(Note 2) (%)	(Note 1)	(Note 2) (%)	(Millions of yen)	(Note 2) (%)
Sendai Nakayama Shopping Center	2	100.0	458	2.3	2	100.0	446	2.2
ESPA Kawasaki	5	100.0	492	2.4	5	100.0	492	2.4
8953 Osaka Shinsaibashi Building	1	100.0	407	2.0	1	100.0	407	2.0
JUSCO Chigasaki Shopping Center	1	100.0	274	1.4	- (Note 3)	- (Note 3)	193	1.0
Hakata Riverain	66	93.0	518	2.6	66	92.1	510	2.5
Ito-Yokado Narumi	1	100.0	264	1.3	1	100.0	264	1.3
8953 Minami Aoyama Building	2	80.7	154	0.8	3	89.7	151	0.7
Nara Family	135	99.9	2,224	11.0	94	96.6	2,145	10.5
Abiko Shopping Plaza	54	100.0	683	3.4	53	99.5	746	3.7
Ito-Yokado Yabashira	1	100.0	78	0.4	1	100.0	78	0.4
Ito-Yokado Kamifukuoka Higashi	1	100.0	256	1.3	1	100.0	256	1.3
Ito-Yokado Nishikicho	1	100.0	444	2.2	1	100.0	444	2.2

Name of real property	For the six months ended							
	August 31, 2008				February 28, 2009			
	Number of tenants	Occupancy ratio	Rental revenues	Ratio of rental revenue to total rental revenues	Number of tenants	Occupancy ratio	Rental revenues	Ratio of rental revenue to total rental revenues
	(Note 1)	(Note 2)	(Millions of yen)	(Note 2)	(Note 1)	(Note 2)	(Millions of yen)	(Note 2)
		(%)		(%)		(%)		(%)
8953 Daikanyama Building	1	33.5	25	0.1	1	33.5	16	0.1
8953 Harajuku Face Building	4	100.0	105	0.5	4	100.0	105	0.5
AEONMALL Higashiura	1	100.0	465	2.3	1	100.0	467	2.3
AEON Kashiihama Shopping Center	1	100.0	477	2.4	1	100.0	477	2.3
AEON Sapporo Naebo Shopping Center	1	100.0	378	1.9	1	100.0	378	1.9
GYRE	17	100.0	628	3.1	17	100.0	630	3.1
Esquisse Omotesando Annex	2	100.0	31	0.2	2	100.0	33	0.2
Ito-Yokado Tsunashima	1	100.0	180	0.9	1	100.0	180	0.9
Bic Camera Tachikawa	2	100.0	388	1.9	2	100.0	390	1.9
Itabashi SATY	1	100.0	703	3.5	1	100.0	663	3.3
8953 Kita Aoyama Building	2	100.0	34	0.2	2	100.0	34	0.2
AEONMALL Yamato	1	100.0	535	2.6	1	100.0	534	2.6
SEIYU Hibarigaoka	1	100.0	261	1.3	1	100.0	261	1.3
Tobata SATY	1	100.0	315	1.6	1	100.0	315	1.5
JUSCO City Takatsuki	1	100.0	413	2.0	1	100.0	413	2.0
8953 Jiyugaoka Building	11	100.0	91	0.4	11	100.0	91	0.4
JUSCO City Yagoto	2	100.0	164	0.8	2	100.0	164	0.8
JUSCO Naha	1	100.0	388	1.9	1	100.0	388	1.9
Cheers Ginza	8	89.7	116	0.6	9	100.0	100	0.5
JUSCO City Nishi-Otsu	1	100.0	375	1.8	1	100.0	375	1.8
Kyoto Family	60	99.0	655	3.2	61	97.6	641	3.2
Higashi-Totsuka Aurora City	4	100.0	1,381	6.8	4	100.0	1,356	6.7
Omiya SATY	1	100.0	226	1.1	1	100.0	209	1.0
Loc City Ogaki	1	100.0	326	1.6	1	100.0	333	1.6
Kawaramachi OPA	1	100.0	350	1.7	1	100.0	363	1.8
AEON Ueda Shopping Center	1	100.0	297	1.5	1	100.0	297	1.5
AEONMALL Tsurumi Leafa	1	100.0	894	4.4	1	100.0	889	4.4
AEONMALL Itami Terrace	1	100.0	572	2.8	1	100.0	573	2.8
Ito-Yokado Yotsukaido	1	100.0	290	1.4	1	100.0	290	1.4
Oyama Yuen Harvest Walk	1	100.0	588	2.9	1	100.0	568	2.8
AEON Yachiyo Midorigaoka Shopping Center	1	100.0	684	3.4	1	100.0	684	3.4
8953 Jingumae6 Building	4	100.0	35	0.2	4	100.0	62	0.3
8953 Saitama Urawa Building	1	100.0	- (Note 4)	- (Note 4)	1	100.0	- (Note 4)	- (Note 4)
AEON Sapporo Hassamu Shopping Center	1	100.0	483	2.4	1	100.0	577	2.8
Ario Otori	1	100.0	306	1.5	1	100.0	490	2.4
G-Bldg. Jingumae01	2	100.0	55	0.3	2	100.0	82	0.4
G-Bldg. Jingumae02	1	34.3	9	0.0	1	34.3	19	0.1
Total	413	99.9	20,254	100.0	373	99.7	20,359	100.0

Note 1 "Numbers of tenants" is based upon the numbers of the lease agreements of the buildings of each such property used as stores, offices, etc.

Note 2 "Occupancy ratio" (percentage of leased area against the leasable area at the end of accounting period) and "Ratio off rental revenue to total rental revenues" are calculated by rounding to the nearest first decimal place.

Note 3 JUSCO Chigasaki Shopping Center was sold on January 8, 2009.

Note 4 Rental revenue is undisclosed because the consent from the tenant has not been acquired.

4. Other assets

Real property and trust beneficial interests in real property are included the above table. There was no other significant specified asset as of February 28, 2009.

Capital expenditures for real property

1. Schedule of capital expenditures

The significant plan for capital expenditures on real property maintenance as of February 28, 2009 was as below. The amounts of estimated cost shown in the below table are including expenses which will be charged to income.

Name of real property	Location	Purpose	Scheduled term for maintenance	Estimated cost (millions of yen)		
				Total	Advanced payment	
					Payment for the six months ended February 28, 2009	Total of advanced payment
Nara Family	Nara-shi, Nara	Renewal construction	February 2009 to May 2009	374	-	-
JUSCO Naha	Naha-shi, Okinawa	Renewal of air conditioner	October 2008 to March 2009	287	-	-
Oyama Yuen Harvest Walk	Oyama-shi, Tochigi	Construction for a tenant	March 2009	29	-	-
Kawaramachi OPA	Kyoto-shi, Kyoto	Renewal of air conditioner	July 2009	17	-	-
Higashi-Totsuka Aurora City	Yokohama-shi, Kanagawa	Renewal of lighting equipment at parking	May 2009	10	-	-
AEON Sapporo Naebo Shopping Center	Sapporo-shi, Hokkaido	Painting on the rooftop	July 2009	10	-	-
Hakata Riverain (Note 1)	Fukuoka-shi, Fukuoka	Saving-energy	July 2009	7	-	-

Note 1 The capital expenditure of Hakata Riverain indicates 50% portion of the total capital expenditures corresponding to the share of quasi-co-ownership.

2. Capital expenditures for the six months ended February 28, 2009

Maintenance expenditures on real property for the six months ended February 28, 2009 were totaling to ¥647 million consisting of ¥596 million of capital expenditures stated as below and ¥50 million of repair and maintenance expenses charged to income.

