



Mitsubishi Corp UBS Realty



Japan Retail Fund Investment Corporation

February 2009 (14th) Period Results

8953

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1. Highlights of February 2009 Period Performance

8953

Japan Retail Fund
Investment Corporation

February 2009 Period Performance

February 2009 Period Performance

	Feb. 2009 Period (Actual)	Aug. 2008 Period (Actual)	Change from previous period	Feb. 2009 Period ^(Note1) (Forecast)	Variance (%)
Operating Revenue (mil. yen)	20,447	20,254	193 (1.0%)	20,638	△191 (△0.9%)
Operating Income (mil. yen)	7,883	7,778	105 (1.4%)	8,020	△136 (△1.7%)
Recurring Profit (mil. yen)	6,040	6,095	△54 (△0.9%)	6,137	△96 (△1.6%)
Net Income (mil. yen)	5,820	6,080	△260 (△4.3%)	5,918	△98 (△1.6%)
Distribution per Unit (yen)	15,059	15,733	△674 (△4.3%)	15,312	△253 (△1.7%)
FFO per Unit ^(Note2) (yen)	27,374	28,043	△669 (△2.4%)	28,016	△642 (△2.3%)
Average cost of debt (including guaranteed deposits)	1.33%	1.23%			

(Note 1) Forecasts for Feb. 2009 Period are based on data announced on Oct. 15, 2008.

(Note 2) (Net income + Loss on sales of real estate - Gain on sales of real estate + Depreciation + Other properties related depreciation) / Total investment units outstanding

Asset Under Management (As of the end of Feb. 2009)

Total Assets	578,674 mil. yen (△1.9% from previous period)
Total Book Value (1)	553,619 mil. yen
Total Appraisal Value (2)	537,350 mil. yen
Difference (2)-(1)	△16,269 mil. yen

Major factors behind change (mil. yen)

Operating Revenue:

- Increase by full-term operation of properties acquired in Aug. 2008 period (AEON Sapporo Hassamu SC, Ario Otori, G-Bldg. Jingumae 01 and 02) +315
- Gain on sale of JUSCO Chigasaki SC +87
- Decrease of rental revenue, etc. by sale of JUSCO Chigasaki SC △81
- Decrease in sales-based rent △130

Operating Income:

- Compensation payment for voluntary store closure resulting from renovation

Recurring Profit:

- Increase in interest expense on debt △136

Net Income:

- Cash payment in relation to litigation settlement with Higashi-Totsuka Aurora City △205

Appraisal value

For details of the current appraisal value, see pages 11 and 12

Forecasts for Aug. 2009 and Feb. 2010 Periods

➤ Forecasts for Aug. 2009 and Feb. 2010 Periods

	Feb. 2009 Period (Actual/181 days)	Aug. 2009 Period (Estimate/184 days)	Feb. 2010 Period (Estimate/181 days)
Operating Revenue (mil. yen)	20,447	20,599	20,420
Recurring Profit (mil. yen)	6,040	5,675	5,215
Net Income (mil. yen)	5,820	5,661	5,201
Distribution per Unit (yen)	15,059	14,647	13,458
FFO per Unit ^(Note1) (yen)	27,374	27,232	26,043
FFO Payout Ratio	55.0%	53.8%	51.7%
<hr/>			
Capital Expenditures ^(Note 2)	596	1,086	519
Maintenance	50	67	41
Total	647	1,153	560
<hr/>			
Depreciation	4,847	4,864	4,864

(Note1) (Net income + depreciation + other real estate related depreciation)/total units outstanding

(Note2) Capital expenditure estimates do not include large-scale expansions of floor area or refurbishment except those already disclosed.

■ Major assumptions for forecast for Aug. 2009 period (mil. yen)

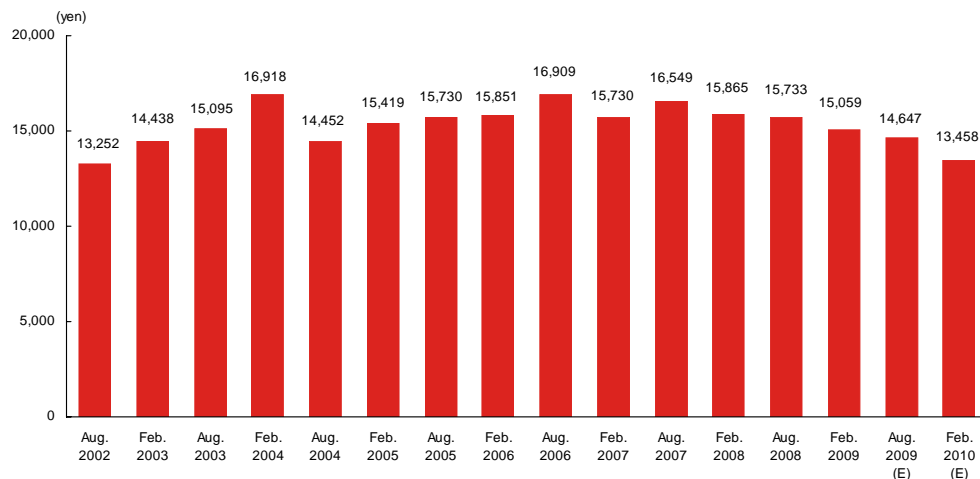
- Penalties received for cancellation of fixed-term building leasing agreement for one tenant (Hakata Riverain/Izutsuya) 396
- Fixed Property tax for properties acquired in Aug. 2008 period 215
- Interest expense on debt 1,086
- Average cost of debt (including guaranteed deposits) 1.49%

■ Major assumptions for forecast for Feb. 2010 period (mil. yen)

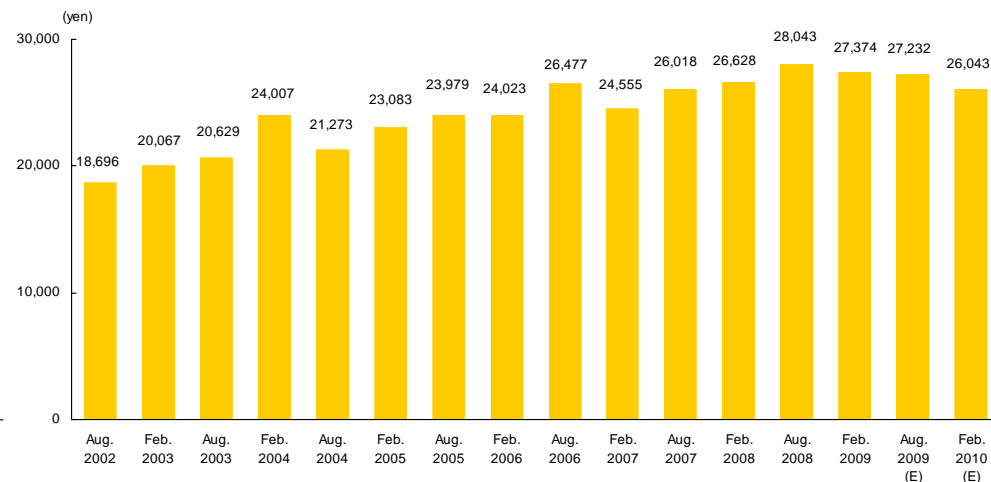
- Fixed Property tax for properties acquired in Aug. 2008 period 215
- Interest expense on debt 1,357
- Average cost of debt (including guaranteed deposits) 1.78%

Historical Distribution per Unit and Yield

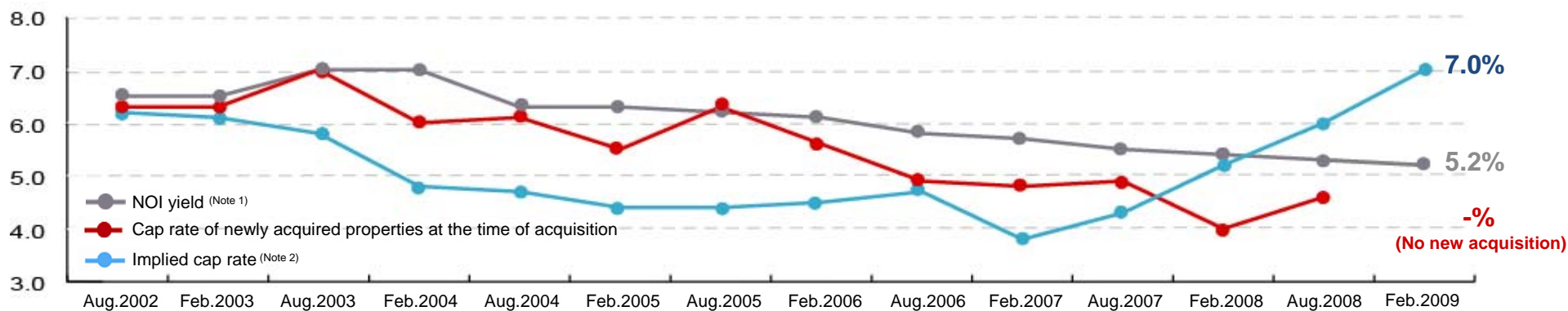
➤ DPU



➤ FFO per unit



➤ Implied Cap Rate and NOI Yield



(Note 1) NOI yield = $\{(\text{Rental revenue} - \text{Rental expenses}) + \text{Depreciation}\} / \text{Total acquisition value}$

(Note 2) Implied cap rate = $\text{NOI} / (\text{Total market value} + \text{Net interest-bearing debts} + \text{Deposits/guaranteed money})$

Property Replacement: Sale - JUSCO Chigasaki SC

» After holding JUSCO Chigasaki SC, which was acquired at the time of listing, for about seven years, we sold it as the first step in property replacement.

» Reason for sale

Based on the Basic Investment Policy for the Medium Term announced on April 15, 2008, we decided to sell JUSCO Chigasaki SC on Dec. 26, 2008 as the first step in property replacement in order to “improve the quality of the portfolio” after comprehensively considering revenue forecasts for properties, increase/decrease in asset value, and structure of the portfolio. Transfer was completed on Jan. 8, 2009.

» Sale Overview

Sale date	Jan. 8, 2009	
Sale price	7,750mil. yen (excluding transfer expenses)	Difference from sale price
Assumed book value at the time of transfer	Approx. 7,653mil. yen (as of Jan. 2009)	+Approx. 97mil. yen
Appraisal value	7,730mil. yen (as of Nov. 2008)	+20mil. yen
Buyer	Sumitomo Mitsui Finance and Leasing Co., Ltd.	
Acquisition date	March 13, 2002	
Acquisition price	8,300mil. yen	



Property Replacement: Acquisition - Properties Acquired as of March 2009

➤ G DINING SAPPORO



➤ Property Overview

Acquisition date:	March 3, 2009
Seller:	KW Property Five
Location:	Chuo-ku, Sapporo City, Hokkaido
Year built:	Oct. 2008
Acquisition price:	2,750mil. yen
Appraisal value:	2,820mil. yen
Total leasable area:	4,113.19m ²
Investment type:	Growth
Main tenants:	Restaurants (Amage, Ushi no Ishizaki, etc.)
Assumed NOI yield during stable operation:	7.4%

➤ G-Bldg. Minami Aoyama 01



➤ Property Overview

Acquisition date:	March 26, 2009
Seller:	Mitsubishi Corporation
Location:	Minami Aoyama, Minato-ku, Tokyo
Year built:	Feb. 2009
Acquisition price:	6,430mil. yen
Appraisal value:	6,430mil. yen
Total leasable area:	922.30m ²
Assumed NOI yield during stable operation:	4.3%

■ Tenant leasing activities is ongoing. Leasing is in process from a mid- and long-term perspective focusing on domestic and international fashion and jewelry/accessory brands.

Financial Summary – Feb. 2009 Period (1)

Interest-bearing Liabilities in Feb. 2009 Period

Long-term debt (average life) ^(Note 1)	Approximately 5.1 years
Average cost of debt (including guaranteed deposits)	1.33%
Debt ratio ^(Note 2)	55.66%
Debt ratio (on a marked-to-market basis) ^(Note 2)	57.27%
Interest-bearing debt ratio	41.94%
Debt service coverage ratio ^(Note 3)	7.4x

(Note 1) Long-term debt is defined as debt that matures in a period longer than one year from the date of the contract.

Long-term debt: Short-term debt is not included in average life.

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

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

	End of Feb. 2008	End of Aug. 2008	End of Feb. 2009
Debt Outstanding	289,934mil. yen	332,784mil. yen	322,090mil. yen
Interest-bearing Debt Outstanding	203,084mil. yen	245,485mil. yen	242,675mil. yen
Long-term Debt Ratio (Based on interest-bearing debt) ^(Note 1)	51.7%	45.8%	50.8%
Long-term Debt Ratio (Including deposits) ^(Note 2)	65.7%	59.4%	62.3%
LTV (Based on interest-bearing debt) ^(Note 3)	37.1%	41.6%	41.9%
LTV (Including deposits) ^(Note 4)	52.2%	55.6%	54.7%

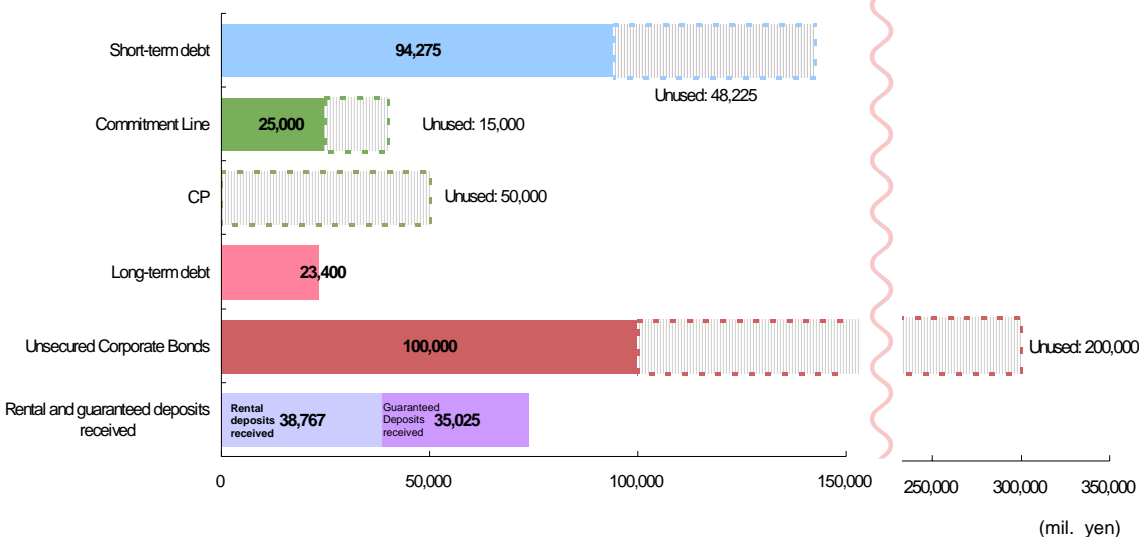
1. (Long-term debt + Unsecured corporate bonds)/(Long-term debt + Unsecured corporate bonds + Short-term debt + Short-term unsecured corporate bond)

2. (Long-term debt + Unsecured corporate bonds + Guaranteed deposits)/(Long-term debt + Unsecured corporate bonds + Short-term debt + Short-term unsecured corporate bonds + Guaranteed deposits)

3. (Long-term debt + Unsecured corporate bonds + Short-term debt + Short-term unsecured corporate bonds)/Total asset

4. (Long-term debt + Unsecured corporate bonds + Short-term debt + Short-term unsecured corporate bonds + Guaranteed deposits)/Total asset

Details of Liabilities (End of Feb. 2009)



(As of End of Feb. 2009, mil. yen)

Short-term Debt			Long-term Debt	
Credit facility	Balance	Credit line	Credit facility	Balance
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	70,275	142,500 (Note)	Nippon Life Insurance	5,000
Mitsubishi UFJ Trust and Banking Corporation			Aozora Bank, Ltd.	7,400
The Sumitomo Trust and Banking Co., Ltd.			Mizuho Corporate Bank, Ltd.	11,000
Sumitomo Mitsui Banking Corp.	10,000		Development Bank of Japan	
Mizuho Corporate Bank, Ltd.	6,000		Saitama Resona Bank, Limited	
Fukuoka Bank	3,000		The Shinkumi Federation Bank	
The Chugoku Bank, Ltd.	5,000		Mitsui Sumitomo Insurance Co., Ltd.	
Total	94,275		Total	23,400

Commitment Line		
Credit facility	Balance	Credit line
The Bank of Tokyo Mitsubishi UFJ, Ltd.	25,000	40,000
Mitsubishi UFJ Trust and Banking Corporation		
The Sumitomo Trust and Banking Co., Ltd.		

(Note) Including the unused credit line of The Chuo Mitsui Trust and Banking Co., Ltd.

Financial Summary – Feb. 2009 Period (2)

➤➤➤ The following measures were implemented to “secure short-term liquidity” and “shift to long-term debt.”

➤ Secure short-term liquidity

Increased Commitment line: From 25.0 bil. yen to 40.0 bil. yen

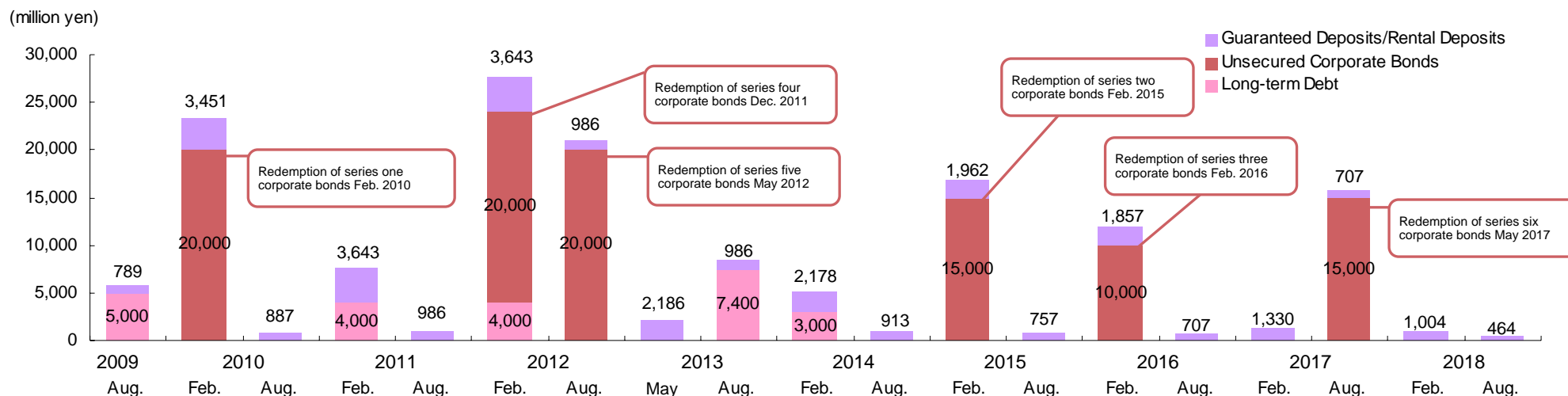
➤ Shift to long-term debt

New long-term debt was secured on Sep. 30, 2008. ➡

In order to repay the debt from Nippon Life Insurance Company, JRF borrowed 5.0 bil. yen (five years) from the Development Bank of Japan on March 30, 2009.

Lender	Borrowed amount	Period
Development Bank of Japan	3.0 bil. yen	5 years
Mizuho Corporate Bank, Ltd. Saitama Resona Bank, Limited	4.0 bil. yen	3 years
The Shinkumi Federation Bank Mitsui Sumitomo Insurance Co., Ltd.	4.0 bil. yen	2 years

■ Long-term Debt Repayment Schedule



Status on Appraisal Value Relative to Book Value

Factor Analysis

► Increase in yield is the major factor behind appraisal value changes

- Simple average yield of the overall portfolio: 5.57% (+ 0.50% from previous period)
- Simple average yield of urban retail centers: 4.58% (+ 0.37% from previous period)
- Simple average yield of suburban retail centers: 6.09% (+0.57% from previous period)



Tokyo metropolitan area	Average 0.41% up
Osaka/Nagoya and surrounding areas	Average 0.51% up
Other major cities	Average 0.79% up

► Other

- For some properties, in addition to the yield change, the cash flow factor played a role in a decrease in the appraisal value. For example, if the assumed increase in future cash flow turned out to be flat.

Change in unrealized gain/loss

	End of Aug. 2007	End of Feb. 2008	End of Aug. 2008	End of Feb. 2009
Total Assets	488,747mil. yen	546,831mil. yen	589,630mil. yen	578,674mil. yen
Total Book Value (1)	454,711mil. yen	524,136mil. yen	564,703mil. yen	553,619mil. yen
Total Appraisal Value (2)	509,570mil. yen	591,804mil. yen	605,542mil. yen	537,350mil. yen
(2) - (1)	54,859mil. yen	67,668mil. yen	40,839mil. yen	-16,269mil. yen

Appraisal Company

Japan Real Estate Institute	33 properties
CB Richard Ellis	12 properties
Daiwa Real Estate Appraisal Co., Ltd.	3 properties

Understanding of JRF

- For yield, we focus on actual cases of purchases and sales as well as mid- to long-term yield without being overly influenced by short-term sentiment.
- We do not think that future cash flow will move downward compared to the previous assessment since we emphasize the rental income, which considers the long-term commercial environment in the area, and other factors.
- As summarized below, the yield of four properties acquired at the time of listing are returning to the 2002-level after seven years since listing.

Properties acquired in 2002 (at time of listing)	Yield when acquired in 2002	As of Feb. 2009
Sendai Nakayama SC	7.6%	7.0%
ESPA Kawasaki*	6.2%	6.0%
8953 Osaka Shinsaibashi Building	5.5%	5.1%
JUSCO Chigasaki SC	6.2%	- 6.0% (yield when sold)

* ESPA Kawasaki's data includes the main tower only as of Feb. 2009 in order to align with the data when it was acquired in 2002.

Portfolio List (48 properties) - Appraisal Cap Rate

Name	Book Value (mn yen)	Appraisal Value (mn yen)			Direct Cap Rate			Factor for Fluctuation	
		Feb. 2009	Aug. 2008	Variation	Feb. 2009	Aug. 2008	Variation	Yield Factor	Yield Factor + Cash Flow Factor
Tokyo metropolitan area									
ESPA Kawasaki Annex	14,865	14,020	15,740	-1,720	6.00% 6.40%	5.30% 6.00%	0.70% 0.40%	✓	
Abiko Shopping Plaza	10,291	12,300	13,800	-1,500	6.50%	5.90%	0.60%	✓	
8953 Minami Aoyama Building	5,340	6,360	7,640	-1,280	4.50%	3.80%	0.70%	✓	
Ito-Yokado Yabashira	1,540	1,840	2,010	-170	5.90%	5.40%	0.50%	✓	
Ito-Yokado Kamifukuoka-Higashi	6,585	7,070	7,570	-500	6.10%	5.70%	0.40%	✓	
Ito-Yokado Nishikicho	12,233	13,200	14,500	-1,300	5.70%	5.20%	0.50%	✓	
8953 Daikanyama Building	1,263	1,620	1,730	-110	4.70%	4.40%	0.30%	✓	
8953 Harajuku FACE Building	2,764	3,920	4,290	-370	4.50%	4.10%	0.40%	✓	
Esquisse Omotesando Annex	886	1,350	1,500	-150	4.30%	3.90%	0.40%	✓	
Ito-Yokado Tsunashima	4,982	5,000	5,520	-520	6.20%	5.60%	0.60%	✓	
Bic Camera Tachikawa	11,871	11,800	12,600	-800	5.20%	4.90%	0.30%	✓	
Itabashi SATY	12,026	13,200	14,700	-1,500	5.20%	4.70%	0.50%	✓	
8953 Kita Aoyama Building	989	1,370	1,530	-160	4.10%	3.80%	0.30%		✓
AEONMALL Yamato SC	16,476	17,800	20,400	-2,600	5.10%	4.60%	0.50%		✓
Seiyu Hibarigaoka	5,576	7,140	7,590	-450	6.50%	6.10%	0.40%	✓	
8953 Jiyugaoka Building NEXT Colline	2,646	3,260	3,482	-222	4.50% 4.80%	4.20% 4.50%	0.30% 0.30%	✓	
Cheers Ginza	4,137	4,000	4,420	-420	3.90%	3.60%	0.30%	✓	
Higashi-Totsuka Aurora City	50,916	42,000	46,200	-4,200	4.70%	4.60%	0.10%		✓
Omiya SATY	6,240	5,970	6,480	-510	5.90%	5.60%	0.30%	✓	
Ito-Yokado Yotsukaido	13,891	11,000	12,900	-1,900	5.10%	4.70%	0.40%		✓
AEON Yachiyo Midorigaoka SC	30,573	24,400	27,600	-3,200	5.00%	4.50%	0.50%		✓
GYRE	22,834	26,800	30,200	-3,400	3.60%	3.30%	0.30%		✓
8953 Jingumae 6 Building	2,398	2,470	2,730	-260	4.20%	3.80%	0.40%	✓	
8953 Saitama Urawa Building	27,008	26,200	28,500	-2,300	4.90%	4.50%	0.40%	✓	
G-Bldg. Jingumae 01	3,435	3,630	3,900	-270	4.40%	4.10%	0.30%	✓	
G-Bldg. Jingumae 02	2,340	1,850	2,250	-400	4.30%	4.00%	0.30%		✓
Subtotal (yield is a simple average)	274,105	269,570	299,782	-30,212	5.08%	4.67%	0.41%	19	7

(Note) The appraisal value, Direct cap rate are based on appraisals by licensed real estate agents (CBRE, Daiwa Real Estate Appraisal and Japan Real Estate Institute).

Portfolio List (48 properties) - Appraisal Cap Rate

Name	Book Value (mn yen)	Appraisal Value (mn yen)			Direct Cap Rate			Factor for Fluctuation	
		Feb. 2009	Aug. 2008	Variation	Feb. 2009	Aug. 2008	Variation	Yield Factor	Yield Factor + Cash Flow Factor
Osaka, Nagoya and surrounding areas									
8953 Osaka Shinsaibashi Building	13,439	14,500	16,200	-1,700	5.10%	4.60%	0.50%	✓	
Nara Family	31,480	34,000	37,300	-3,300	6.40%	6.00%	0.40%	✓	
Ito-Yokado Narumi	7,841	5,840	6,630	-790	7.10%	6.40%	0.70%		✓
AEONMALL Higashiura	8,414	10,400	11,300	-900	5.60%	5.20%	0.40%	✓	
JUSCO City Takatsuki	11,196	9,930	11,700	-1,770	6.30%	5.80%	0.50%		✓
JUSCO City Yagoto	3,799	3,680	4,020	-340	6.50%	6.00%	0.50%	✓	
JUSCO City Nishi Otsu	13,221	11,200	12,200	-1,000	6.00%	5.50%	0.50%	✓	
Kyoto Family	5,414	5,970	6,550	-580	6.20%	5.60%	0.60%	✓	
Loc City Ogaki	4,581	4,340	4,750	-410	9.80%	9.00%	0.80%	✓	
Kawaramachi OPA	18,870	16,700	18,000	-1,300	4.70%	4.40%	0.30%	✓	
AEONMALL Tsurumi Leafa	29,414	27,700	30,600	-2,900	5.20%	4.70%	0.50%	✓	
AEONMALL Itami Terrace	20,726	18,800	19,800	-1,000	5.10%	4.80%	0.30%	✓	
Ario Otori	19,430	16,100	18,200	-2,100	5.40%	4.80%	0.60%	✓	
Subtotal (yield is a simple average)	187,825	179,160	197,250	-18,090	6.11%	5.60%	0.51%	11	2
Other major city									
Sendai Nakayama SC	9,575	10,800	12,500	-1,700	7.00%	6.10%	0.90%	✓	
Hakata Riverain	6,504	6,160	7,480	-1,320	6.10%	5.60%	0.50%		✓
AEON Kashiihama SC	12,840	13,600	15,100	-1,500	5.90%	5.30%	0.60%	✓	
AEON Sapporo Naebo SC	8,173	8,830	10,800	-1,970	6.50%	5.30%	1.20%	✓	
Tobata SATY	6,054	6,050	7,180	-1,130	7.30%	6.10%	1.20%	✓	
JUSCO Naha	10,694	10,700	11,500	-800	5.70%	5.20%	0.50%	✓	
AEON Ueda SC	9,334	8,210	8,820	-610	5.90%	5.50%	0.40%	✓	
Oyama Yuen Harvest Walk	10,087	7,070	8,840	-1,770	7.40%	6.00%	1.40%		✓
AEON Sapporo Hassamu SC	18,406	17,200	18,400	-1,200	5.30%	4.90%	0.40%	✓	
Subtotal (yield is a simple average)	91,667	88,620	100,620	-12,000	6.34%	5.56%	0.79%	7	2
Portfolio Total (yield is a simple average)									
Portfolio Total (yield is a simple average)	553,619	537,350	597,652	-60,302	5.57%	5.07%	0.50%	37	11

(Note) The appraisal value, Direct cap rate are based on appraisals by licensed real estate agents (CBRE, Daiwa Real Estate Appraisal and Japan Real Estate Institute).

Analysis of Appraisal Relative to Book Value

» For the five properties with the larger difference between book and appraisal value, the total difference amounts to 24,330mil. yen. Additionally, properties with a high rate of decline from the peak appraisal value in Feb. 2008 period are concentrated in local regions.

	Large difference compared to the current book value (Feb. 2009 period)		Large decline compared to the appraisal value since Feb. 2008	
	Property	Amount (mil. yen)	Property	Ratio
1	Higashi-Totsuka Aurora City	-8,917	Oyama Yuen Harvest Walk	-32.02%
2	AEON Yachiyo Midorigaoka SC	-6,174	Ito-Yokado Narumi	-28.43%
3	Ario Otori	-3,330	AEON Sapporo Naebo SC	-24.53%
4	Oyama Yuen Harvest Walk	-3,018	Tobata SATY	-23.61%
5	Ito-Yokado Yotsukaido	-2,891	JUSCO City Takatsuki	-23.02%

» Status of properties with large difference between book and appraisal value

Tokyo metropolitan area

Higashi-Totsuka Aurora City

Sales of the anchor tenants, Daiei and Seibu, continue to be strong, especially for food items. Daiei implemented large-scale renovation at its 10th anniversary. As measures to increase cash flow, JRF plan to enhance the parking service and to turn part of the Annex Tower's 2nd floor parking into stores.

Ito-Yokado Yotsukaido

In spite of some adversity in the environment, there is a large population in the trading zone, and sales as a defensive property are strong. The population in neighboring trade areas continues to increase, and there is some room for new floor area.

AEON Yachiyo Midorigaoka SC

In spite of some adversity in the environment, sales are strong. Population in the trading zone continues to increase, and the number of incoming and outgoing passengers at Yachiyo Midorigaoka Station, which is adjacent to the property, is increasing.

Osaka/Nagoya and surrounding areas

Ito-Yokado Narumi

Sales struggled with the emergence of a new competitor, but are maintained at an appropriate level after a rent reduction was implemented.

JUSCO City Takatsuki

The environment is far from good due to a slowdown in spending, but sales remain strong. The tenants renovated the interior and stabilized the sales.

Ario Otori

As only one year has passed since its opening, YoY comparison is not possible. However, sales are about the level initially expected.

Other major cities

AEON Sapporo Naebo SC

Sales remain strong. There is little influence of neighboring competitors, and they expect a great increase in sales through the renovation planned for this year.

Oyama Yuen Harvest Walk

The property is celebrating its 2nd anniversary. The number of visitors is increasing, and sales remain strong, especially for large tenants.

Tobata SATY

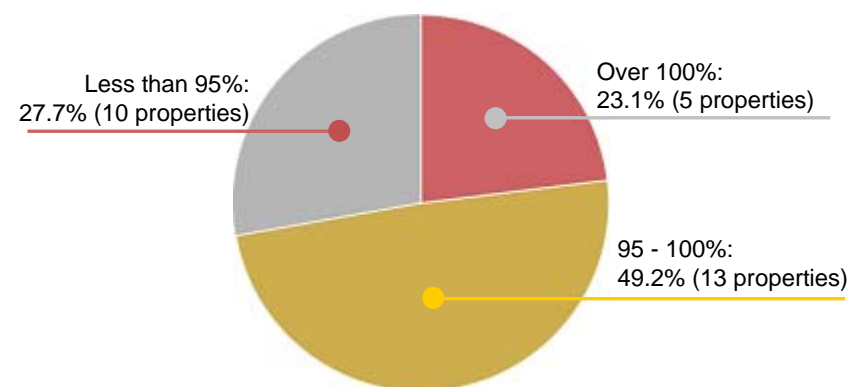
Sales have struggled. The property is under a term lease contract, and revision of rent is not possible. They are planning large-scale renovation in FY2010 and expect an increase in sales.