Name of real property	Location	Purpose	Term for maintenance	Capital expenditures (Millions of yen)
Higashi-Totsuka Aurora City	Yokohama-shi, Kanagawa	Renewal of parking equipment	October 2008	115
Hakata Riverain (Note 1)	Fukuoka-shi, Fukuoka	Construction of tenant equipment and interior	November 2008 to December 2008	41
AEONMALL Itami Terrace	Itami-shi, Hyogo	Tree-planting	January 2008 to September 2008	33
JUSCO Naha	Naha-shi, Okinawa	Renewal of disaster prevention system	October 2008 to November 2008	18
Bic Camera Tachikawa	Tachikawa-shi, Tokyo	Change of escalator parts	December 2008 to February 2009	18
Others	-	-	-	368
Total				596

Note 1 The capital expenditure of Hakata Riverain indicates 50% portion of the total capital expenditures corresponding to the share of quasi-co-ownership.

3. Reserved funds for long-term maintenance plan

The Investment Corporation has reserved funds as below to appropriate for future expenditures on large-scale maintenance based on a long-term maintenance plan.

(Millions of yen)

Fiscal period	10 th	11 th	12 th	13 th	14 th
As of /for the six months ended	February 28, 2007	August 31, 2007	February 29, 2008	August 31, 2008	February 28, 2009
Reserved funds at beginning of period	273	292	327	362	366
Increase	18	35	35	3	3
Decrease	-	1	-	-	(Note 2) 51
Reserved funds at end of period	292	327	362	366	319

Note 1 The amounts include funds reserved in trust which the Investment Corporation succeeded from a former owner through a purchase of trust beneficiary interests.

Note 2 The funds decreased due to a sale of JUSCO Chigasaki Shopping Center.

Condition of expenses and liabilities

1. Details of asset management expenses

(Thousands of yen)

Item	13 th fiscal period	14 th fiscal period
	For the six months ended August 31, 2008	For the six months ended February 28, 2009
Asset management fees	1,783,904	1,738,143
Custodian fees	83,255	86,457
General administration fees	139,016	145,062
Compensation for Directors	5,940	5,940
Other operating expenses	119,935	145,452
Total	2,132,052	2,121,055

2. Borrowings

Borrowings as of February 28, 2009 were as follows:

	Name of lender	Borrowing Date	Balance as of		Average interest rate (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2008 (Millions of yen)	February 28, 2009 (Millions of yen)					
Short-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 4, 2007	3,875	-	1.1	September 4, 2008	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,487	-					
	The Chuo Mitsui Trust and Banking Company, Limited.		3,487	-					
	The Sumitomo Trust and Banking Co., Ltd.		2,712	-					
	Aozora Bank, Ltd.		1,937	-					
	Sumitomo Mitsui Banking Corporation	September 4, 2007	7,470	-	1.1	September 4, 2008	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	October 19, 2007	5,000	-	1.1	October 17, 2008	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	November 1, 2007	2,112	-	1.1	October 31, 2008	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,824	-					
	The Chuo Mitsui Trust and Banking Company, Limited.		1,824	-					
	The Sumitomo Trust and Banking Co., Ltd.		1,440	-					
	Aozora Bank, Ltd.		800	-					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	November 29, 2007	660	-	1.1	November 28, 2008	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		570	-					
	The Chuo Mitsui Trust and Banking Company, Limited.		570	-					
	The Sumitomo Trust and Banking Co., Ltd.		450	-					
	Aozora Bank, Ltd.		250	-					
	Sumitomo Mitsui Banking Corporation	November 29, 2007	2,530	-	1.1	November 28, 2008	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 20, 2007	633	-	1.1	December 19, 2008	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		547	-					

	Name of lender	Borrowing Date	Balance as of		Average		Due date	Repayment method	Use	Remarks
			August	February	interest					
			31, 2008	28, 2009	rate					
		(Millions of yen)	(Millions of yen)	(Note 1)						
	The Chuo Mitsui Trust and Banking Company, Limited.	December 20, 2007	547	-	1.1	December 19, 2008	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	The Sumitomo Trust and Banking Co., Ltd.		432	-						
	Aozora Bank, Ltd.		240	-						
	The Bank of Fukuoka, Ltd.	December 21, 2007	3,000	-	1.1	December 19, 2008	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	The Chugoku Bank, Ltd.	December 21, 2007	2,200	-	1.1	December 19, 2008	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	Mizuho Corporate Bank, Ltd.	February 21, 2008	2,000	-	1.1	February 20, 2009	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2008	6,423	6,423	1.1	March 31, 2009	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	Mitsubishi UFJ Trust and Banking Corporation		5,447	5,447						
	The Sumitomo Trust and Banking Co., Ltd.		4,329	4,329						
	The Chugoku Bank, Ltd.	March 31, 2008	2,800	2,800	1.1	March 31, 2009	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 1, 2008	9,119	9,119	1.1	May 1, 2009	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	Mitsubishi UFJ Trust and Banking Corporation		7,733	7,733						
	The Sumitomo Trust and Banking Co., Ltd.		6,146	6,146						
	Mizuho Corporate Bank, Ltd.	August 29, 2008	2,500	1,000	1.1	August 28, 2009 (Note 2)	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	August 29, 2008	5,000	5,000	1.1	August 28, 2009	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	Mitsubishi UFJ Trust and Banking Corporation		4,500	4,500						
	The Sumitomo Trust and Banking Co., Ltd.		3,500	3,500						
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 4, 2008	-	3,875	1.1	September 4, 2009	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	Mitsubishi UFJ Trust and Banking Corporation		-	3,487						
	The Sumitomo Trust and Banking Co., Ltd.		-	2,712						
	Sumitomo Mitsui Banking Corporation	September 4, 2008	-	7,470	1.3	September 4, 2009	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	Mizuho Corporate Bank, Ltd.	October 17, 2008	-	5,000	1.1	October 16, 2009	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 31, 2008	-	3,143	1.1	October 30, 2009	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	Mitsubishi UFJ Trust and Banking Corporation		-	2,714						
	The Sumitomo Trust and Banking Co., Ltd.		-	2,143						
	Sumitomo Mitsui Banking Corporation	November 28, 2008	-	2,530	1.2	November 27, 2009	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	The Bank of Fukuoka, Ltd.	December 19, 2008	-	3,000	1.1	June 19, 2009	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	The Chugoku Bank, Ltd.	December 19, 2008	-	2,200	1.1	June 19, 2009	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 24, 2008	-	11,875	1.1	December 24, 2009	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	Mitsubishi UFJ Trust and Banking Corporation		-	7,500						
	The Sumitomo Trust and Banking Co., Ltd.		-	5,625						
	Sub-total		108,100	119,275						
Long-term	Nippon Life Insurance Company (Note 6)	March 31, 2004	5,000	5,000	1.3	March 31, 2009	Lump sum	Note 4	Unsecured and unguaranteed	
	Aozora Bank, Ltd.	August 29, 2008	7,400	7,400	1.5	August 29, 2013	Lump sum (Note 3)	Note 4	Unsecured and unguaranteed	
	The Shinkumi Federation Bank	September 30, 2008	-	3,000	1.4	September 30, 2010	Lump sum	Note 5	Unsecured and unguaranteed	
	Mitsui Sumitomo Insurance, Co., Ltd.	September 30, 2008	-	1,000	1.4	September 30, 2010	Lump sum	Note 5	Unsecured and unguaranteed	
	Mizuho Corporate Bank, Ltd.	September 30, 2008	-	3,000	1.4	September 30, 2011	Lump sum	Note 5	Unsecured and unguaranteed	
	Saitama Resona Bank, Limited	September 30, 2008	-	1,000	1.4	September 30, 2011	Lump sum	Note 5	Unsecured and unguaranteed	
	Development Bank of Japan Inc	September 30, 2008	-	3,000	1.5	September 30, 2013	Lump sum	Note 5	Unsecured and unguaranteed	

	Name of lender	Borrowing Date	Balance as of		Average interest rate (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2008 (Millions of yen)	February 28, 2009 (Millions of yen)					
	Sub-total		12,400	23,400					
	Total		120,500	142,675					

Note 1 The average interest rate indicates a weighted average of interest rates, rounded to the first decimal place.