Sales Environment of Large Suburban Retail Centers

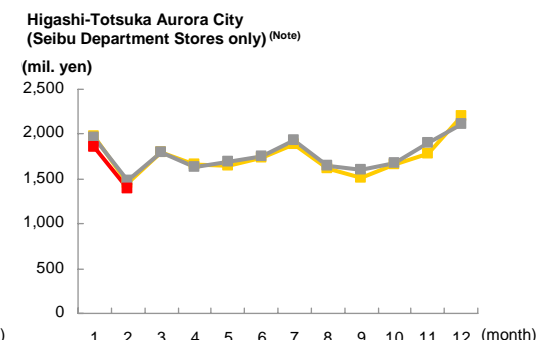
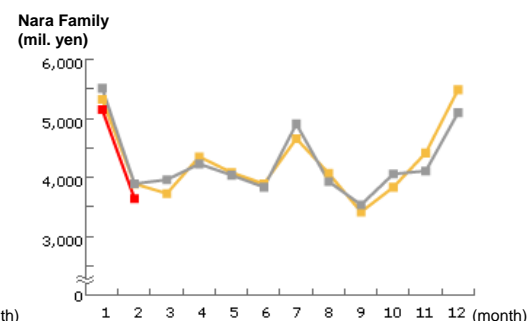
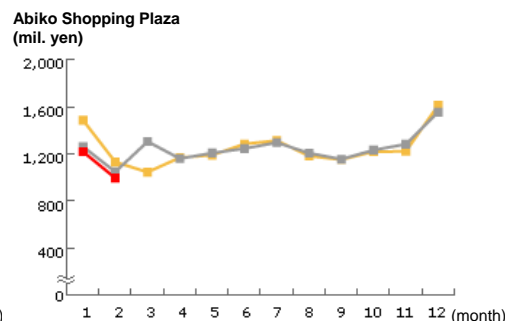
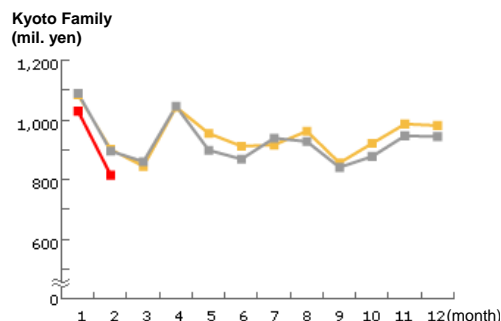
»» Saving-minded consumers are increasing, but the sales of daily essentials remains strong, and “defensive” properties with strong trading zones are doing relatively well.

- According to the Commercial Census from Sep. 2008 to Feb. 2009, average YoY sales of large facilities in Feb. 2009 were 94.9% (benchmark). Those of department stores were 92.0% and 96.9% for supermarkets. Defensive properties with a high share of daily essentials were strong.
- Average YoY sales in the last 6 months of JRF's 28 large Shopping Centers (SCs) were 95.6%, exceeding the benchmark.
- 18 (over 72% when based on rent) out of JRF's 28 large SCs exceeded the benchmark.
- Although department stores as a whole are in a slump, those owned by JRF (Higashi-Totsuka Aurora City, Nara Family) greatly exceeded the benchmark and remain strong.

■ YoY sales comparison of 28 suburban SC properties based on JRF's independent survey (based on rent)



(Note) Sales of large-scale facilities by type from Commercial Statistics: 94.9% (Sep. - Feb. YoY)



(Note) Overall sales including Kintetsu Dept. as a core tenant

(Note) Data from Kanagawa Department Association arranged by JRF

■ Actual sales for Jan. - Feb. 2009

■ Actual sales for Jan. - Dec. 2008

■ Actual sales for Jan. - Dec. 2007



2. Partial Revision of the Basic Investment Policy for the Medium Term in Response to Changes in Environment

8953

Japan Retail Fund
Investment Corporation

Basic Strategy

»» Reconfirmation of Long-term Vision (JRF's Basic Concept)

We aim to be a Core Fund with low risk stable dividends based on long-term investment in quality commercial properties.

We pursue stable rent revenue as well as long-term improvement by partial active management.

Outline of the Basic Investment Policy for the Medium Term









Basic Scenario

JRF will not pursue external growth, as it can **maintain stable dividends** and **increase NAV per unit** through internal growth and improvement of portfolio quality by property replacement.

For the Basic Investment Policy for the Medium Term announced in April 2008, although there is no change in the long-term vision and the basic scenario JRF plans pursue, due to the radical change in the financial environment, we will adopt **Crisis Management Scenario** and make changes to certain priorities of the basic policy in order to **prioritize reinforcement of financial strength.**

Environmental Analysis in relation to the Basic Investment Policy for the Medium Term

»»» Macroeconomic environment has dramatically changed since April 2008, and accordingly, JRF has revised the assumptions used in the Basic Investment Policy for the Medium Term.

	April 2008	April 2009	First Phase Environment of the Crisis Management Scenario	Second Phase Environment when returning to the Original Basic Policy
Macro Economy			<ul style="list-style-type: none"> • Real GDP growth remains negative • Employment insecurity and slowdown in spending due to large-scale corporate downsizing continue. 	<ul style="list-style-type: none"> • Real GDP has bottomed out and starts recovering gradually. • Effects of USA-centered economic measures and capital supply measures become prominent.
Financial Environment			<ul style="list-style-type: none"> • The reluctance of financial institutions to lend continues. • Refinancing cost increases. • Interest rates remain at low levels. 	<ul style="list-style-type: none"> • Financing environment improves for borrowers of good credit. • Refinancing costs become normalized. • Although interest rates may move up from previous stop low levels, they do not increase very much.
Real Estate Environment			<ul style="list-style-type: none"> • Although the need for sales increase, the situation of limited buyers continues. • Tight real estate financing causes stagnation in real-estate transactions. • Expected yield increases for some properties. 	<ul style="list-style-type: none"> • Exit deals such as privately-placed fund and CMBS increase. • Real-estate transactions gradually increase and supply/demand of investment properties for some properties starts improving. • Expected yield decreases partially.
Retail Environment			<ul style="list-style-type: none"> • Consumer spending remains low except for daily essentials. • Postponement of new store openings and restructuring such as store closings become prominent. • Low-priced products such as private brands stay strong. • Sales of luxury goods remain sluggish. 	<ul style="list-style-type: none"> • Consumer spending starts recovering gradually. • Selection in the retail industry develops, and the supply/demand balance of retail centers improves. Winners become more stable. • Some luxury brands recover.

Partial Revision of the Basic Investment Policy for the Medium Term

»»» Introduction of Crisis Management Scenario

- We assume that the market turmoil will continue for at least another year and aim to strengthen own stable financial condition in the Crisis Management Scenario (the first phase).

■ Financial Strategy

- The top priority is to strengthen our stable financial condition.
Ex. Securing long-term debt necessary for maturing corporate bonds.

■ Internal Growth Strategy

- Maintenance of stable rent revenue of suburban retail centers
- Further cost reduction
- For some properties, we promote a return of some master-leased floor area and introduction of sales-based rent, each of which is more feasible under the current environment.
- For urban retail centers, we focus on leasing with a mid- to long-term perspective.
- While maintaining the quality as retail centers, we aim to secure future rent increases by selectively allowing flexible conditions, including a leasing period based on decreasing tenant needs and a decrease in reasonable rent.

■ External Growth Strategy

- No pursuit of external growth; property replacement is the basic policy.
We do not plan to pursue unreasonable sales for the time being and will implement property replacement limited scale.

- Advance preparation of funds to replace maturing corporate bonds
- Maintenance and improvement of long-term debt
- Debt cost increases

- Maintenance and improvement of property profitability
- Reinforcement of the foundation for expected increase in rent revenue when the environment turns up
- Prevention of increase in vacancy rate
- However, we assume a temporary increase in vacancy rate and decrease in rent revenue due to replacement of tenants

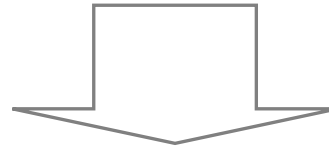
- Maintenance of market value of retail centers by discreet sale
- We assume a temporary decrease in rent revenue because sales require lead time when replacing properties.



Partial Revision of the Basic Investment Policy for the Medium Term

- ▶▶▶ When we believe that the market has bottomed out and has entered into the recovery phase, we will move to the second phase and return to the original basic policy.
- ▶▶▶ Temporary suspension of numerical targets

Introduction of Crisis
Management Scenario



- We will temporarily suspend the dividend target of 30,000 yen/year as well as the FFO target.
- We assume a decrease of approximately 10% (short-term lower limit is approx. 20%) in the dividend level for the medium term (three-year average).

Important Measures of the Crisis Management Scenario of the Basic Investment Policy for the Medium Term — Measures to Enhance Financial Condition

»» We place strengthening of stable financial condition as the top priority and expect a resulting increase in debt interest cost.

» Refinancing

We will prioritize securing a total of 40 bil. yen, for payment of maturing corporate bonds expected in Feb. 2010 and Dec. 2011.

We will secure capital including unused commitment line.

» Long-term Debt Ratio

We will aim to secure long-term debt of an amount equivalent to maturing corporate bonds before they mature and to maintain a long-term debt ratio of 50% (the same level as that of the Feb. 2009 period, based on interest-bearing debt).

» LTV

We will not change the target of 45 to 55% (including rental deposits/guarantee deposits) stated in the Basic Investment Policy for the Medium Term but will gradually lower our LTV by utilizing internal funds.

Basic Investment Policy for the Medium Term — Review of Value-Add Projects

» Although there is no change in the basic policy, we will revise our plans for value-add projects in accordance with the adoption of the Crisis Management Scenario.

» Promotion of Value-Add Projects

We will aggressively continue renovation, reconstruction, floor area expansion and tenant replacement. However, we will reduce costs by carefully examining the content of these projects, review the implementation schedule, and re-examine the investment effect based on the assumptions of the retail environment of the planned period.

Implemented in Feb. 2009

■ AEONMALL Itami Terrace

Expansion of the parking floor area was completed following deregulation of the floor area ratio. This generates synergistic effects when coupled with full renovation by AEONMALL.

Expansion of floor area was completed in Sep. 2008. Rise in variable rent proportion upon additional investment and review of leasing agreement.

Total Investment: 861 mil. yen

■ Nara Family

Term lease contracts with existing specialty store tenants expired on Feb. 28, 2009. Renovation to be carried out after examining the profitability and tenant mix on each floor.

We will renovate the basement, second, third and sixth floor in April 2009.

Capital expenditure: approx. 450 mil. yen

■ Higashi Totsuka Aurora City

With the litigation settlement with Daiei in Oct., JRF unifies the management of parking previously managed individually. We will try to generate synergistic effects by efficient use of parking space and Daiei's first large-scale renovation since opening. JRF installed the latest management system in Nov. 2008 in order to unify the parking management. Turnover rate of overall parking has improved, and traffic jams in the surrounding roads have eased. They are able to provide services that meet the needs of each tower, and customer convenience has improved.

Total investment: 113 mil. yen

To be implemented during the first phase

■ Higashi Totsuka Aurora City

Plan to change a part of the Annex Tower parking to stores and invite large specialty store tenants

Planned schedule: Sep. 2009 to March 2010

Assumed investment: approx. 350 mil. yen

■ Abiko Shopping Plaza

Addition of landscaping in front of the main entrance and sales floor expansion of the low-rise store to enhance competitiveness

Planned schedule: Dec. 2009 to March 2010

Assumed investment: approx. 100 mil. yen

■ Kyoto Family

Large-scale renovation to upgrade obsolete equipment, seismic reinforcement, and replacement of specialty store tenants as their lease contracts are expiring in Dec. 2009. Upgrades to obsolete equipment will be implemented from March 2010.

Partial exterior work and renovation after some specialty store tenants move out

Planned schedule: Jan. to March 2010

Assumed investment: approx. 700 mil. yen

To be implemented during the second phase

■ AEON Higashiura SC

Following the first expansion of the parking tower, expansion of sales floor is planned to reinforce lacking business categories.

Planned schedule: During FY2011

Assumed investment: approx. 5,000 mil. yen

■ JUSCO Naha

Large-scale sales floor expansion in order to be the dominant SC in Okinawa

Planned schedule: During FY2011 to 2012

Assumed investment: approx. 5,500 mil. yen

■ Kyoto Family

Seismic reinforcement, renewal of interior and exterior and change of tenant mix

Planned schedule: 2013

Assumed investment: approx. 1,200 mil. yen

Basic Investment Policy for the Medium Term — Status on Leasing

➤➤➤ **Status on urban-type retail centers:** Leasing based on a medium to long-term perspective and maintenance of retail center quality comprise the basic policy.

➤ **Overall occupancy rate of JRF's portfolio has been over 99% since listing.**

■ **Status of leasing of properties with less than 95% occupancy rate**

(As of the end of Feb. 2009)

Property	Occupancy Rate	Investment share as of portfolio	Status
Hakata Riverain	92.1%	1.1%	Although Izutsuya (B2) will vacate in June, its effect on the overall portfolio is limited to 0.087%. We expect to receive penalty revenue of 398 mil. yen. We aim to realize merchandizing focusing on food-related categories. For other tenants, renovation is planned in 2009 and 2010 in cooperation with Toshin Development.
8953 Minami Aoyama Bldg.	89.7%	1.0%	Although one of the tenants, HUGO BOSS JAPAN, closed on March 31, they will continue to pay the rent until the end of the agreement (March 2012). Existing vacant space (1 space in the basement) is expected to be leased to a restaurant.
8953 Daikanyama Bldg.	33.5%	0.2%	A beauty salon is operating in the second floor. Currently experiencing difficulties due to a sluggish surrounding market. There are some candidate tenants such as a cosmetics shop and a convenience store for the first floor and a beauty salon for the basement. Negotiations are underway with opening targeted for June 2009.
G-Bldg. Jingumae 02	34.3%	0.4%	Beauty salon is operating in the second floor. Currently experiencing difficulties due to a delay in development of the neighboring zone. There are some candidate tenants such as a merchandising store for the first floor, a beauty salon for the basement, and a showroom for both floors. Negotiations are underway with opening targeted for July 2009.

➤➤➤ **Status of suburban-type retail centers:** Maintenance of stable rent revenue of suburban-type retail centers

The general rule is not to accept requests for rent decreases.

However, for properties with a possibility of an increase in rent to sales ratio or a decrease in competitive strength, we will prepare alternative plans before a request to decrease rent is submitted and implement these plans as necessary.

■ **Timeline for rent revision of suburban-type properties in the next three years**

Within one year	4 properties
One to two years	7 properties
Two to three years	5 properties

■ **Capital Expenditure and Depreciation**

(mil. yen)

	Aug. 2007 Period	Feb. 2008 Period	Aug. 2008 Period	Feb. 2009 Period	Aug. 2009 Period (Forecast)	Feb. 2010 Period (Forecast)
Capital Expenditures ^(Note)	825	1,158	837	596	1,086	519
Maintenance	124	40	43	50	67	41
Total	950	1,198	880	647	1,153	560
Depreciation	3,659	4,160	4,758	4,848	4,864	4,864

(Note) Capital expenditure estimates do not include large-scale expansions of floor area or renovation.
Japan Retail Fund Investment Corporation / Mitsubishi Corp UBS Realty

Basic Investment Policy for the Medium Term: Factors for the Fluctuation of Appraisal Value: Measures to Cope with Cash Flow Factor

» Patterns and measures of major properties whose appraisal values declined due to yield factors and cash flow factors

» Properties in which cash flow factors are involved can be classified in the following four groups:

■ Group 1: The increasing rate of future rent is revised downward in accordance with the current level

- Properties in good standing in their trading zones that are appraised conservatively considering the current overall market condition
- Properties whose expected increasing rate can be maintained
- Based on the assumption that we cooperate with master lessees



- 1 To aim to increase value by placing some of the properties under direct management
- 2 To increase real rent by sharing the amount saved by thorough cost reduction with tenants
- 3 To maintain the current rent and introduce variable rent in order to secure future internal growth

For urban-type properties, we aim to exceed the average rate by improving the property image and active leasing without impairing the quality.

■ Group 2: When the current rent is expected to be revised downward

- Properties whose sales are under pressure due to fierce competition in their trading zones and that are appraised conservatively given current market conditions
- Properties whose current rent level can be maintained
- Requests from master lessees to decrease rent should be refused. Need to assume vacancy in some cases



- 1 To aim to increase value based on the assumption that all the properties are placed under direct management
- 2 To aim to achieve a shift of business category and long-term stabilization by signing a master lease contract with other businesses
- 3 Combination of 1 & 2

For urban-type properties, we aim to improve the merchandise structure by replacing some business categories.

■ Group 3: When a future cost increase is expected

- Properties with expected increases in maintenance costs and capital expenditures in order to deal with strengthened legal regulations compared to the time when the properties in question were acquired and to handle the aging of buildings.
- We think that it is possible to manage an increase of maintenance costs through the oversight of an engineering team within our management company.



- 1 To reduce costs by reviewing property maintenance costs such as utility costs across all properties
- 2 To formulate an independent repair and maintenance plan for the medium term by thoroughly reviewing the long-term repair and maintenance plan of ER report and to cut down repair and maintenance costs and implement efficient construction work
- 3 To reduce energy costs as well as material costs by taking advantage of economies of scale and to reduce operational costs by detailed management improvement

■ Group 4: When they reflect the temporary effects of a change in the leasing structure

- Properties whose CF temporarily decreases for a given period when value improvement activities such as direct lease of properties or floor sales expansion is implemented over multiple periods
- Although properties of this group are only a fraction of the entire portfolio, we will continue forward-looking efforts for future growth.

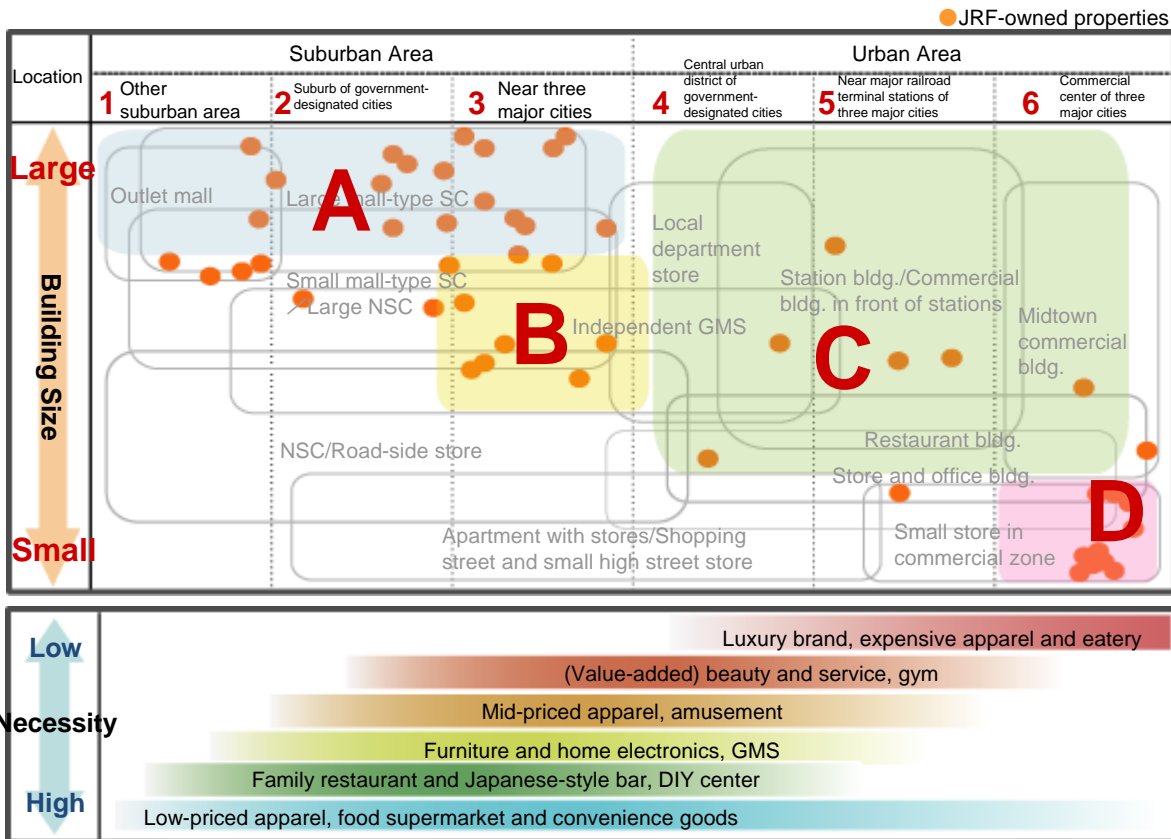
Measures of the Basic Investment Policy for the Medium Term

– Property Replacement Strategy

» We will make property replacement our basic policy, and will not pursue external growth by property acquisition for the time being.

» There is no change to the original policy regarding sales of property in the replacement strategy.

» The following will be the targets for new acquisitions:



» Property type to be focused on

Suburban type:

- A** Dominant Mall-type SCs in the region
- B** Neighborhood retail centers located in densely-populated areas that meet the daily customer needs (daily necessities)

Urban type:

- C** Centers with high potential that meet various customer needs and where many tenants want to open businesses there (located next to major stations in metropolitan areas)
- D** Street front stores and specialty store buildings located in prime locations of central commercial areas

» Area to be focused on

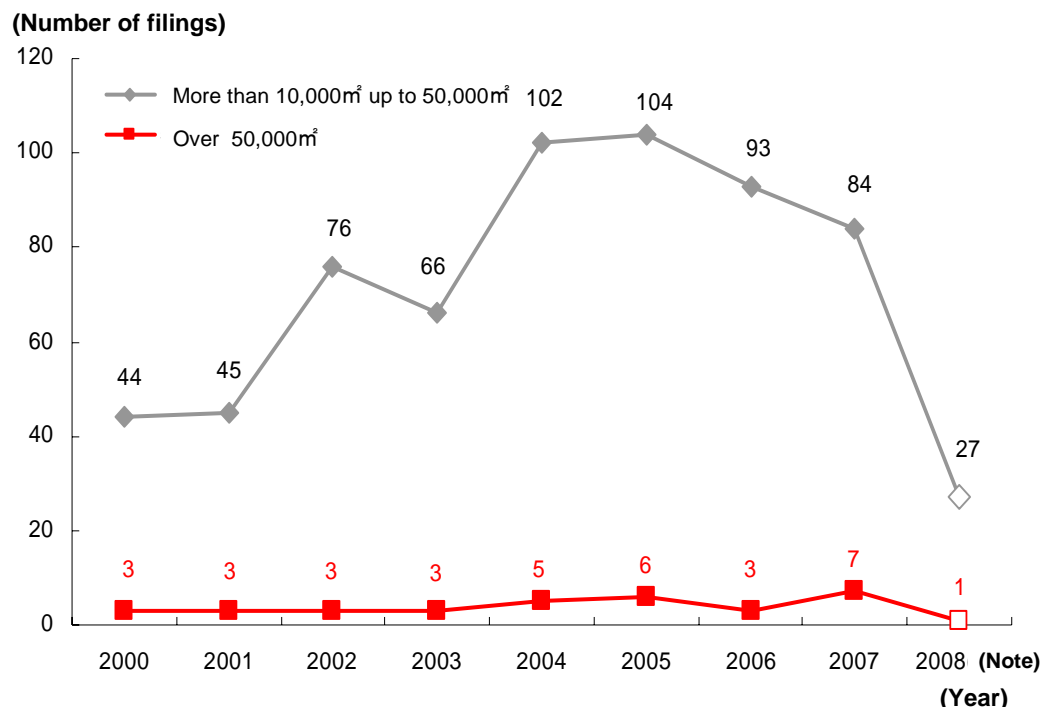
In principle, we will diversify investment in major cities including designated cities, especially in the Tokyo, Nagoya, and Osaka areas.

External Environment and JRF Portfolio

» Although there have been many large store openings recently, revision of The Three City Planning Laws has led to peaked in the number of these openings. New openings are expected to decline going forward

With acceleration of existing store restructuring, the demand and supply balance is expected to recover

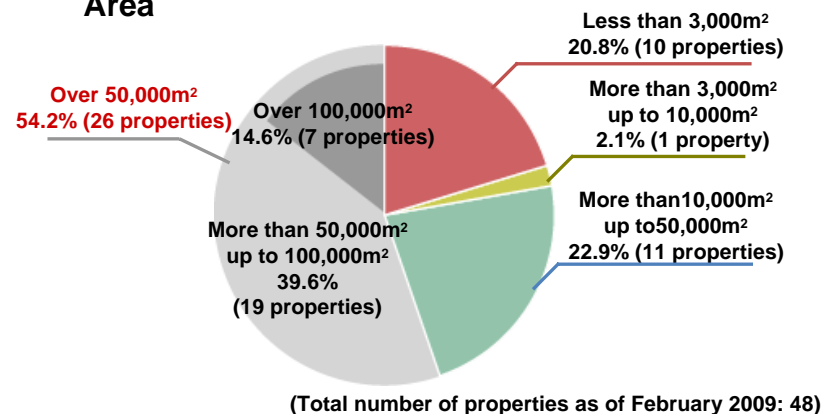
» Filings under the Large-Scale Retail Store Location Law



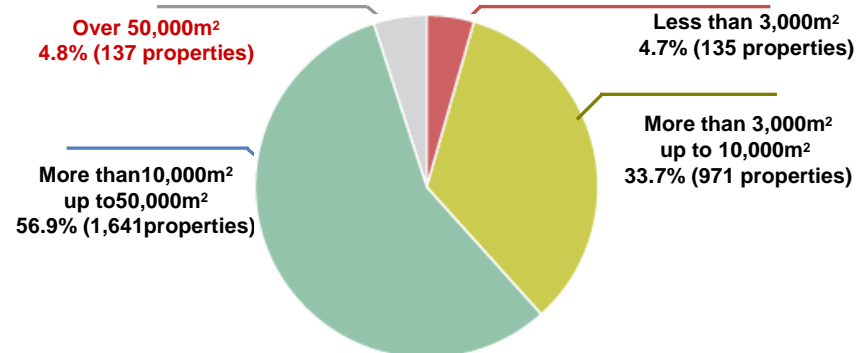
Source: Distribution Policy Department of the Commerce and Information Policy Bureau (Ministry of Economy, Trade and Industry) "Filings under the Large-Scale Retail Store Law "

(Note): Data for FY2008 covers 11 months from April 2008 to Feb. 2009.

» Ratio of Portfolio Properties by Total Leasable Area



(Reference) Composition of domestic SCs by floor area

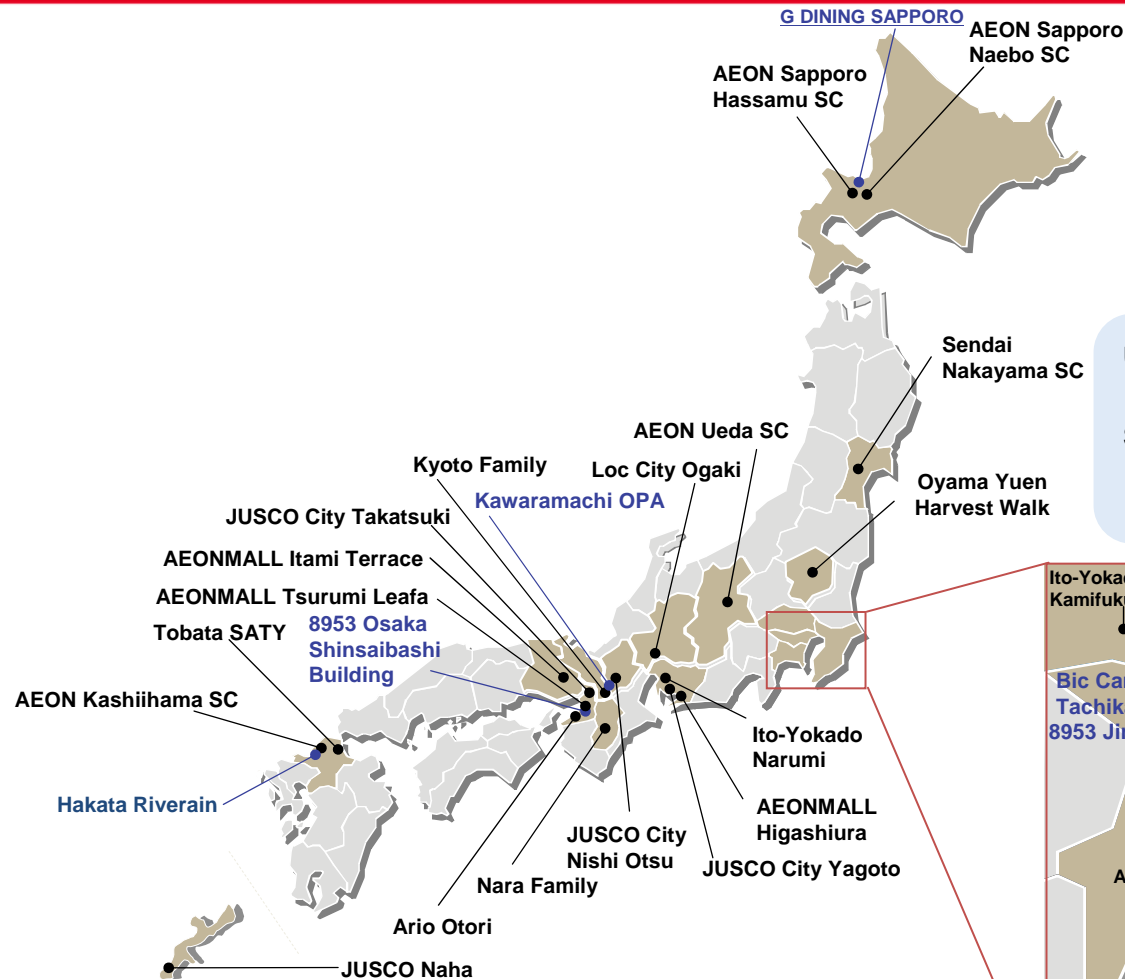


Source: Japan Council of Shopping Centers (As of March 2009)
(Total number of SCs: 2,884)

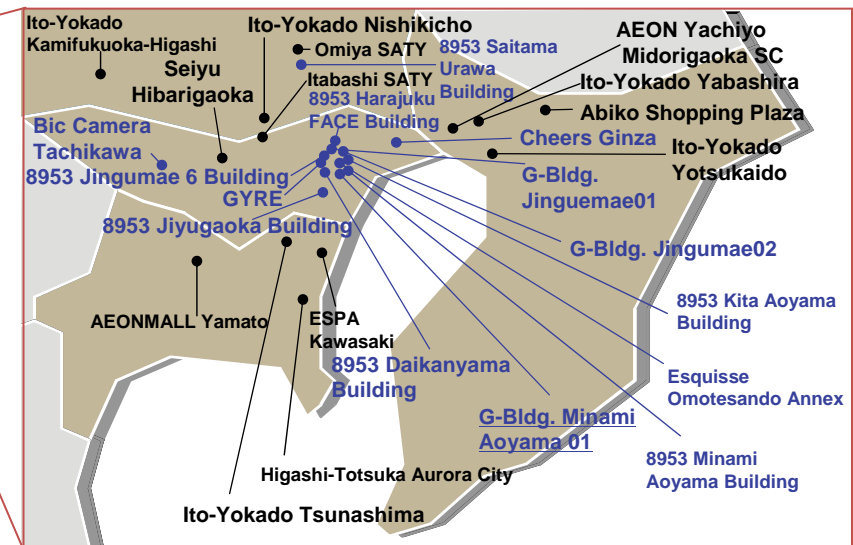


3. Portfolio Overview

Locations of Portfolio Properties



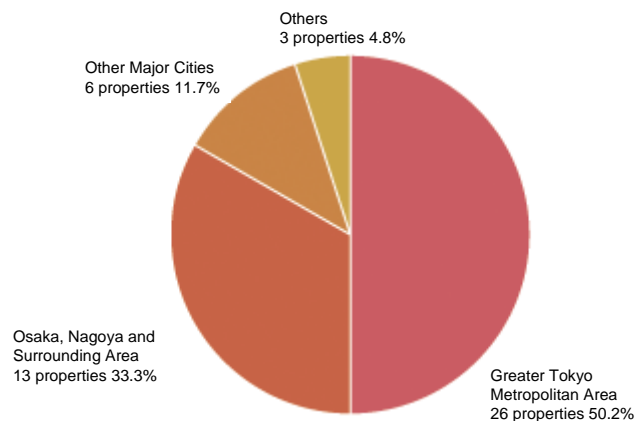
Urban properties:	16	Total acquisition price
		127,170mil. yen
Suburban properties:	32	Total acquisition price
		434,756mil. yen
Total		561,927mil. yen



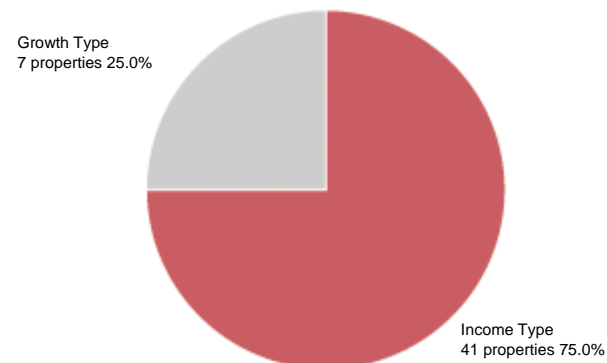
(Note 1) Map represents the existing portfolio as of the end of March 2009.
 (Note 2) The names in black are suburban properties, those in blue are urban properties, and those underlined are the properties acquired in March 2009.
 (Note 3) Total acquisition price does not include acquisitions in March 2009.