Note 2 The Investment Corporation had repaid ¥1,500 million on September 30, 2008 in advance of due date.

Note 3 The Investment Corporation may repay all or part of principal of the borrowing on interest payment date.

Note 4 The funds were mainly appropriated to purchasing real property or trust beneficiary interests in real property and repayment of borrowings or tenant guarantee deposits.

Note 5 The funds were mainly appropriated to repayment of borrowings.

Note 6 The balances are shown as current portion of long-term borrowings in balance sheets.

3. Investment corporation bonds

Name of lender	Issuance date	Balance as of		Interest rate (Note 1)	Maturity date	Repayment method	Use	Remarks
		August 31, 2008 (Millions of yen)	February 28, 2009 (Millions of yen)					
First series unsecured investment corporation bonds (Note 1)	February 9, 2005	20,000	20,000	0.74	February 9, 2010	Lump sum (Note 2)	Note 3	Unsecured and unguaranteed
Second series unsecured investment corporation bonds	February 9, 2005	15,000	15,000	1.73	February 9, 2015	Lump sum (Note 2)	Note 3	Unsecured and unguaranteed
Third series unsecured investment corporation bonds	February 22, 2006	10,000	10,000	2.02	February 22, 2016	Lump sum (Note 2)	Note 3	Unsecured and unguaranteed
Fourth series unsecured investment corporation bonds	December 22, 2006	20,000	20,000	1.60	December 22, 2011	Lump sum (Note 2)	Note 3	Unsecured and unguaranteed
Fifth series unsecured investment corporation bonds	May 23, 2007	20,000	20,000	1.60	May 23, 2012	Lump sum (Note 2)	Note 3	Unsecured and unguaranteed
Sixth series unsecured investment corporation bonds	May 23, 2007	15,000	15,000	2.17	May 23, 2017	Lump sum (Note 2)	Note 3	Unsecured and unguaranteed
Total		100,000	100,000					

Note 1 The balances are shown as current portion of long-term bonds issued in balance sheets.

Note 2 The Investment Corporation may repurchase bonds at any time on or after the next day of issuance except for the case that transferring term is otherwise limited.

Note 3 The funds were appropriated to repayment of borrowings or working capital.

Condition of investment transactions

1. Transactions of real property and asset-backed securities

Name of real property	Acquisition		Disposal			
	Date of acquisition	Acquisition cost (Note 1) (Millions of yen)	Date of disposal	Disposal amount (Millions of yen)	Net book value (Millions of yen)	Gain (loss) on disposal (Millions of yen)
JUSCO Chigasaki Shopping Center	-	-	January 8, 2009	7,750	7,652	87
AEONMALL Tsurumi Leafa	February 24, 2009	2	-	-	-	-
Total	-	2	-	7,750	7,652	87

Note 1 The acquisition cost indicates contracted amount of property in purchase agreement excluding related expenses (brokerage fee, taxes, etc.).

(Reference)

In addition to above transactions, a parking building at AEONMALL Itami Terrace was built up at a cost of ¥810 million and capitalized on September 26, 2008.

2. Transactions of other assets

Other assets than real property or asset-backed securities are mainly bank deposits and bank deposits in trust.

3. Researched value of specified assets

(1) Real property

(Millions of yen)

Acquisition/ Disposal	Name of real property	Date of acquisition/disposal	Acquisition cost/ Disposal amount (Note 1)	Researched value (Note 2)
Disposal	JUSCO Chigasaki Shopping Center	January 8, 2009	7,750	7,730
Acquisition	AEONMALL Tsurumi Leafa	February 24, 2009	2	2

Note 1 The acquisition cost indicates contracted amount of property in purchase agreement excluding related expenses (brokerage fee, taxes, etc.).

Note 2 The researched value was reported by PricewaterhouseCoopers Aarata in accordance with the Japan Institute of Certified Public Accountants Industrial Audit Committee Report No.23, "Research for Specified Assets Value held by Investment Trusts and Investment Corporations". The report includes necessary information to specify real property, such as location.

(Reference)

The parking building at AEONMALL Itami Terrace which was expanded at a cost of ¥810 million and capitalized on September 26, 2008, was not researched for the value because appraisal value was unavailable.

4. Transactions with interested parties or major shareholders

(1) Outline of specified assets transactions

No specified asset was acquired from or disposed to interested parties or major shareholders.

(2) Amounts of other transactions

(Thousands of yen)

Classification	Total amounts (A)	Transactions with interested parties or major shareholders		(B) / (A) (%)
		Name of counter party	Amount of payment (B)	
Facility management fees	814,944	Mitsubishi UFJ Lease & Finance Company Limited	4,112	0.5
Utilities	701,279	Japan Facility Solutions, Inc.	14,943	2.1
Other rental expenses	467,623	Mitsubishi Shoji & Sun Co., Ltd.	461	0.1
		Kentucky Fried Chicken Japan, Ltd.	42	0.0
		Mitsubishi UFJ Lease & Finance Company Limited	7	0.0
Other operating expenses	145,452	Mitsubishi Corporation	164	0.1

Note 1 "Interested parties" means the interested parties related with the asset management company of the Investment Corporation as prescribed under Article 123 of the Enforcement Ordinances of the Law Concerning Investment Trusts and Investment Corporations of Japan and Article 26, Item 27 of the Regulations for Management Reports by Investment Trusts and Investment Corporations of the Investment Trusts Association, Japan. "Major shareholders" means the major shareholders of the asset management company as defined in Article 29-4, Paragraph 2 of the Financial Instrument and Exchange Law.

Note 2 In addition to above transactions, the Investment Corporation paid ¥552 thousand to Mitsubishi UFJ Lease & Finance Company Limited for acquisition of a leased property.

5. Transactions with asset manager relating to other business than asset management

The asset manager, Mitsubishi Corp. - UBS Realty Inc., is never engaged in dual-business of first-type and second-type financial instruments business under the Financial Instruments and Exchange Law, realty business and real estate special joint business, so that there is no transaction with the asset manager relating to other business than asset management.

Financial information

1. Financial position and operating results

Please refer to accompanying balance sheets, statements of income, statement of changes in unitholders' equity, notes to financial information and statements of cash dividends.

2. Changes in depreciation method

None

3. Changes in valuation method of real property

None

Other information

1. Investment units held by the asset manager

(1) Transactions of investment units held by the asset manager

Date	Number of units purchased (Units)	Number of units sold (Units)	Number of units held (Units)
March 2, 2004	200	-	600
March 8, 2005	100	-	700
September 21, 2006	100	-	800
Accumulated number	400	-	800

(2) Number of investment units held by the asset manager

	Number of units held at end of period (Units)	Aggregated value of units held at end of period (Note) (Thousands of yen)	Ratio of number of units held to number of units issued and outstanding
The 5 th fiscal period (March 1, 2004 to August 31, 2004)	600	474,600	0.3%
The 6 th fiscal period (September 1, 2004 to February 28, 2005)	600	489,000	0.3%
The 7 th fiscal period (March 1, 2005 to August 31, 2005)	700	633,500	0.3%
The 8 th fiscal period (September 1, 2005 to February 28, 2006)	700	637,000	0.2%
The 9 th fiscal period (March 1, 2006 to August 31, 2006)	700	592,900	0.2%
The 10 th fiscal period (September 1, 2006 to February 28, 2007)	800	880,000	0.2%
The 11 th fiscal period (March 1, 2007 to August 31, 2007)	800	760,000	0.2%
The 12 th fiscal period (September 1, 2007 to February 29, 2008)	800	512,000	0.2%
The 13 th fiscal period (March 1, 2008 to August 31, 2008)	800	364,000	0.2%
The 14 th fiscal period (September 1, 2008 to February 28, 2009)	800	256,800	0.2%

Note "Aggregated value of units held at end of period" is calculated by market price of the investment securities on Tokyo Stock Exchange REIT Market at end of period.