Portfolio Diversification (48 properties as of February 2009)

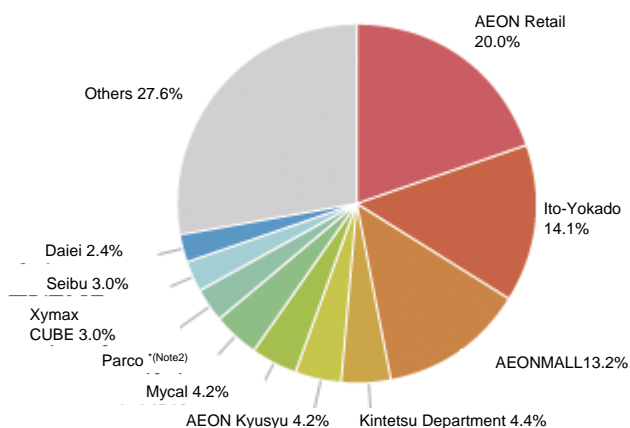
➤ Geographical



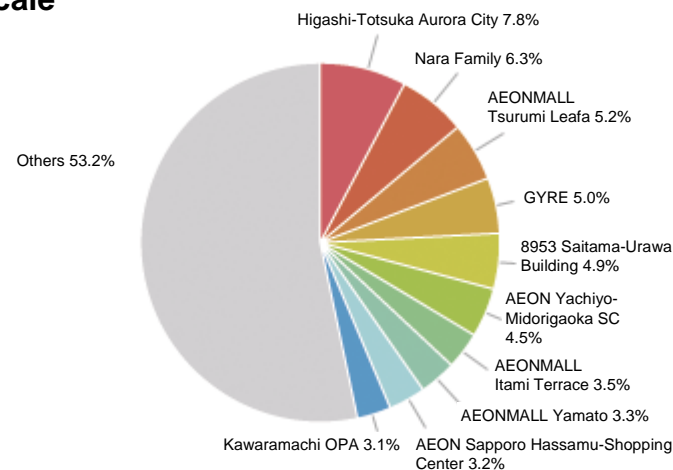
➤ Investment Type



➤ Tenants



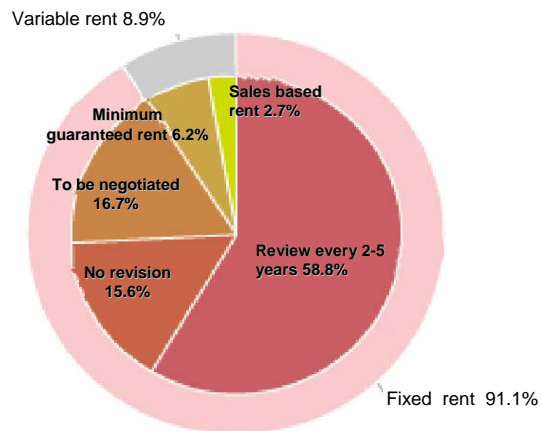
➤ Scale



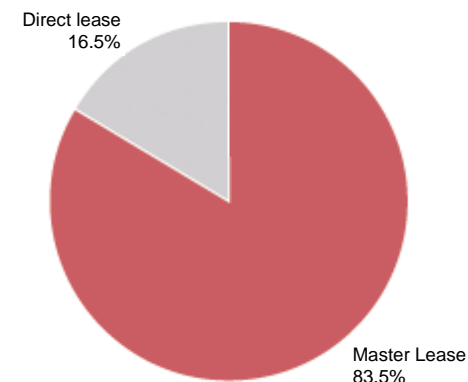
(Note 1) The geographical, investment type and scale diversification are based on appraisal values, while tenant diversification is based on annual rents.
 (Note 2) Percentage undisclosed as tenant has not agreed to its disclosure.

Portfolio Data (48 properties as of February 2009)

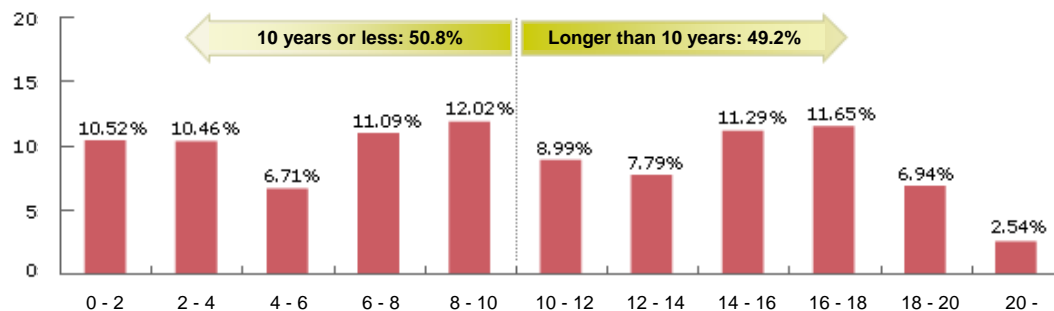
➤ Rent Type



➤ Lease Type



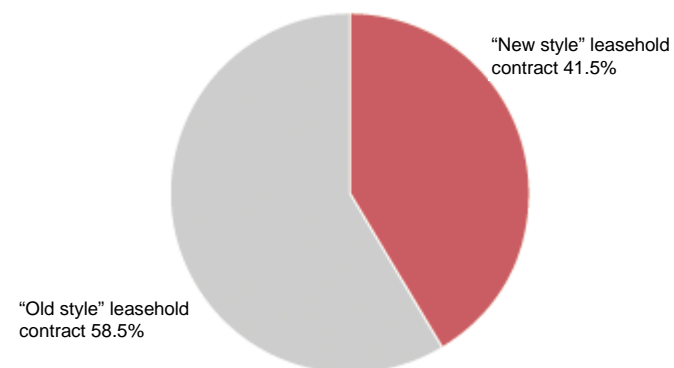
➤ Remaining Years of Lease Contract (Note 2)



(Note 1) Based on annual rent

(Note 2) Terms as of end of Feb. 2009

➤ Lease Contract Type



Portfolio List (48 Properties) (Note 1)

Name	Investment Type	Age (Note 2) (Years)	Total Leasable Area (m ²)	Occupancy (%)	Acquisition Price (mn yen)	Share (%)	Cap Rate at Acquisition (Note 3) (%)	No. of Tenants	Key Tenants	PML (Note 4) (%)	Property Manager
Tokyo metropolitan area											
ESPA Kawasaki (Note 5)	Income	8.6	65,313.47	100.00	15,691	2.8	6.2	5	Ito-Yokado, Sports Depo	9.1	Xymax Cube
Abiko Shopping Plaza	Growth	14.4	42,642.36	99.46	10,200	1.8	7.2	53	Ito-Yokado	8.8	Xymax Cube
8953 Minami Aoyama Building	Income	7.0	1,540.98	89.73	5,350	1.0	5.5	3	Hugo Boss (Note 6)	13.5	CB Richard Ellis
Ito-Yokado Yabashira	Income	26.4	21,308.78	100.00	1,616	0.3	6.1	1	Ito-Yokado	6.1, 4.9	Xymax Cube
Ito-Yokado Kamifukuoka-Higashi	Income	9.5	28,316.18	100.00	6,900	1.2	6.3	1	Ito-Yokado	9.7	Geo Akamatsu
Ito-Yokado Nishikicho	Income	5.3	73,438.52	100.00	13,212	2.4	5.6	1	Ito-Yokado	8.3	Geo Akamatsu
8953 Daikanyama Building	Income	18.0	599.79	33.53	1,235	0.2	5.3	1	COIFFIRST	4.7	Office Mitsuki
8953 Harajuku FACE Building	Income	23.9	1,479.10	100.00	2,770	0.5	5.6	4	DIESEL Japan	8.5	Xymax Cube
Esquisse Omotesando Annex	Income	12.0	540.78	100.00	860	0.2	5.5	2	LS Mode	4.5	Office Mitsuki
Ito-Yokado Tsunashima	Income	27.0	16,549.50	100.00	5,000	0.9	6.1	1	Ito-Yokado	12.3	Jones Lang LaSalle
Bic Camera Tachikawa	Income	38.6	20,983.43	100.00	11,920	2.1	5.5	2	Bic Camera	15.5	Jones Lang LaSalle
Itabashi SATY	Income	8.8	72,253.88	100.00	12,400	2.2	5.4	1	SATY	6.0	Xymax Cube
8953 Kita Aoyama Building	Income	4.1	492.69	100.00	989	0.2	5.4	2	NEWS, Best Bridal	11.4	Office Mitsuki
AEONMALL Yamato	Income	7.3	85,226.68	100.00	16,823	3.0	5.5	1	JUSCO	7.9	Xymax Cube
Seiyu Hibarigaoka	Income	30.4	19,070.88	100.00	6,100	1.1	7.6	1	Seiyu	10.3	CB Richard Ellis
8953 Jiyugaoka Building	Income	9.7	1,814.15	100.00	2,700	0.5	5.2	11	NEXT, news	3.2	Xymax Cube
Cheers Ginza	Income	4.0	1,686.58	100.00	4,200	0.7	4.3	9	Kyoto Yururi, Ginza Shotaien	5.7	Nomura Bldg. Management
Higashi-Totsuka Aurora City	Growth	9.5	107,597.69	100.00	50,500	9.0	4.5	4	Seibu Dept. Store, Daiei	4.3	Aim Create
Omiya SATY	Income	8.4	75,344.90	100.00	6,133	1.1	5.8	1	SATY	8.5	Xymax Cube
Ito-Yokado Yotsukaido	Income	4.1	59,207.19	100.00	13,600	2.4	4.1	1	Ito-Yokado	5.8	Geo Akamatsu
AEON Yachiyo Midorigaoka SC	Income	4.0	132,294.48	100.00	30,789	5.5	4.0	1	JUSCO	6.6	Xymax Cube
GYRE (Note 7)	Growth	1.4	4,934.28	100.00	22,712	4.0	3.4	17	CHANEL, BVLGARI	4.1	Geo Akamatsu
8953 Jingumae 6 Building	Income	1.3	670.43	100.00	2,360	0.4	3.9	4	Family Mart, Lani HAIR	8.0	Office Mitsuki
8953 Saitama Urawa Building	Income	1.4	64,236.71	100.00	27,330	4.9	4.3	1	PARCO	3.6	Hankyu-Hanshin Building Management
G-Bldg. Jingumae 01	Income	1.4	555.75	100.00	3,400	0.6	4.1	2	BAPE STORE Harajuku	13.2	Office Mitsuki
G-Bldg. Jingumae 02	Income	0.8	426.29	34.35	2,233	0.4	4.0	1	Anastasia	11.2	QUALICATION
Subtotal/Weighted Average		8.8	898,525.47	98.96	277,023	49.3	4.9	131		-	

(Note 1) As of end of February 2009

(Note 2) For properties with multiple buildings, the building age represents the weighted average of the ages for the gross floor area of all buildings.

(Note 3) These represent cap rates of the properties at the time of acquisition and thus do not reflect subsequent acquisitions of additional buildings. The cap rate for Sendai Nakayama SC only reflects the space previously leased to JUSCO; 8953 Jiyugaoka Building only reflects the NEXT building; AEONMALL Higashiura only reflects AEON Higashiura SC; Nara Family reflects only the shopping center; ESPA Kawasaki does not include the annex.

(Note 4) PML (seismic risk) of a portfolio building or the portfolio itself represents the level of damage that may result from an earthquake of a size expected to occur once every 475 years; these values are found in the earthquake risk analysis reports prepared for each property.

(Note 5) The annex of ESPA Kawasaki is managed as part of and included in existing ESPA Kawasaki. Therefore, ESPA Kawasaki annex is incorporated into ESPA Kawasaki.

(Note 6) Though Hugo Boss has closed on March 31, 2009, they continue to pay the rent until the end of the agreement.

(Note 7) The acquisition price for GYRE includes the land which we had previously owned and the building which we acquired additionally. The cap rate at the time acquisition only reflects the building plus the land leasehold and the land is not included.

Portfolio List (48 Properties) (Note 1)

Name	Investment Type	Age (Note 2) (Years)	Total Leasable Area (m ²)	Occupancy (%)	Acquisition Price (mn yen)	Share (%)	Cap Rate at Acquisition (Note 3) (%)	No. of Tenants	Key Tenants	PML (Note 4) (%)	Property Manager
Osaka, Nagoya and surrounding areas											
8953 Osaka Shinsaibashi Building	Income	9.6	13,666.96	100.00	14,300	2.5	5.5	1	Tokyu Hands	5.5	Xymax Cube
Nara Family	Growth	15.8	85,070.44	96.59	31,375	5.6	7.4	94	Kintetsu Dept. Store, JUSCO	5.2	AEONMALL
Ito-Yokado Narumi	Income	11.1	50,437.91	100.00	8,540	1.5	7.3	1	Ito-Yokado	7.4	Xymax Cube
AEONMALL Higashiura	Income	6.2	129,124.73	100.00	9,142	1.6	6.3	1	JUSCO	14.2, 10.1	Xymax Cube
JUSCO City Takatsuki	Income	14.5	77,267.23	100.00	11,700	2.1	6.0	1	JUSCO	3.6	CB Richard Ellis
JUSCO City Yagoto	Income	15.0	63,778.44	100.00	3,700	0.7	7.0	2	JUSCO	4.2	Xymax Cube
JUSCO City Nishi Otsu	Income	11.8	62,717.26	100.00	13,100	2.3	5.2	1	JUSCO	4.9	Xymax Cube
Kyoto Family	Growth	25.8	25,606.48	97.62	5,340	1.0	6.5	61	JUSCO, Nitori	3.7	AEONMALL
Loc City Ogaki	Income	3.1	57,500.35	100.00	4,950	0.9	8.2	1	MaxValu	6.5	Geo Akamatsu
Kawaramachi OPA	Income	9.8	18,848.20	100.00	18,500	3.3	4.4	1	OPA	2.5	Geo Akamatsu
AEONMALL Tsurumi Leafa	Income	1.8	138,538.63	100.00	29,902	5.3	4.6	1	JUSCO	6.6	Xymax Cube
AEONMALL Itami Terrace	Income	6.0	157,904.26	100.00	21,110	3.8	5.1	1	JUSCO, Toys'R Us	4.9	Xymax Cube
Ario Otori	Income	0.4	95,135.36	100.00	19,040	3.4	4.6	1	Ito-Yokado	5.4	Pro Cap
Subtotal/Weighted Average		8.9	975,596.25	99.37	190,699	33.9	5.7	167		-	
Other major city											
Sendai Nakayama SC	Income	12.2	46,248.96	100.00	10,200	1.8	7.6	2	JUSCO	3.8, 3.2, 1.2	Xymax Cube
Hakata Riverain	Growth	9.7	25,920.11	92.14	6,309	1.1	6.5	66	IDC Otsuka Kagu, Louis Vuitton	0.1	Geo Akamatsu
AEON Kashiihama SC	Income	4.8	109,616.72	100.00	13,300	2.4	6.2	1	JUSCO	0.9	Geo Akamatsu
AEON Sapporo Naebou SC	Income	5.2	74,625.52	100.00	9,260	1.6	6.2	1	JUSCO	1.8	Xymax Cube
Tobata SATY	Income	9.5	93,258.23	100.00	6,290	1.1	6.6	1	SATY	1.9	Geo Akamatsu
JUSCO Naha	Income	14.9	79,090.48	100.00	10,700	1.9	6.0	1	JUSCO	7.3	Jones Lang LaSalle
AEON Ueda SC	Income	4.2	61,349.07	100.00	9,500	1.7	5.3	1	JUSCO	3.3	Geo Akamatsu
Oyama Yuen Harvest Walk	Growth	1.4	58,767.20	100.00	10,200	1.8	5.4	1	York Benimaru, Super Viva Home	3.4	Xymax Cube
AEON Sapporo Hassamu SC	Income	1.9	102,169.00	100.00	18,440	3.3	4.7	1	JUSCO	0.6	Jones Lang LaSalle
Subtotal/Weighted Average		6.4	651,045.29	99.47	94,199	16.8	5.9	75		-	
Total/Weighted Average		8.2	2,525,167.01	99.18	561,927	100.0	5.4	373		2.0 (Note5)	

(Note 1) As of end of February 2009

(Note 2) For properties with multiple buildings, the building age represents the weighted average of the ages for the gross floor area of all buildings.

(Note 3) These represent cap rates of the properties at the time of acquisition and thus do not reflect subsequent acquisitions of additional buildings. The cap rate for Sendai Nakayama SC only reflects the space previously leased to JUSCO; 8953 Jiyugaoka Building only reflects the NEXT building; AEONMALL Higashiura only reflects AEON Higashiura SC; Nara Family reflects only the shopping center; ESPA Kawasaki does not include the annex.

(Note 4) PML (seismic risk) of a portfolio building or the portfolio itself represents the level of damage that may result from an earthquake of a size expected to occur once every 475 years; these values are found in the earthquake risk analysis reports prepared for each property.

(Note 5) PML value is found in the earthquake risk analysis reports prepared for the portfolio of 50 properties includes G DINING Sapporo and G-Bldg. Minami Aoyama 01.

Portfolio Analysis

Portfolio Analysis

Investment criteria	Average at end of Aug. 2008 Period	Average at end of Feb. 2009 Period
1. NOI yield ^(Note1)	5.2%	5.2%
2. Yield after depreciation ^(Note2)	3.6%	3.5%
3. Qualitative assessment (Note 3)	Suburban-type 134pt Urban-type 165pt JRF overall 141pt (Perfect score: 245pt)	Suburban-type 131pt Urban-type 147pt JRF overall 135pt (Perfect score: 245pt)

(Note 1) NOI yield=NOI/ Acquisition price

(Note 2) Yield after depreciation =(NOI - Depreciation) /Book Value

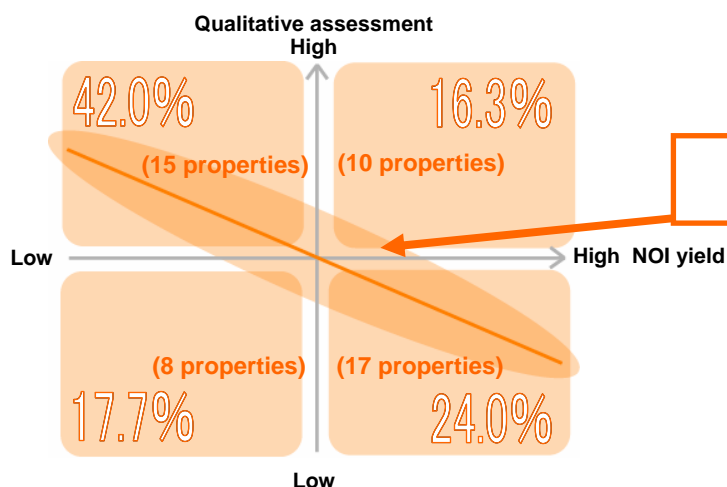
(Note 3) JRF standard-based qualitative assessment

- Retail property's potential based on its location (0-60pt)
- Age of building (0-20pt)
- Diversified use of property (0-40pt)
- Growth potential (0-10pt)
- Revenue development (0-40pt)
- Rent level (0-40pt)
- Potential for cost reduction (0-20pt)
- Other (-10~15pt)

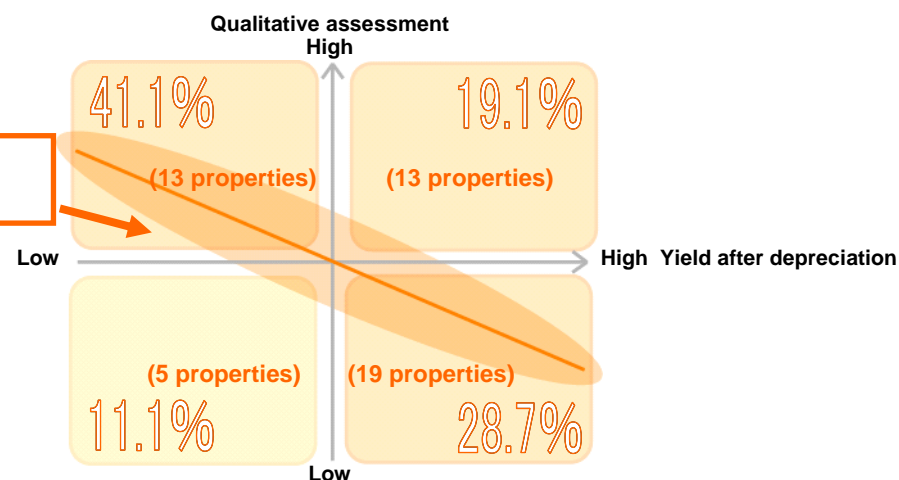
(Note) Data for the 13th period is the average of 50 properties, including 49 properties as of the end of the current period as well as G Dining Sapporo, which had already signed a contract at that time. Data for the 14th period is the average of 50 properties, including G Dining Sapporo and G-Bldg. Minami Aoyama 01, which had already signed contracts at that time (excepting JUSCO Chigasaki SC, which was sold during the 14th period).

➤ **Distribution Chart by Existing Portfolio Analysis:** The average score is the center point with yield scores on the x-axis and qualitative assessment scores on the y-axis.

(a) Distribution by NOI yield



(b) Distribution by yield after depreciation





4. Appendix

February 2009 Period Balance Sheet

										(‘000 yen)
	Feb. 2009	Aug. 2008	Variation			Feb. 2009	Aug. 2008	Variation		
	Period	Period	Amount	Change (%)		Period	Period	Amount	Change (%)	
Assets					Liabilities					
Current assets					Current liabilities					
Cash and cash equivalents	8,822,517	6,675,077	2,147,439		Account payable	706,432	672,278	34,153		
Entrusted cash and cash	10,480,841	12,047,098	△1,566,256		Short-term corporate bonds	-	24,985,564	△24,985,564		
Rental receivables	922,711	888,013	34,697		Short-term debt	119,275,000	108,100,000	11,175,000		
Consumption tax refundable	-	490,580	△490,580		Long-term debt with payment in less than a year	5,000,000	5,000,000	-		
Other	524,829	567,941	△43,111		Corporate bonds maturing within a year	20,000,000	-	20,000,000		
Total Current Assets	20,750,899	20,668,710	82,189	0.4	Accrued liabilities	22,260	2,031	20,229		
Non-current assets					Accrued expenses					
Property and equipment at cost					Accrued income taxes	1,457,261	1,490,692	△33,431		
Buildings (net)	386,132	391,219	△5,086		Accrued consumption taxes	16,363	5,171	11,192		
Buildings improvements (net)	11,077	11,308	△230		Rent received in advance	876,087	-	876,087		
Furniture & fixtures (net)	3,464	3,645	△180		Deposits	1,680,654	1,695,356	△14,702		
Land	5,433,573	5,432,461	1,111	A	Lease deposits	768,384	982,261	△213,877		
Entrusted buildings (net)	208,588,519	214,254,280	△5,665,761		Other	4,240,293	4,923,439	△683,146		
Entrusted buildings improvements (net)	9,922,860	10,198,078	△275,218		Total Current Liabilities	98,295	12,209	86,086		
Entrusted machinery & equipments (net)	1,138,913	1,067,350	71,562			154,141,033	147,869,005	6,272,027	4.2	
Entrusted furniture & fixtures (net)	2,288,990	2,413,721	△124,730	A	Non-current liabilities					
Entrusted land	316,746,132	321,808,140	△5,062,008		Corporate bonds-unsecured	80,000,000	100,000,000	△20,000,000		
Net property and equipment	544,519,663	555,580,206	△11,060,543	△2.0	Long-term debt	18,400,000	7,400,000	11,000,000		
Intangible assets					Tenant leasehold and security					
Leasehold land	8,950,680	8,964,956	△14,275		Entrusted tenant leasehold and security	256,339	256,339	-	B	
Other intangible assets	149,885	159,431	△9,546		Other	69,292,261	77,258,970	△7,966,709		
Total intangible assets	9,100,565	9,124,388	△23,822	△0.3	Total Non-Current Liabilities	399	378	21		
Investments					Total Liabilities					
Lease deposit	3,336,098	3,350,008	△13,910			167,948,999	184,915,688	△16,966,688	△9.2	
Long-term prepaid expenses	216,520	145,730	70,790		Total Liabilities	322,090,033	332,784,694	△10,694,660	△3.2	
Other	580,663	568,982	11,681		Unitholders' Equity					
Total investments	4,133,283	4,064,721	68,561	1.7	Total investment					
Total Non-Current Assets	557,753,512	568,769,316	△11,015,804	△1.9	Unitholders' capital	250,764,406	250,764,406	-		
Deferred assets					Retained earnings					
Issuance costs of corporate bonds	170,579	192,038	△21,459		Unappropriated retained earnings or undisposed losses for the year (△)	5,820,550	6,080,965	△260,414		
Total Deferred Assets	170,579	192,038	△21,459	△11.2	Total retained earnings	5,820,550	6,080,965	△260,414	△4.3	
Total Assets	578,674,990	589,630,065	△10,955,074	△1.9	Total unitholders' equity	256,584,957	256,845,371	△260,414	△0.1	
					Net Assets					
					Total Liabilities and Unitholders' Equity					

(Note) The Feb. 2009 period runs from Sep. 1, 2008 through Feb. 28, 2009 (181 days).
The Aug. 2008 period runs from Mar. 1, 2008 through Aug. 31, 2008 (184 days).

Variance Factors

- A. Decrease due to sale of JUSCO Chigasaki SC
- B. • Decrease due to sale of JUSCO Chigasaki SC -2,934mn yen
- Decrease due to return of tenant leasehold and security of other properties

February 2009 Period Income Statement

	('000 yen)			
	Feb. 2009 Period (From Sept. 1, 2008 to Feb. 28, 2009)	Aug. 2008 Period (From Mar. 1, 2008 to Aug. 31, 2008)	Variation	
			Amount	Change (%)
Operating revenue				
Rental revenue	20,359,685	20,254,079	105,606	A
Gain on sale of real estate	87,470	-	87,470	B
Total operating revenue	20,447,156	20,254,079	193,077	1.0
Operating expenses				
Property related expenses	10,442,288	10,343,876	98,411	C
Asset management fees	1,738,143	1,783,904	△45,761	
Custodian fees	86,457	83,255	3,202	
General administration fees	145,062	139,016	6,045	
Directors' fees	5,940	5,940	-	
Other operating expenses	145,452	119,935	25,516	
Total operating expenses	12,563,344	12,475,928	87,415	0.7
Operating Income	7,883,812	7,778,150	105,661	1.4
Non-operating revenue				
Interest revenue	10,851	15,649	△4,797	
Other	4,102	14,119	△10,016	
Total non-operating revenue	14,954	29,768	△14,814	△49.8
Non-operating expenses				
Interest expense	802,613	698,587	104,026	D
Interest expense of short-term corporate bonds	89,767	116,838	△27,070	
Interest expense of corporate bonds	779,070	793,020	△13,949	
Amortization of corporate bonds	23,082	33,346	△10,263	
Finance related cost	145,906	62,672	83,234	
Other	17,476	8,284	9,192	
Total non-operating expenses	1,857,918	1,712,748	145,169	8.5
Recurring Profit	6,040,847	6,095,170	△54,322	△0.9
Extraordinary loss				
Legal settlement	205,000	-	205,000	E
Total extraordinary loss	205,000	-	205,000	-
Income before income taxes	5,835,847	6,095,170	△259,322	△4.3
Income, inhabitant and corporate taxes	16,363	5,184	11,179	
Tax adjustments	△937	9,205	△10,142	
Total income taxes	15,426	14,389	1,036	7.2
Net Income	5,820,421	6,080,780	△260,358	△4.3
Retained earnings (beginning balance)	129	184	△55	
Unappropriated retained earnings or undisposed losses for the year (△)	5,820,550	6,080,965	△260,414	

Variance Factors

- A. Increase due to full-term operation of properties acquired in Aug. 2008 period (AEON Sapporo Hassamu SC, Ario Otori, G-Bldg. Jingumae 01 and 02), 315mn yen
 - Decrease due to sale of JUSCO Chigasaki SC, -81mn yen
 - Decrease in sales-based rent, -130mn yen
- B. Gain on sale of JUSCO Chigasaki SC, 87mn yen
- C. Compensation payment for voluntary leave resulting from renovation, 88mn yen
- D. Increase by rise in interest rate
- E. Cash payment in relation to litigation settlement with Higashi-Totsuka Aurora City, 205mn yen

(Note) The Feb. 2009 period runs from Sep. 1, 2008 through Feb. 28, 2009 (181days). The Aug. 2008 period runs from Mar. 1, 2008 through Aug. 31, 2008 (184 days).

February 2009 Period Cash Flow and Distribution Statements

	Feb. 2009 Period (From Sept. 1, 2008 to Feb. 28, 2009)	Aug. 2008 Period (From Mar. 1, 2008 to Aug. 31, 2008)	Variation		Feb. 2009 Period (From Sept. 1, 2008 to Feb. 28, 2009)	Aug. 2008 Period (From Mar. 1, 2008 to Aug. 31, 2008)	Variation
Cash Flow from Operating Activities				Cash Flow from Investing Activities			
Income before income taxes	5,835,847	6,095,170	△ 259,322	Purchase of property and equipment	△ 1,958	△ 3,440,277	3,438,318
Depreciation and amortization	4,847,667	4,758,294	89,372	Purchase of entrusted property and equipment	△ 1,446,243	△ 40,054,186	38,607,942
Amortization of corporate bonds	23,082	33,346	△ 10,263	Proceeds from sale of entrusted property and equipment	7,740,446	-	7,740,446
Gain on sale of real estate	△ 87,470	-	△ 87,470	Proceeds from tenant leasehold and security deposits	-	216,781	△ 216,781
Real property retirement loss	472	168,999	△ 168,526	Payment on return of entrusted tenant leasehold and security deposits	△ 8,498,341	△ 2,518,480	△ 5,979,861
Interest income	△ 10,851	△ 15,649	4,797	Proceeds from acceptance of entrusted tenant leasehold and security deposits	62,640	1,786,212	△ 1,723,572
Interest expense	1,671,452	1,608,445	63,006	Purchase of entrusted intangible assets	-	△ 84,577	84,577
Legal settlement	205,000	-	205,000	Proceeds from collection of entrusted tenant deposits	13,910	7,500	6,410
Increase/decrease in rental receivables (△ represents an increase)	△ 28,594	△ 119,070	90,475	Other payment	△ 11,681	-	△ 11,681
Increase/decrease in consumption tax refundable (△ represents an increase)	490,580	717,487	△ 226,907	Other proceeds	-	1,012	△ 1,012
Increase/decrease in long-term prepaid expenses (△ represents an increase)	△ 70,790	△ 54,423	△ 16,367	Net Cash used in Investment Activities	△ 2,141,227	△ 44,086,012	41,944,785
Increase/decrease in account payable (△ represents a decrease)	△ 63,181	104,931	△ 168,113	Cash Flow from Financing Activities			
Increase/decrease in consumption tax payable (△ represents a decrease)	876,087	-	876,087	Proceeds from short-term corporate bonds	24,923,044	49,882,063	△ 24,959,018
Increase/decrease in accrued liabilities (△ represents a decrease)	19,893	△ 41,677	61,571	Payment of maturing short-term corporate bonds	△ 50,000,000	△ 50,000,000	-
Increase/decrease in accrued expenses (△ represents a decrease)	△ 35,761	85,949	△ 121,711	Proceeds from short-term debt	25,000,000	42,000,000	△ 17,000,000
Increase/decrease in rent received in advance (△ represents a decrease)	△ 20,231	89,335	△ 109,566	Repayments of short-term debt	△ 13,825,000	△ 7,000,000	△ 6,825,000
Increase/decrease in deposits (△ represents a decrease)	△ 213,877	324,153	△ 538,030	Proceeds from long-term debt	11,000,000	7,400,000	3,600,000
Other	44,215	△ 133,717	177,932	Distribution payment	△ 6,080,499	△ 6,131,751	51,252
Subtotal	13,483,540	13,621,575	△ 138,034	Net Cash from Financing Activities	△ 8,982,455	36,150,311	△ 45,132,766
Interest received	10,851	15,649	△ 4,797	Net change in cash and cash equivalents (△ represents a decrease)	581,183	4,247,772	△ 3,666,588
Interest paid	△ 1,579,354	△ 1,440,882	△ 138,472	Cash and cash equivalents at beginning of period	18,722,175	14,474,403	4,247,772
Legal settlement paid	△ 205,000	-	△ 205,000	Cash and cash equivalents at end of period	19,303,359	18,722,175	581,183
Income taxes paid	△ 5,171	△ 12,868	7,697				
Net Cash from Operating Activities	11,704,866	12,183,473	△ 478,607				

(Note) The Feb. 2009 period runs from Sep. 1, 2008 through Feb. 28, 2009 (181 days).
The Aug. 2008 period runs from Mar. 1, 2008 through Aug. 31, 2008 (184 days).