2. Notice

Significant agreements which have been executed or renewed for the six months ended February 28, 2009 with the approval of the Board of Directors of the Investment Corporation were mainly as follows:

Date of approval	Item	Outline
December 24, 2008	Renewal of general administration agreement regarding transference of unit investment securities	The general administration agreement with Mitsubishi UFJ Trust and Banking Corporation regarding transference of unit investment securities has been renewed on January 1, 2009 due to introduction of electromagnetic record of the investment unit securities.
	Conclusion of general administration agreement regarding special account management	On January 5, 2009, the Investment Corporation had entrusted Mitsubishi UFJ Trust and Banking Corporation with general administration regarding special account management.
January 14, 2009	Conclusion of general administration agreement regarding investment corporation bonds	The Investment Corporation had entrusted the Bank of Tokyo-Mitsubishi UFJ, Ltd., with general administration regarding issuance, interest payment and transference, etc. of investment corporation bonds.

3. Other

Figures less than unit indicated in each statement have been rounded down for amounts and rounded for ratio unless otherwise indicated in this presentation.

I. Balance sheets

	As of	
	August 31, 2008	February 28, 2009
	Thousands of yen	Thousands of yen
Assets		
Current Assets:		
Cash and bank deposits	6,675,077	8,822,517
Cash and bank deposits in trust	12,047,098	10,480,841
Rental receivables	888,013	922,711
Consumption tax refundable	490,580	-
Other current assets	567,941	524,829
Total current assets	20,668,710	20,750,899
Fixed Assets (Note 2):		
Property and equipment:		
Buildings	398,063	398,910
Accumulated depreciation	(6,843)	(12,777)
Buildings, net	391,219	386,132
Building improvements	11,503	11,503
Accumulated depreciation	(195)	(426)
Building improvements, net	11,308	11,077
Furniture and fixtures	3,838	3,838
Accumulated depreciation	(193)	(374)
Furniture and fixtures, net	3,645	3,464
Land	5,432,461	5,433,573
Buildings in trust	238,972,549	236,820,826
Accumulated depreciation	(24,718,268)	(28,232,306)
Buildings in trust, net	214,254,280	208,588,519
Building improvements in trust	11,959,549	11,912,554
Accumulated depreciation	(1,761,470)	(1,989,694)
Building improvements in trust, net	10,198,078	9,922,860
Machinery and equipment in trust	1,278,403	1,396,826
Accumulated depreciation	(211,052)	(257,913)
Machinery and equipment in trust, net	1,067,350	1,138,913
Furniture and fixtures in trust	3,161,132	3,183,966
Accumulated depreciation	(747,411)	(894,976)
Furniture and fixtures in trust, net	2,413,721	2,288,990
Land in trust	321,808,140	316,746,132
Total property and equipment	555,580,206	544,519,663
Intangible assets:		
Leasehold rights in trust	8,964,956	8,950,680
Other intangible assets in trust	159,431	149,885
Total intangible assets	9,124,388	9,100,565

(To be continued on the following page)

	As of	
	August 31, 2008	February 28, 2009
	Thousands of yen	Thousands of yen
Investment and other assets:		
Lease deposits in trust	3,350,008	3,336,098
Long-term prepaid expenses	145,730	216,520
Other investments	568,982	580,663
Total investment and other assets	4,064,721	4,133,283
Total fixed assets	568,769,316	557,753,512
Deferred charges:		
Bonds issuance costs	192,038	170,579
Total deferred charges	192,038	170,579
Total assets	589,630,065	578,674,990

(To be continued on the following page)

	As of	
	August 31, 2008	February 28, 2009
	Thousands of yen	Thousands of yen
Liabilities		
Current Liabilities:		
Accounts payable – operating	672,278	706,432
Short-term bonds issued	24,985,564	-
Short-term borrowings (Note 3)	108,100,000	119,275,000
Current portion of long-term borrowings	5,000,000	5,000,000
Current portion of long-term bonds issued	-	20,000,000
Accounts payable – other	2,031	22,260
Accrued expenses	1,490,692	1,457,261
Income taxes payable	5,171	16,363
Consumption tax payable	-	876,087
Rent received in advance	1,695,356	1,680,654
Deposits received	982,261	768,384
Current amount of tenant leasehold and security deposits in trust (Note 2)	4,923,439	4,240,293
Other current liabilities	12,209	98,295
Total current liabilities	147,869,005	154,141,033
Non-current liabilities:		
Long-term bonds issued	100,000,000	80,000,000
Long-term borrowings	7,400,000	18,400,000
Tenant leasehold and security deposits	256,339	256,339
Tenant leasehold and security deposits in trust (Note 2)	77,258,970	69,292,261
Other non-current liabilities	378	399
Total non-current liabilities	184,915,688	167,948,999
Total liabilities	332,784,694	322,090,033
Net assets (Note 4)		
Unitholders' capital	250,764,406	250,764,406
Retained earnings	6,080,965	5,820,550
Total net assets	256,845,371	256,584,957
Total liabilities and net assets	589,630,065	578,674,990

II. Statements of income

	For the six months ended	
	August 31, 2008	February 28, 2009
	Thousands of yen	Thousands of yen
Operating revenues		
Rental revenues (Note 5)	20,254,079	20,359,685
Gain on sales of property (Note 6)	-	87,470
Total operating revenues	20,254,079	20,447,156
Operating expenses		
Rental expenses (Note 5)	10,343,876	10,442,288
Asset management fees	1,783,904	1,738,143
Custodian fees	83,255	86,457
General administration fees	139,016	145,062
Compensation for Directors	5,940	5,940
Other operating expenses	119,935	145,452
Total operating expenses	12,475,928	12,563,344
Operating income	7,778,150	7,883,812
Non-operating revenues		
Interest income	15,649	10,851
Other non-operating revenues	14,119	4,102
Total non-operating revenues	29,768	14,954
Non-operating expenses		
Interest expense on borrowings	698,587	802,613
Interest expense on short-term bonds	116,838	89,767
Interest expense on long-term bonds	793,020	779,070
Amortization of bonds issuance costs	33,346	23,082
Loan-related costs	62,672	145,906
Other non-operating expenses	8,284	17,476
Total non-operating expenses	1,712,748	1,857,918
Recurring profit	6,095,170	6,040,847
Extraordinary loss		
Litigation settlement	-	205,000
Income before income taxes	6,095,170	5,835,847
Income taxes		
Current	5,184	16,363
Deferred	9,205	(937)
Total income taxes	14,389	15,426
Net income	6,080,780	5,820,421
Retained earnings at beginning of period	184	129
Retained earnings at end of period	6,080,965	5,820,550

III. Statements of changes in unitholders' equity

(Thousands of yen)

For the six months ended August 31, 2008 (March 1, 2008 to August 31, 2008)

	Unitholders' equity			Total net assets
	Unitholders' capital	Retained earnings	Total	
Balance as of February 29, 2008	250,764,406	6,132,038	256,896,444	256,896,444
<u>Changes during the period</u>				
Cash dividend declared		(6,131,854)	(6,131,854)	(6,131,854)
Net income		6,080,780	6,080,780	6,080,780
<u>Total changes during the period</u>		(51,073)	(51,073)	(51,073)
Balance as of August 31, 2008	250,764,406	6,080,965	256,845,371	256,845,371

For the six months ended February 28, 2009 (September 1, 2008 to February 28, 2009)

	Unitholders' equity			Total net assets
	Unitholders' capital	Retained earnings	Total	
Balance as of August 31, 2008	250,764,406	6,080,965	256,845,371	256,845,371
<u>Changes during the period</u>				
Cash dividend declared		(6,080,835)	(6,080,835)	(6,080,835)
Net income		5,820,421	5,820,421	5,820,421
<u>Total changes during the period</u>		(260,414)	(260,414)	(260,414)
Balance as of February 28, 2009	250,764,406	5,820,550	256,584,957	256,584,957

IV. Notes to financial information

Note 1 – Summary of significant accounting policies

(a) Property and equipment

Property and equipment is recorded at cost. Depreciation of property and equipment, except for land, is calculated on a straight-line basis over the estimated useful lives of the assets as stated below:

Buildings	2-39 years
Building improvements	2-60 years
Machinery and equipment	3-17 years
Furniture and fixtures	2-39 years

Effective September 1, 2008, the estimated useful lives of certain building improvements in trust and machinery and equipment in trust were changed due to revision of the Corporation Tax Law. The effect of this change was immaterial.