	Feb. 2009 Period (From Sept. 1, 2008 to Feb. 28, 2009)	Aug. 2008 Period (From Mar. 1, 2008 to Aug. 31, 2008)
I. Retained earnings (ending balance)		
	5,820,550,899	6,080,965,039
II. Distribution amount		
DPU (yen)	5,820,333,618	6,080,835,966
	(15,059)	(15,733)
III. Retained earnings carried forward		
	217,281	129,073

Performance by Property (Income-type Properties 1)

(mil. yen)

Items	Sendai Nakayama SC		ESPA Kawasaki		8953 Osaka Shinsaibashi Bldg.		JUSCO Chigasaki SC		Ito-Yokado Narumi		8953 Minami Aoyama Bldg.		Ito-Yokado Yabashira	
	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08
Rental revenue	446	458	491	491	407	407	193	274	264	264	145	148	78	78
Other income	0	0	1	0	0	0	0	0	0	0	6	6	-	-
Total property income	446	458	492	492	407	407	193	274	264	264	151	154	78	78
Tax and public charges	40	40	78	78	28	28	40	38	37	37	6	6	16	16
Facilities management	1	3	5	4	0	0	0	0	0	-	9	8	0	0
Property management fees	13	13	13	13	6	6	4	5	6	6	4	4	2	2
Other property expenses	1	2	2	2	0	1	0	1	1	1	0	0	0	0
Depreciation and amortization	84	83	99	101	81	82	53	64	74	74	9	8	15	15
Total expenses	142	143	199	199	117	119	99	110	120	120	30	29	35	35
Real estate rental profit	304	315	293	292	289	288	93	163	144	144	121	125	43	43
Rental deposits	840	840	1,070	1,070	798	798	-	745	538	538	248	235	450	450
Guaranteed deposits	784	801	4,291	4,311	-	-	-	2,387	4,122	4,364	-	-	-	-
Deposits (ending balance)	1,624	1,641	5,362	5,382	798	798	-	3,133	4,661	4,903	248	235	450	450

Items	Ito-Yokado Kamifukuoka-Higashi		Ito-Yokado Nishikicho		8953 Daikanyama Bldg.		AEONMALL Higashiura		8953 Harajuku FACE Bldg.		AEON Kshiihama SC		AEON Sapporo Naebo SC	
	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08
Rental revenue	256	256	444	444	15	22	465	465	91	91	477	477	378	378
Other income	0	-	-	-	1	3	2	-	13	13	-	-	0	0
Total property income	256	256	444	444	16	25	467	465	105	105	477	477	378	378
Tax and public charges	40	40	59	59	1	1	48	48	2	2	60	60	58	58
Facilities management	0	0	0	-	2	2	-	0	7	6	0	0	1	1
Property management fees	4	4	4	4	1	1	6	5	4	4	6	6	3	3
Other property expenses	3	2	2	2	0	0	101	101	1	2	1	2	20	20
Depreciation and amortization	50	50	137	137	3	3	156	154	8	8	98	98	130	130
Total expenses	98	98	204	203	9	9	312	311	25	24	167	167	214	214
Real estate rental profit	157	157	240	241	7	16	154	154	80	80	310	310	163	163
Rental deposits	774	774	590	590	31	31	585	585	195	195	700	700	654	654
Guaranteed deposits	1,365	1,429	-	-	-	-	-	-	-	-	-	-	-	-
Deposits (ending balance)	2,140	2,204	590	590	31	31	585	585	195	195	700	700	654	654

(Note 1) The Feb. 2009 period runs from Sep. 1, 2008 through Feb. 28, 2009 (181days). (Note 2) The Aug. 2008 period runs from Mar. 1, 2008 through Aug. 31, 2008 (184 days).

Performance by Property (Income-type Properties 2)

(mil. yen)

Items	Esquisse Omotesando Annex		Ito-Yokado Tsunashima		Bic Camera Tachikawa		Itabashi SATY		8953 Kita Aoyama Bldg.		AEONMALL Yamato		Seiyu Hibarigaoka	
	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08
Rental revenue	31	30	180	180	358	356	663	703	32	32	534	534	261	261
Other income	2	0	-	-	32	32	0	0	1	1	-	1	0	0
Total property income	33	31	180	180	390	388	663	703	34	34	534	535	261	261
Tax and public charges	1	1	18	18	31	31	41	41	1	1	53	53	15	15
Facilities management	3	0	-	0	31	31	0	-	3	2	0	1	-	-
Property management fees	1	1	3	3	6	6	4	4	1	1	4	4	3	3
Other property expenses	0	0	0	0	1	2	262	262	0	0	2	2	3	0
Depreciation and amortization	2	2	23	23	78	83	106	106	3	3	115	114	47	56
Total expenses	7	5	46	46	148	154	416	415	9	9	176	177	69	76
Real estate rental profit	26	26	134	133	241	233	247	288	25	25	357	358	191	185
Rental deposits	65	64	232	232	699	712	754	754	40	40	1,068	1,068	300	300
Guaranteed deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits (ending balance)	65	64	232	232	699	712	754	754	40	40	1,068	1,068	300	300

Items	Tobata SATY		JUSCO City Takatsuki		8953 Jiyugaoka Building		JUSCO City Yagoto		JUSCO Naha		Cheers Ginza		JUSCO City Nishi-Otsu	
	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08
Rental revenue	315	315	413	413	84	84	164	164	385	385	79	84	375	375
Other income	-	0	0	0	6	6	0	0	2	2	20	32	0	0
Total property income	315	315	413	413	91	91	164	164	388	388	100	116	375	375
Tax and public charges	65	65	57	57	4	4	15	15	30	30	5	5	30	30
Facilities management	-	1	0	1	9	9	1	2	-	0	31	23	2	0
Property management fees	5	5	3	3	3	2	3	3	4	4	2	2	4	4
Other property expenses	3	3	1	1	0	0	0	0	29	29	2	1	5	5
Depreciation and amortization	70	70	103	103	14	14	31	31	83	82	16	16	89	89
Total expenses	144	145	165	167	32	31	53	53	148	148	57	49	132	130
Real estate rental profit	170	170	248	246	58	59	110	110	239	240	42	66	242	244
Rental deposits	315	315	1,232	1,232	120	126	502	502	2,118	2,118	171	157	988	988
Guaranteed deposits	-	-	2,998	3,244	47	47	33	41	-	-	-	-	-	-
Deposits (ending balance)	315	315	4,230	4,476	167	174	536	544	2,118	2,118	171	157	988	988

(Note 1) The Feb. 2009 period runs from Sep. 1, 2008 through Feb. 28, 2009 (181days).

(Note 2) The Aug. 2008 period runs from Mar. 1, 2008 through Aug. 31, 2008 (184 days).

Performance by Property (Income-type Properties 3)

(mil. yen)

Items	Omiya SATY		Loc City Ogaki		Kawaramachi OPA		AEON Ueda SC		AEONMALL Tsurumi Leafa		AEONMALL Itami Terrace		Ito-Yokado Yotsukaido	
	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08
Rental revenue	209	226	333	326	362	349	297	297	889	891	568	572	289	289
Other income	0	0	-	-	0	0	0	0	0	3	5	0	0	0
Total property income	209	226	333	326	363	350	297	297	889	894	573	572	290	290
Tax and public charges	55	55	31	31	41	41	44	44	162	163	99	99	44	44
Facilities management	1	-	0	-	2	2	0	1	-	-	-	0	-	-
Property management fees	2	2	3	3	3	3	3	3	6	6	4	4	3	3
Other property expenses	22	11	90	88	8	5	1	1	30	34	11	11	1	1
Depreciation and amortization	52	52	107	107	54	53	112	112	326	326	168	151	87	87
Total expenses	135	122	232	230	109	106	162	163	526	530	283	266	136	136
Real estate rental profit	74	103	100	96	253	243	134	134	363	363	290	305	153	153
Rental deposits	440	440	600	600	1,056	1,056	-	-	1,782	1,782	900	900	429	429
Guaranteed deposits	-	-	-	-	3,537	3,537	-	-	-	-	7,020	7,560	3,865	3,865
Deposits (ending balance)	440	440	600	600	4,593	4,593	-	-	1,782	1,782	7,920	8,460	4,295	4,295

Items	AEON Yachiyo Midorigaoka SC		8953 Jingumae 6 Building		8953 Saitama Urawa Bldg. (Note 3)		AEON Sapporo Hassamu SC		Ario Otori		G-Bldg. Jingumae01		G-Bldg. Jingumae02		Total Income Properties	
	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08
Rental revenue	684	684	57	30	-	-	577	483	490	306	82	55	18	9	13,656	13,460
Other income	-	-	5	5	-	-	-	-	-	-	-	-	0	0	103	112
Total property income	684	684	62	35	-	-	577	483	490	306	82	55	19	9	13,759	13,573
Tax and public charges	88	88	1	2	-	-	-	0	-	0	0	0	0	0	1,551	1,554
Facilities management	-	-	4	2	-	-	-	-	0	0	0	0	1	0	126	112
Property management fees	4	4	0	4	-	-	3	2	3	2	0	0	1	1	175	179
Other property expenses	4	4	0	0	-	-	14	12	4	2	0	0	0	0	647	630
Depreciation and amortization	209	209	3	3	-	-	193	193	254	169	2	1	3	2	3,699	3,617
Total expenses	306	306	9	12	-	-	211	208	262	174	3	2	7	5	6,200	6,094
Real estate rental profit	377	377	52	22	330	329	366	274	228	131	78	52	11	4	7,558	7,478
Rental deposits	1,140	1,140	93	93	-	-	573	573	1,103	1,103	162	162	24	24	25,913	26,650
Guaranteed deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,066	31,591
Deposits (ending balance)	1,140	1,140	93	93	-	-	573	573	1,103	1,103	162	162	24	24	53,979	58,242

(Note 1) The Feb. 2009 period runs from Sep. 1, 2008 through Feb. 28, 2009 (181days). (Note 2) The Aug. 2008 period runs from Mar. 1, 2008 through Aug. 31, 2008 (184 days).

(Note 3) Rent revenues and relevant figures are not listed here since the tenants have not agreed to disclosure of such information.

Performance by Property (Growth-type Properties)

(mil. yen)

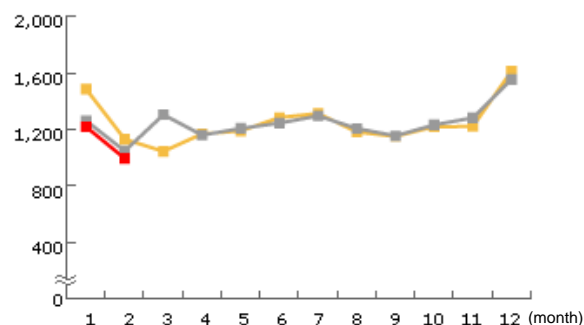
Items	Hakata Riverain		Nara Family		Abiko Shopping Plaza		GYRE		Kyoto Family		Higashi-Totsuka Aurora City		Oyama-Yuen Harvest Walk		Total Growth Properties		Overall Total	
	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08	Feb-09	Aug-08
Rental revenue	398	402	1,809	1,832	466	473	566	564	510	518	1,325	1,302	566	588	5,643	5,682	19,299	19,143
Other income	112	116	335	391	280	209	63	64	131	136	30	78	2	-	957	998	1,060	1,110
Total property income	510	518	2,145	2,224	746	683	630	628	641	655	1,356	1,381	568	588	6,600	6,680	20,359	20,254
Tax and public charges	54	55	97	97	34	34	41	41	30	30	164	163	41	42	463	465	2,015	2,019
Facilities management	156	182	463	459	239	222	86	87	201	211	130	95	162	160	1,440	1,420	1,566	1,532
Property management fees	24	23	179	195	41	40	15	15	64	70	5	7	2	2	334	355	510	535
Sales promotional expense	59	46	84	72	23	21	59	33	12	13	0	-	-	1	238	188	240	190
Other property expenses	27	27	244	243	16	14	3	3	194	106	25	11	103	102	615	509	1,261	1,138
Depreciation and amortization	107	106	254	254	101	100	90	89	71	72	352	347	169	169	1,148	1,140	4,847	4,758
Real property retirement loss	-	64	-	100	-	-	-	-	-	3	-	-	-	-	-	168	0	168
Total expenses	431	505	1,324	1,424	456	435	296	271	574	508	678	624	479	479	4,241	4,249	10,442	10,343
Real estate rental profit	79	13	821	799	289	247	333	357	67	147	678	756	89	108	2,359	2,431	9,917	9,910
Rental deposits	363	361	4,769	5,023	884	930	945	945	729	746	4,814	6,094	342	342	12,850	14,444	38,763	41,095
Guaranteed deposits	-	-	4,369	6,898	2,589	2,852	-	-	-	-	-	-	-	-	6,959	9,751	35,025	41,343
Deposits (ending balance)	363	361	9,138	11,922	3,474	3,783	945	945	729	746	4,814	6,094	342	342	19,809	24,196	73,788	82,438

(Note 1) The Feb. 2009 period runs from Sep. 1, 2008 through Feb. 28, 2009 (181days).

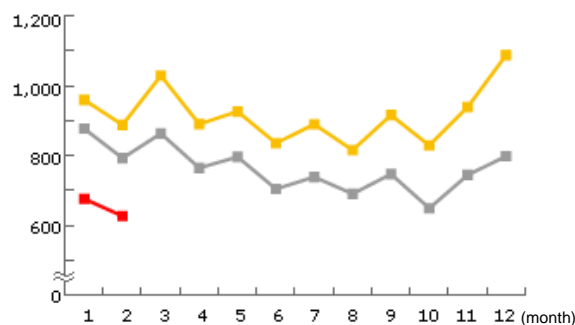
(Note 2) The Aug. 2008 period runs from Mar. 1, 2008 through Aug. 31, 2008 (184 days).