(b) Other intangible assets in trust and long-term prepaid expenses

Depreciation of other intangible assets in trust and long-term prepaid expenses is calculated on a straight-line basis.

(c) Bonds issuance costs

Bonds issuance costs are amortized on a straight-line basis over the maturity period of the bonds issued.

(d) Taxes on property and equipment

Property and equipment are subject to various taxes annually, such as property taxes and urban planning taxes. An owner of a property is registered in the record maintained by the local government in each jurisdiction, and the taxes are imposed on the owner registered in the record as of January 1st based on the assessment made by the local government.

Under the above tax rules, a seller of a property at the time of disposal is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued tax liabilities and the amount of settlement reflects this adjustment. For the purchaser, a portion of such taxes calculated from the acquisition date to the end of the calendar year is capitalized as a cost of the property in accordance with generally accepted accounting principles in Japan. In subsequent calendar years, half of such taxes on property and equipment for each calendar year are charged as operating expenses in each fiscal period.

Taxes on property and equipment capitalized was ¥2 thousand and ¥167,155 thousand for the six months period ended February 28, 2009 and August 31, 2008, respectively.

(e) Equipment leases

Finance lease transactions effective on or after March 1, 2008, which ownership of the leased property is not transferred to the lessee, are capitalized and depreciated on a straight-line basis over the lease periods used as their useful lives and no residual value.

Those finance lease transactions effective before March 1, 2008, are not capitalized in accordance with former accounting principles generally accepted in Japan, and related rental expenses are charged to

income in the periods in which are incurred.

(f) Accounting treatment of trust beneficiary interests in real property

For the trust beneficiary interests in real property, which are commonly utilized in the ownership of commercial properties in Japan and through which we holds all of its real property, all accounts of assets and liabilities with respect to assets in trust as well as income generated and expenses incurred with respect to assets in trust, are recorded in the relevant balance sheet and income statement accounts in proportion to the percentage interest of the trust that such trust beneficiary interest presents. Certain material accounts in trust are shown as accounts in trust in balance sheets.

(g) Consumption tax

Consumption tax are recorded as assets or liabilities when they are paid or received.

Note 2 – Collateral

The carrying amounts of assets stated below were pledged as collateral to secure liabilities of tenant leasehold and security deposits in trust of ¥60,777,485 thousand and ¥68,156,981 thousand as of February 28, 2009 and August 31, 2008, respectively.

	(Thousands of yen)	
	As of	
	August 31, 2008	February 28, 2009
Buildings in trust	96,498,782	93,054,475
Buildings improvements in trust	5,230,958	5,080,017
Machinery and equipment in trust	329,023	421,661
Furniture and fixtures in trust	695,127	666,334
Land in trust	162,544,829	157,482,821
Total	265,298,721	256,705,311

Certain lands and buildings which were pledged as collateral to secure co-owners' liabilities of tenant leasehold and security deposits for a total amount of ¥691,908 thousand as of February 28, 2009 and August 31, 2008, are included in above table.

Note 3 – Credit facilities and commitment lines

Credit facilities and commitment lines provided by banks were as follows:

	(Thousands of yen)	
	As of	
	August 31, 2008	February 28, 2009
Credit facilities		
Total amount of credit facilities	155,000,000	142,500,000
Borrowings drawn down	(108,100,000)	(94,275,000)
Unused credit facilities	46,900,000	48,225,000
Commitment lines		
Total amount of commitment lines	25,000,000	40,000,000
Borrowings drawn down	-	(25,000,000)
Unused commitment lines	25,000,000	15,000,000

Note 4 – Unitholders' equity**(1) Number of units**

	As of	
	August 31, 2008	February 28, 2009
Authorized	2,000,000 units	2,000,000 units
Issued and outstanding	386,502 units	386,502 units

(2) The Investment Corporation is required to maintain net assets of at least ¥50,000 thousand as required pursuant to the Law Concerning Investment Trusts and Investment Corporations of Japan.

Note 5 – Breakdown for rental revenues and expenses

Rental revenues and expenses for the six months ended August 31, 2008 and February 28, 2009 consist of the following:

	(Thousands of yen)	
	For the six months ended	
	August 31, 2008	February 28, 2009
Rental revenues:		
Rental and parking revenue	19,143,392	19,299,248
Common area charges	608,274	603,428
Other	502,411	457,008
Total rental revenues	20,254,079	20,359,685
Rental expenses:		
Property management fees	406,959	382,819
Facility management fees	777,366	814,944
Utilities	711,897	701,279
Property-related taxes	2,019,813	2,015,634
Repair and maintenance	43,261	50,614
Insurance	77,160	76,132
Trust fees	128,079	127,488
Rent expense	950,515	957,760
Other	301,690	467,623
Depreciation	4,758,133	4,847,519
Loss on disposal of fixed assets	168,999	472
Total rental expenses	10,343,876	10,442,288
Operating income from property leasing activities	9,910,202	9,917,397

Note 6 – Gain on sales of property

Gain on sales of property for the six months ended February 28, 2009 was as follows:

	(Thousands of yen)
	For the six months ended
	February 28, 2009
Proceeds from sales of property	7,750,000
Cost of sales:	
Net book value of property sold	(7,652,975)
Other costs related sales of property	(9,553)
Gain on sales of property, net	87,470

Note 7 – Income taxes

Deferred tax assets and liabilities consist of the following:

	(Thousands of yen)	
	As of	
	August 31, 2008	February 28, 2009
Deferred tax assets:		
Current		
Enterprise tax payable	656	1,593
Non-current		
Amortization of leasehold rights	39,653	49,292
Valuation allowance	(39,653)	(49,292)
Total deferred tax assets	656	1,593
Net deferred tax assets	656	1,593

The effective tax rates in the accompanying statements of income as well as applicable statutory tax rates are reflected as follows:

	For the six months ended	
	August 31, 2008	February 28, 2009
Statutory effective tax rate	42.05%	42.05%
Deductible cash dividends	(41.95)	(41.94)
Change in valuation allowance (for deferred tax assets)	0.16	0.16
Other	(0.02)	(0.01)
Effective tax rate	0.24%	0.26%

Note 8 – Leases

Finance lease transactions effective on or after March 1, 2008, which ownership of the leased property is not transferred to the lessee, are capitalized and depreciated on a straight-line basis over the lease periods used as their useful lives and no residual value. Such capitalized leased properties are mainly personal computers.

Those finance lease transactions effective before March 1, 2008, are not capitalized in accordance with former accounting principles generally accepted in Japan, and related lease expenses are charged to income in the periods in which are incurred.

Lease expenses incurred in connection with such finance leases on equipment utilized by the Investment Corporation amounted to ¥13,193 thousand and ¥13,548 thousand for the six months ended February 28, 2009 and August 31, 2008, respectively.

Future minimum lease payments under the terms of these finance leases as of August 31, 2008 and February 28, 2009 are as follows:

	(Thousands of yen)	
	As of	
	August 31, 2008	February 28, 2009
Due within one year	21,259	15,463
Due after one year	25,325	17,928
Total	46,584	33,391

Additional financial information related to these finance leases, assuming they were capitalized, is as follows:

	(Thousands of yen)	
	As of	
	August 31, 2008	February 28, 2009
Furniture and fixtures in trust		
At cost	77,206	77,206
Accumulated depreciation	(49,992)	(59,663)
Net book value	27,213	17,542
Machinery and equipment in trust		
At cost	38,742	38,742
Accumulated depreciation	(19,371)	(22,893)
Net book value	19,371	15,849
Total		
At cost	115,948	115,948
Accumulated depreciation	(69,363)	(82,556)
Net book value	46,584	33,391

Depreciation expense would be ¥13,193 thousand and ¥13,548 thousand for the six months ended February 28, 2009 and August 31, 2008, respectively. This depreciation amounts is calculated utilizing the straight-line method over the term of the leases based on the acquisition cost which is equivalent to the total lease payments.

Given that the value of the leased assets is not deemed material, interest implicit in these leases is included in the minimum lease payments and in the cost of these assets in the disclosures above.

Note 9 – Related-party transaction

For the six months ended August 31, 2008:

Classification	Company name	Business	Ratio of investment units held by the related-party to investment units issued and outstanding	Transactions for the period		Balance at end of the period	
				Type of transaction	Amounts (Note 4) (Thousands of yen)	Account name in balance sheets	Amounts (Note 4) (Thousands of yen)
Interested party	Hassamu SC SPC	Real property rental	-	Acquisition of real property (Note 1)	18,440,000	Accounts payable - other	-
Custodian	Mitsubishi UFJ Trust and Banking Corporation	Banking	-	Drawing of short-term borrowings (Note 2)	17,681,100	Short-term borrowings	24,109,800
				Interest expenses (Note 2)	117,058	Accrued expenses	37,623
				Trust fees (Note 3)	59,846	Accounts payable - operating	-
				General administration fees (Note 3)	139,016	Accrued expenses	45,737

Note 1 The acquisition amount was decided through negotiation with the company based on an appraisal value by a real estate appraiser.

Note 2 The short-term borrowings were drawn in accordance with the credit facility agreement. The interest rates of the borrowings have been decided similarly as other banks of the syndicate. All of the short-term borrowings were unsecured.

Note 3 The fees have been decided based on third party transactions.

Note 4 Consumption tax are excluded from the amounts of transactions, but included in the amounts of balances.

For the six months ended February 28, 2009:

Classification	Company name	Business	Ratio of investment units held by the related-party to investment units issued and outstanding	Transactions for the period		Balance at end of the period	
				Type of transaction	Amounts (Note 3) (Thousands of yen)	Account name in balance sheets	Amounts (Note 3) (Thousands of yen)
Custodian	Mitsubishi UFJ Trust and Banking Corporation	Banking	-	Drawing of short-term borrowings (Note 1)	13,701,500	Short-term borrowings	31,382,600
				Interest expenses (Note 1)	144,272	Accrued expenses	40,998
				Trust fees (Note 2)	58,560	Accounts payable - operating	-
				General administration fees (Note 2)	145,062	Accrued expenses	46,701

Note 1 The short-term borrowings were drawn in accordance with the credit facility agreement. The interest rates of the borrowings have been decided similarly as other banks of the syndicate. All of the short-term borrowings were unsecured.

Note 2 The fees have been decided based on third party transactions.

Note 3 Consumption tax are excluded from the amounts of transactions, but included in the amounts of balances.

Note 10 – Per unit information

The net asset value per unit as of February 28, 2009 and August 31, 2008 was ¥ 663,864 and ¥664,538, respectively. Net income per unit for the six months ended February 28, 2009 and August 31, 2008 was ¥15,059 and ¥15,732, respectively.

Net income per unit is calculating by dividing net income by the weighted-average number of units outstanding for the period.

Diluted net income per unit is not disclosed because dilutive security is not issued.

Note 11 – Subsequent events

Termination notice from a tenant at Hakata Riverain:

IZUTSUYA CO., LTD. (“IZUTSUYA”), a tenant at Hakata Riverain, has notified the Investment Corporation that IZUTSUYA had decided to terminate the periodic tenant lease agreement until June 30, 2009, in advance of expiration of the contracted period.

The Investment Corporation will receive ¥396 million of penalty money for the cancellation from IZUTSUYA in accordance with the periodic tenant lease agreement. The penalty money will be accounted for as operating revenues for the six months ending August 31, 2009.

V. Statements of cash dividends

(Yen)

	For the six months ended	
	August 31, 2008	February 28, 2009
Retained earnings at the end of period	6,080,965,039	5,820,550,899
Cash dividend declared	6,080,835,966	5,820,333,618
<i>(Cash dividend declared per unit)</i>	<i>(15,733)</i>	<i>(15,059)</i>
Retained earnings carried forward	129,073	217,281

Note: The Investment Corporation basically intends to distribute all of distributable profit in accordance with the Article of Incorporation 26, Paragraph 1, Item 2, but except for fractional dividend per unit less than one yen because dividends in excess of profit are treated as sales transaction of investment units for individual unitholders; therefore, cash dividends were amounted to ¥5,820,333,618 and ¥6,080,835,966 for the six months ended February 28, 2009 and August 31, 2008, respectively.

Note

Accompanying English financial information, comprising of balance sheets, statements of income, statements of changes in unitholders' equity, notes to financial information and statements of cash dividends, have been translated from the Japanese financial statements of the Investment Corporation prepared in accordance with the Law Concerning Investment Trusts and Investment Corporations of Japan.

Under Article 130 of the Law Concerning Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended February 28, 2009 have been audited by PricewaterhouseCoopers Aarata, in accordance with auditing standards generally accepted in Japan. But, English translation of the Japanese language report of independent auditors is not attached herein because the accompanying English translation of balance sheets, statements of income, statement of changes in unitholders' equity, notes to financial information and statements of cash dividends are unaudited.

Statements of cash flows (additional information)

(Thousands of yen)

	For the six months ended	
	August 31, 2008	February 28, 2009
Cash flows from operating activities:		
Income before taxes	6,095,170	5,835,847
Adjustment for:		
Depreciation	4,758,294	4,847,667
Amortization of bonds issuance costs	33,346	23,082
Gain on sales of property	-	(87,470)
Loss on disposal of fixed assets	168,999	472
Interest income	(15,649)	(10,851)
Interest expense	1,608,445	1,671,452
Litigation settlement	-	205,000
Changes in assets and liabilities:		
Increase in Rental receivables	(119,070)	(28,594)
Decrease in Consumption tax refundable	717,487	490,580
Increase in Long-term prepaid expenses	(54,423)	(70,790)
Increase (decrease) in Accounts payable-operating	104,931	(63,181)
Increase in Consumption tax payable	-	876,087
Increase (decrease) in Accounts payable - other	(41,677)	19,893
Increase (decrease) in Accrued expenses	85,949	(35,761)
Increase (decrease) in Rent received in advance	89,335	(20,231)
Increase (decrease) in Deposits received	324,153	(213,877)
Other-net	(133,717)	44,215
Sub total	13,621,575	13,483,540
Interest received	15,649	10,851
Interest paid	(1,440,882)	(1,579,354)
Litigation settlement paid	-	(205,000)
Income taxes paid	(12,868)	(5,171)
Net cash provided by operating activities	12,183,473	11,704,866
Cash flows from investing activities:		
Purchase of property and equipment	(3,440,277)	(1,958)
Purchase of property and equipment in trust	(40,054,186)	(1,446,243)
Proceed from sales of property and equipment in trust	-	7,740,446
Proceeds from tenant leasehold and security deposits	216,781	-
Payments of tenant leasehold and security deposits in trust	(2,518,480)	(8,498,341)
Proceeds from tenant leasehold and security deposits in trust	1,786,212	62,640
Purchase of intangible assets in trust	(84,577)	-
Proceeds from lease deposits in trust	7,500	13,910
Other expenditures	-	(11,681)
Other proceeds	1,012	-
Net cash used in investing activities	(44,086,012)	(2,141,227)

(To be continued on the following page)

(Thousands of yen)

	For the six months ended	
	August 31, 2008	February 28, 2009
Cash flows from financing activities:		
Proceeds from short-term bonds issued	49,882,063	24,923,044
Repayments of short-term bonds issued	(50,000,000)	(50,000,000)
Proceeds from short-term borrowings	42,000,000	25,000,000
Repayments of short-term borrowings	(7,000,000)	(13,825,000)
Proceeds from long-term borrowings	7,400,000	11,000,000
Dividend payments	(6,131,751)	(6,080,499)
Net cash provided by (used in) financing activities	36,150,311	(8,982,455)
Net change in cash and cash equivalents	4,247,772	581,183
Cash and cash equivalents at beginning of period	14,474,403	18,722,175
Cash and cash equivalents at end of period (Note 1)	18,722,175	19,303,359

Note 1 Cash and cash equivalents consist of cash, demand deposits, and short-term investments which are highly liquid and convertible cash, have a low risk of price fluctuation, and mature within three months from the date of acquisition. Cash and cash equivalents in the statements of cash flows consist of the following:

(Thousands of yen)

	As of	
	August 31, 2008	February 28, 2009
Cash and bank deposits	6,675,077	8,822,517
Cash and bank deposits in trust	12,047,098	10,480,841
Cash and cash equivalents	18,722,175	19,303,359

FAQ

Q1: I hear that sales are sluggish in the retail industry due to the recession, and I am concerned that JRF's rent revenue may also decrease.

A1: One of the characteristics of the retail industry is that the circumstances differ significantly depending on the individual retail premises. While the retail market on the whole is weak, rent revenue from "defensive" properties with marketability, such as those which are surrounded by high population density areas, are firm. Since such properties are the main tenants of JRF's portfolio retail properties, our rent revenue is stable. In addition, about 91% of the rent from JRF's portfolio properties comes from fixed rent contracts that do not change depending on the sales of the individual outlet. Therefore, we can expect stable rent revenue that is less susceptible to the economic trends.

While we introduced a variable rent contract system, in which rent varies depending on the sales of the tenant, on about 9 percent of "growth-type", we have adopted a guaranteed minimum rent on approximately 6% of such tenants so that about 97% of rent is virtually at a fixed rate. In the meantime, the occupancy rate of properties is extremely high at 99% in the overall portfolio, which is another major advantage of JRF.

Q2: I hear that major retailers are pressing ahead with a plan to close down many outlets. Are there any retail premises in JRF's portfolio that are the target of such a plan?

A2: As of April 15, 2009, when we released the performance results for the February 2009 period, none of our portfolio properties had received a request for closure. While we believe inefficient and low-profit making outlets in each region are the target of such a plan for being closed down, JRF's portfolio is mainly comprised of excellent outlets that are regarded as "the best store in the region" with sufficient marketability of each trading area. We intend to press ahead with "improving portfolio quality" in accordance with the Medium-term Business Policy and increase the value of retail properties through measures such as remodeling and increasing floor space to further strengthen their competitive advantages.

Q3: What kind of outlets do you regard as "the best store in the region"? What specifically are the advantages of JRF's portfolio properties?

A3: For JRF to regard a store as "the best store in the region," it must be a retail outlet that is recognized by everybody in the relevant region and that can achieve steady sales even in adverse circumstances with the following characteristics:

1) Accessible by various means of transportation not only by car but also by train or bus; 2) can respond to the needs of various customers by offering a variety of items from food and daily necessities to apparel and luxury items; 3) has top-class tenants in each line of business; and 4) in addition to the ability to attract customers from widespread areas, has the edge in trading zone in the neighborhood living area with a radius of a couple of kilometers.

Q4: How does the asset management company manage retail properties specifically? What is the difference with other REIT investment management companies?

A4: JRF's asset management company has staff who have backgrounds in the retail industry, and they are directly involved with leasing of properties, operation of shopping malls, management of tenant mixes and remodeling of tenants, as well as making finely tuned proposals based on practical know-how (direct operation). In addition, they meet owners of main tenants face-to-face and get firsthand information about the store or the status of competing stores to further strengthen the close relationship with tenants. In addition, the company directly regularly obtains a great deal of information on retail properties through its own network, which it compiles into a database to utilize for improving existing properties and studying new properties. I believe there are only a few investment management companies which have such capabilities.

Q5: I hear that there are some J-REITs which were forced to sell properties at a loss to repay debt and other J-REITs which paid a penalty for withdrawing from acquisition of properties. Are there any destabilizing factors in the finance of JRF?

A5: JRF has the second largest amount of asset as J-REIT, a stable track record, and it has received high evaluation in terms of reliability from financial institutions with the support of creditworthy sponsors (Mitsubishi Corporation and UBS) of the Asset Management Company. We will fully take advantage of the strong relationships we have with financial institutions to press ahead with measures for further strengthening our financial position, such as diversifying lenders, expanding commitment lines, and flexibly controlling the loan-to-value (LTV) ratio despite the difficult financial circumstances.

In the Medium-term Business Policy, which JRF has recently reviewed partially, we place high priority for the time being on maintaining and establishing a stable and strong financial position. We will also focus our efforts on securing cash flows and shifting to long-term debt.

Q6: I understand that JRF issues a relatively large amount of investment corporation bonds compared with other J-REITs, and I am wondering if you have a sufficient cash reserve to meet such bond redemptions.

A6: JRF has issued six series of unsecured investment corporation bonds in the past, with a total issue amount of 100 billion yen. Of these, the first series of investment corporation, issued in an amount of 20 billion yen, will fall due for redemption in February 2010 and the fourth series of investment corporation bond, with an issue amount of 20 billion yen, will come due in December 2011, and we are placing high priority on securing funds to meet the redemptions of these bonds by implementing measures such as taking out new long-term debt. Investment corporation bonds that will mature thereafter have a redemption period that is spread over a long-term span from 2012 to 2017.

Q7: You mentioned that you would enhance the quality of portfolios by replacing retail properties, and I am wondering if you will be able to sell properties as you wish amid the present circumstances where the real estate market is sluggish.

A7: In the current real estate market, the supply and demand conditions are out of balance and real estate sale transactions are sluggish. However, there are investment funds waiting for good investment opportunities, and the supply of excellent properties in the market is definitely increasing. Given this, we believe that real estate sale transactions will gain momentum with the economic recovery. In addition, we expect that actual real estate transactions will recover ahead of consumer spending as a leading indicator of economic conditions. JRF will take a cautious stance for the time being and will not sell properties at unreasonable prices. Rather, we intend to carefully assess the market trends and replace properties in a down-to-earth manner by seizing appropriate opportunities.

Q8: I expect that the appraisal values of JRF's portfolio properties have declined in accordance with the deterioration in the real estate market. In addition, I am concerned that the sales and collateral values of those properties may decline in response to that, exerting a negative impact on JRF's financial standing.

A8: It is true that the appraisal values (appraisal value based on appraisal performed by an outside real-estate appraiser) of JRF's portfolio properties have been declining and the appraisal value of the overall portfolio decreased about 60 billion yen from the end of previous fiscal period. This is mainly because cap rate (expected rate of return), which is used for calculating appraisal value, has increased, causing appraisal value (calculated by the mathematical formula: appraisal value = net income / cap rate) to fall. In addition to the cap rate factor, there is another factor that we downwardly revised the outlook for future cash flows for some of the properties from the upward trends in the past. Having said that, we think that we should not be influenced excessively by the short-term views about cap rate, but rather, we should place emphasis on maintaining an appropriate cap rate from the medium- and long-term views based on actual sales. As for the

cash flows factor, JRF has been implementing various measures to ensure the stability of cash flows for each property and we believe that we will be able to maintain and increase cash flows in the future, which, we believe we can help us gain a sufficient understanding of financial institutions. Therefore, we think that it is unlikely that the decline in the appraisal values of our portfolio properties this time will have a significant impact on our financial position.

Notice

(Concerning a Change in the Office Work Entrusted to the General Office Work Trustee,
Based on Article 169, Section 3 of the Ordinance for the Enforcement of the Law Related to
Investment Trusts and Investment Corporations)

Japan Retail Fund Investment Corp.
2-7-3 Marunouchi, Chiyoda-ku, Tokyo
Yorishige Kondo, Executive Director

May 22, 2009

To Whom It May Concern:

There has been a change in the office work that the Japan Retail Fund Investment Corp. (“JRF”) entrusts to its general office work trustee. Thus, in accordance with Article 169, Section 3 of the Ordinance for the Enforcement of the Law Related to Investment Trusts and Investment Corporations, JRF would like to notify you of the following.

1. Execution of a General Office Work Entrustment (Investment Units-related Office Work Delegation) Contract

Starting on January 5, 2009 – the implementation date of the Law Partially Amending the Law Concerning the Book-Entry Transfer of Corporate Bonds, etc., in Order to Streamline Settlement Procedures for Transactions in Stocks, etc. (hereinafter, “Settlement Streamlining Law”) – JRF, due to the computerization of investment units, became unable to issue investment securities, and its actual-investor system was also discontinued. Thus, in advance of that date, on December 24, 2008, JRF and the Mitsubishi UFJ Trust and Banking Corporation executed an Investment Units-related Office Work Entrustment Contract (hereinafter, “New Contract”) that went into effect on January 1, 2009 and that, on that same date, superseded their existing Investment Units-related Office Work Entrustment Contract (hereinafter, “Old Contract”), dated September 17, 2001. Based on the New Contract, JRF entrusted the office work mentioned below to that trust bank (the same office work that was entrusted based on the Old Contract, except for office work related to investment securities and office work related to the actual-investor system).

- (1) Work related to the investor register and the investment corporate bond register.
- (2) Work related to the preparation, management and maintenance of ledger documents.
- (3) Work related to receiving general shareholder notices and other notices transmitted from the depository trust company, etc.
- (4) Work related to registering the names and addresses (or changes in the same) of investors, registered investment unit pledgees, and legal agents and standing proxies of the same (hereinafter collectively referred to as the “Investors”).
- (5) Work related to receiving notifications submitted by Investors.
- (6) Work related to sending invitations to general meetings of investors, and to preparing and totaling voting ballots and proxies.
- (7) Work related to paying dividends to Investors.
- (8) Work related to answering inquiries from Investors

- (9) Work related to preparing statistical data on investment units and data for notifications and reports that, based on laws or contracts, must be sent to government offices, financial product exchanges, the depository trust company, etc.
- (10) Work related to the offering of investment units and the combining and dividing of investment units, and other work that JRF occasionally specifies.
- (11) Work related to sending notifications, call notices, reports, etc., to Investors.
- (12) Work related to receiving, from Investors, requests to exercise their rights and other requests.
- (13) Work related to paying the stamp taxes, etc., attendant upon all of the work mentioned above.
- (14) Work attendant upon all of the work mentioned above.

2. Execution of Contract Related to Management of Special Accounts

The investment units of investors related to investment securities that haven't been entrusted to the Japan Securities Depository Center, Inc. (hereinafter referred to as the "Depository") by the day that the Settlement Streamlining Law is implemented will be registered in special accounts that, based on a request from JRF, will be established at the Mitsubishi UFJ Trust and Banking Corporation. Accordingly, on December 24, 2008, JRF concluded, with that trust bank, a contract for the management of the special accounts, and entrusted to that trust bank the office work related to establishing the special accounts and the other office work mentioned below.

- (1) Work related to the preparation, management, and maintenance of a transfer account book and the ledgers attendant upon it.
- (2) Work related to reports related to general investor notices.
- (3) Work related to new entries, recording procedures, cancellation procedures, and full-cancellation procedures.
- (4) Individual investor notices from the Depository to JRF.
- (5) Work related to making entries or recording information in the transfer account book, making entries or recording information related to pledges, and making entries or recording information related to trustees of trusts and to trust assets.
- (6) Work related to opening and closing special accounts.
- (7) Work related to recording subscriber information and submitted seals or changes in the same, and work related to reporting subscriber information to the Depository.
- (8) Work related to opening other accounts for the subscribers related to the special accounts, and work related to procedures for making transfers between those other accounts and JRF's accounts.
- (9) Work related to requests to open special accounts for the acquirors specified in the Transfer Law.
- (10) Work related to requests from subscribers for individual investor notifications.
- (11) Work related to requests (including ones made through the Depository) for the provision of information by subscribers or people with a vested interest.
- (12) Work, other than that mentioned in the previous paragraphs, related to requests from investors, investment unit pledgees, and the legal representatives and standing proxies of the same (hereinafter collectively referred to as the "Subscribers").
- (13) Work, other than that mentioned in the previous paragraphs, related to receiving submittals, from Subscribers, concerning information and submitted seals related to Subscribers.

- (14) Work related to answering inquiries from Subscribers.
- (15) Work related to combining and dividing investment units.
- (16) Work related to operating the transfer system and work established through deliberations.

Other Information

Japanese version of the Asset Management Report contains other information not included in this English version. You can access most of those information in English by referring to the IR material for this period posted on our website.

IR material

“The Fourteenth Period Analyst Meeting Materials (September 1, 2008-February 28, 2009)”

- Partial Revision of the Basic Investment Policy for the Medium Term in Response to Changes in Environment: Page 15 to Page 24
- Portfolio Management: Page 6 to Page 7
- Financial Summary: Page 8 to Page 9
- Portfolio Overview: Page 26 to Page 31

Contact

Asset Manager

For IR schedule and other IR-related information, please contact our asset management company, Mitsubishi Corp. - UBS Relaty Inc. at +81-3-5293-7080.

Transfer Agent

Regarding the custody arrangement and other investment units-related information, please contact our general administrator, Mitsubishi UFJ Trust and Banking Corporation at 0120-232-711 (Free dial, but in domestic only).

Disclaimer

The contents of this document, including summary notes, quotes, data and other information, are provided solely for informational purposes and not intended for the purpose of soliciting investment in, or as a recommendation to purchase or sell, any specific products.

Please be aware that matters described herein may change or cease to exist without prior notice of any kind. This document contains forward-looking statements and anticipations of future results, based on current assumptions and beliefs in light of currently available information and resources. Risks and uncertainties, both known and unknown, including those relating to the future performance of the retail market in Japan, interest rate fluctuations, competitive scenarios, and changing regulations or taxations, may cause performance to be materially different from those explicitly or implicitly expressed in this document.

While we have taken every reasonable care with respect to information contained herein, we cannot guarantee the accuracy or completeness of this information. Unless otherwise specified, this document was created based on Japanese accounting system.

English terms for Japanese legal, accounting, tax and business concepts used herein may not be precisely identical to the concepts of the equivalent Japanese terms. With respect to any and all terms herein, if there exist any discrepancies in the meaning or interpretation thereof between the Japanese language and English language statements contained herein, the Japanese language statements will always govern the meaning and interpretation.

Neither JRF nor Mitsubishi Corp.-UBS Realty Inc. (MCUBSR) shall be liable for any errors, inaccuracies, loss or damage, or for any actions taken in reliance thereon, or undertake any obligation to publicly update the information contained in this document after the date of this document.

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

(Financial Instrument Firm under License No. 403 of the Director of Kanto Local Finance Bureau)