Total Sales of Growth Properties

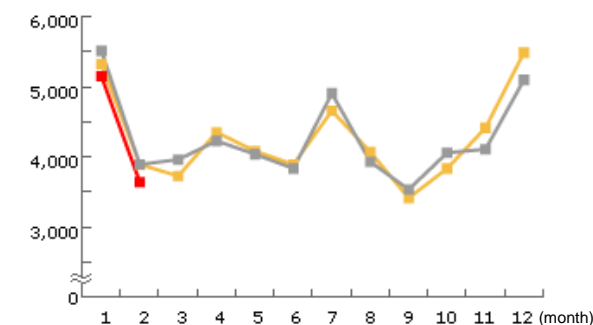
Abiko Shopping Plaza
(mil. yen)



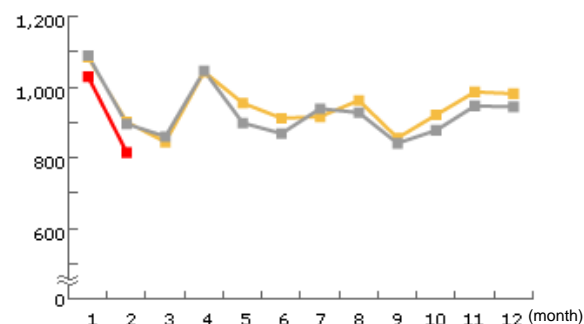
Hakata Riverain
(mil. yen)



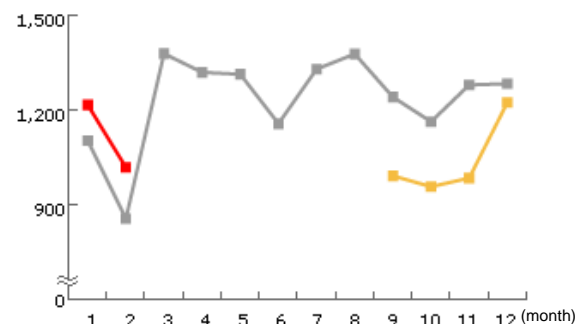
Nara Family
(mil. yen)



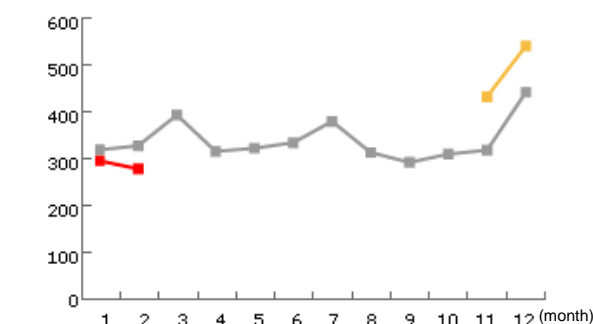
Kyoto Family
(mil. yen)



Oyama Yuen Harvest Walk
(mil. yen)



GYRE
(mil. yen)



■ Actual sales for Jan. - Feb. 2009

■ Actual sales for Jan. - Dec. 2008

■ Actual sales for Jan. - Dec. 2007

(Note 1) The trends of only the comparable gross sales data available are shown.

(Note 2) As of February 2009

Portfolio List (48 properties) - Appraisal Cap Rate

Name	Book Value (mn yen)	Appraisal Value (mn yen)			Direct Cap Rate			DCF Discount Rate		DCF Terminal Cap Rate	
		Feb. 2009	Aug. 2008	Variation	Feb. 2009	Aug. 2008	Variation	Feb. 2009	Aug. 2008	Feb. 2009	Aug. 2008
Tokyo metropolitan area											
ESPA Kawasaki Annex	14,865	14,020	15,740	-1,720	6.00% 6.40%	5.30% 6.00%	0.70% 0.40%	4.90% 5.50%	4.40% 5.10%	5.60% 6.00%	4.90% 5.60%
Abiko shopping Plaza	10,291	12,300	13,800	-1,500	6.50%	5.90%	0.60%	5.80%	5.20%	6.30%	5.70%
8953 Minami Aoyama Building	5,340	6,360	7,640	-1,280	4.50%	3.80%	0.70%	3.90%	3.40%	4.30%	3.80%
Ito-Yokado Yabashira	1,540	1,840	2,010	-170	5.90%	5.40%	0.50%	5.70%	5.20%	6.20%	5.60%
Ito-Yokado Kamifukuoka-Higashi	6,585	7,070	7,570	-500	6.10%	5.70%	0.40%	5.50%	5.10%	6.00%	5.60%
Ito-Yokado Nishikicho	12,233	13,200	14,500	-1,300	5.70%	5.20%	0.50%	5.20%	4.70%	5.80%	5.30%
8953 Daikanyama Building	1,263	1,620	1,730	-110	4.70%	4.40%	0.30%	4.30%	4.00%	4.70%	4.40%
8953 Harajuku FACE Building	2,764	3,920	4,290	-370	4.50%	4.10%	0.40%	4.30%	3.90%	4.70%	4.30%
Esquisse Omotesando Annex	886	1,350	1,500	-150	4.30%	3.90%	0.40%	4.00%	3.60%	4.50%	4.10%
Ito-Yokado Tsunashima	4,982	5,000	5,520	-520	6.20%	5.60%	0.60%	5.50%	5.10%	6.00%	5.60%
Bic Camera Tachikawa	11,871	11,800	12,600	-800	5.20%	4.90%	0.30%	5.10%	4.80%	5.40%	5.10%
Itabashi SATY	12,026	13,200	14,700	-1,500	5.20%	4.70%	0.50%	4.80%	4.30%	5.50%	4.90%
8953 Kita Aoyama Building	989	1,370	1,530	-160	4.10%	3.80%	0.30%	3.90%	3.60%	4.30%	4.00%
AEONMALL Yamato SC	16,476	17,800	20,400	-2,600	5.10%	4.60%	0.50%	4.70%	4.20%	5.20%	4.80%
Seiyu Hibarigaoka	5,576	7,140	7,590	-450	6.50%	6.10%	0.40%	6.30%	5.90%	6.80%	6.40%
8953 Jiyugaoka Building NEXT Colline	2,646	3,260	3,482	-222	4.50% 4.80%	4.20% 4.50%	0.30% 0.30%	4.30% 4.60%	4.00% 4.30%	4.70% 5.00%	4.40% 4.70%
Cheers Ginza	4,137	4,000	4,420	-420	3.90%	3.60%	0.30%	3.90%	3.60%	4.20%	3.90%
Higashi-Totsuka Aurora City	50,916	42,000	46,200	-4,200	4.70%	4.60%	0.10%	4.50%	4.40%	4.90%	4.80%
Omiya SATY	6,240	5,970	6,480	-510	5.90%	5.60%	0.30%	6.20%	5.60%	6.90%	6.30%
Ito-Yokado Yotsukaido	13,891	11,000	12,900	-1,900	5.10%	4.70%	0.40%	4.80%	4.30%	5.00%	4.50%
AEON Yachiyo Midorigaoka SC	30,573	24,400	27,600	-3,200	5.00%	4.50%	0.50%	4.80%	4.45%	5.00%	4.50%
GYRE	22,834	26,800	30,200	-3,400	3.60%	3.30%	0.30%	3.30%	3.00%	3.60%	3.30%
8953 Jingumae 6 Building	2,398	2,470	2,730	-260	4.20%	3.80%	0.40%	4.00%	3.60%	4.40%	4.00%
8953 Saitama Urawa Building	27,008	26,200	28,500	-2,300	4.90%	4.50%	0.40%	4.60%	4.20%	5.10%	4.70%
G-Bldg. Jingumae 01	3,435	3,630	3,900	-270	4.40%	4.10%	0.30%	3.90%	3.60%	4.40%	4.10%
G-Bldg. Jingumae 02	2,340	1,850	2,250	-400	4.30%	4.00%	0.30%	4.00%	3.70%	4.40%	4.10%
Subtotal (yield is a simple average)	274,105	269,570	299,782	-30,212	5.08%	4.67%	0.41%	4.73%	4.33%	5.18%	4.76%

(Note) The book value, Direct cap rate, DCF discount rate and DCF terminal cap rate are based on appraisals by licensed real estate agents (CBRE, Daiwa Real Estate Appraisal and Japan Real Estate Institute).

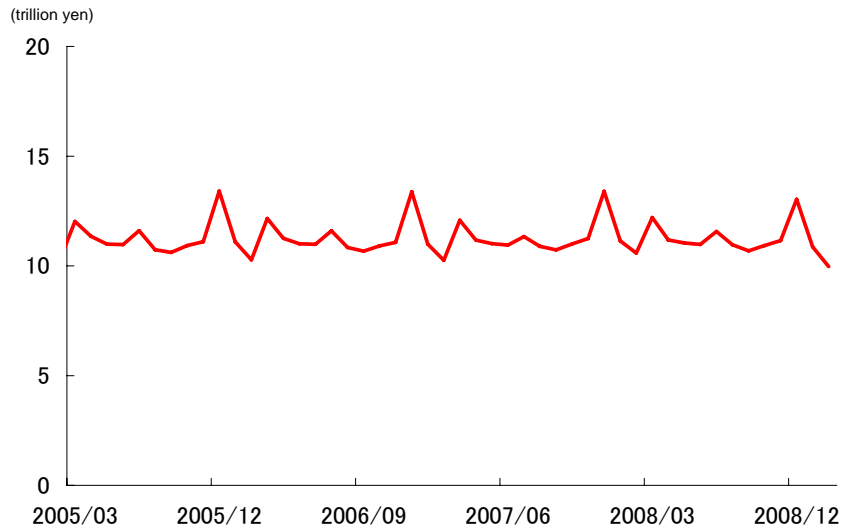
Portfolio List (48 properties) - Appraisal Cap Rate

Name	Book Value (mn yen)	Appraisal Value (mn yen)			Direct Cap Rate			DCF Discount Rate		DCF Terminal Cap Rate	
		Feb. 2009	Aug. 2008	Variation	Feb. 2009	Aug. 2008	Variation	Feb. 2009	Aug. 2008	Feb. 2009	Aug. 2008
Osaka, Nagoya and surrounding areas											
8953 Osaka Shinsaibashi Building	13,439	14,500	16,200	-1,700	5.10%	4.60%	0.50%	4.60%	4.10%	5.00%	4.50%
Nara Family	31,480	34,000	37,300	-3,300	6.40%	6.00%	0.40%	5.40%	4.80%	6.40%	5.80%
Ito-Yokado Narumi	7,841	5,840	6,630	-790	7.10%	6.40%	0.70%	5.90%	5.30%	6.50%	5.90%
AEONMALL Higashiura	8,414	10,400	11,300	-900	5.60%	5.20%	0.40%	5.20%	4.70%	5.90%	5.40%
JUSCO City Takatsuki	11,196	9,930	11,700	-1,770	6.30%	5.80%	0.50%	6.20%	5.70%	6.50%	6.00%
JUSCO City Yagoto	3,799	3,680	4,020	-340	6.50%	6.00%	0.50%	6.30%	5.80%	6.60%	6.10%
JUSCO City Nishi Otsu	13,221	11,200	12,200	-1,000	6.00%	5.50%	0.50%	5.90%	5.40%	6.10%	5.60%
Kyoto Family	5,414	5,970	6,550	-580	6.20%	5.60%	0.60%	5.60%	5.00%	6.60%	6.00%
Loc City Ogaki	4,581	4,340	4,750	-410	9.80%	9.00%	0.80%	7.10%	5.90%	15.40%	14.70%
Kawaramachi OPA	18,870	16,700	18,000	-1,300	4.70%	4.40%	0.30%	4.20%	4.00%	4.50%	4.20%
AEONMALL Tsurumi Leafa	29,414	27,700	30,600	-2,900	5.20%	4.70%	0.50%	4.90%	4.40%	5.40%	4.80%
AEONMALL Itami Terrace	20,726	18,800	19,800	-1,000	5.10%	4.80%	0.30%	4.60%	4.40%	5.30%	5.00%
Ario Otori	19,430	16,100	18,200	-2,100	5.40%	4.80%	0.60%	5.10%	4.50%	5.60%	4.90%
Subtotal (yield is a simple average)	187,825	179,160	197,250	-18,090	6.11%	5.60%	0.51%	5.46%	4.92%	6.60%	6.07%
Other major city											
Sendai Nakayama SC	9,575	10,800	12,500	-1,700	7.00%	6.10%	0.90%	6.10%	5.10%	6.60%	5.60%
Hakata Riverain	6,504	6,160	7,480	-1,320	6.10%	5.60%	0.50%	5.90%	5.40%	6.30%	5.90%
AEON Kashiihama SC	12,840	13,600	15,100	-1,500	5.90%	5.30%	0.60%	5.60%	5.00%	6.10%	5.50%
AEON Sapporo Naebo SC	8,173	8,830	10,800	-1,970	6.50%	5.30%	1.20%	6.10%	5.00%	6.70%	5.50%
Tobata SATY	6,054	6,050	7,180	-1,130	7.30%	6.10%	1.20%	6.70%	5.50%	7.80%	6.60%
JUSCO Naha	10,694	10,700	11,500	-800	5.70%	5.20%	0.50%	5.60%	5.20%	6.10%	5.60%
AEON Ueda SC	9,334	8,210	8,820	-610	5.90%	5.50%	0.40%	5.60%	5.30%	6.20%	5.70%
Oyama Yuen Harvest Walk	10,087	7,070	8,840	-1,770	7.40%	6.00%	1.40%	7.00%	6.00%	7.50%	6.40%
AEON Sapporo Hassamu SC	18,406	17,200	18,400	-1,200	5.30%	4.90%	0.40%	5.00%	4.70%	5.40%	5.00%
Subtotal (yield is a simple average)	91,667	88,620	100,620	-12,000	6.34%	5.56%	0.79%	5.96%	5.24%	6.52%	5.76%
Portfolio Total (yield is a simple average)	553,619	537,350	597,652	-60,302	5.57%	5.07%	0.50%	5.14%	4.65%	5.79%	5.28%

(Note) The book value, Direct cap rate, DCF discount rate and DCF terminal cap rate are based on appraisals by licensed real estate agents (CBRE, Daiwa Real Estate Appraisal and Japan Real Estate Institute).

Reference: Japan's Retail Market

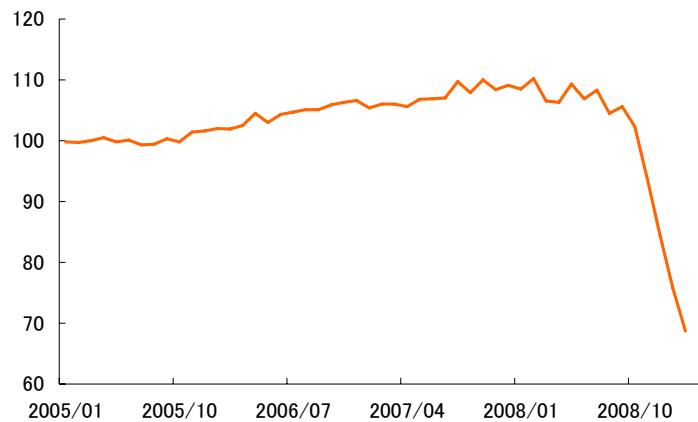
➤ Retail sales



Due to economic crisis triggered by the last year's Lehman Shock, indicators of economic trends of Japanese economy are also deteriorating. For example, industrial production index and machinery orders received declined significantly. On the other hand, commercial sales statistics that indicate retail sales trend remain steady.

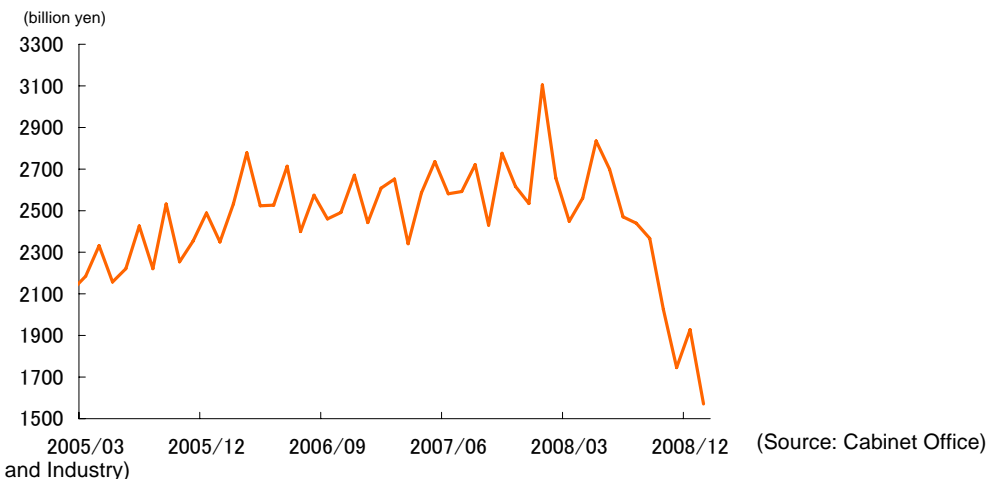
(Source: Ministry of Economy, Trade and Industry)

➤ Industrial production index (2005 = 100)



(Source: Ministry of Economy, Trade and Industry)

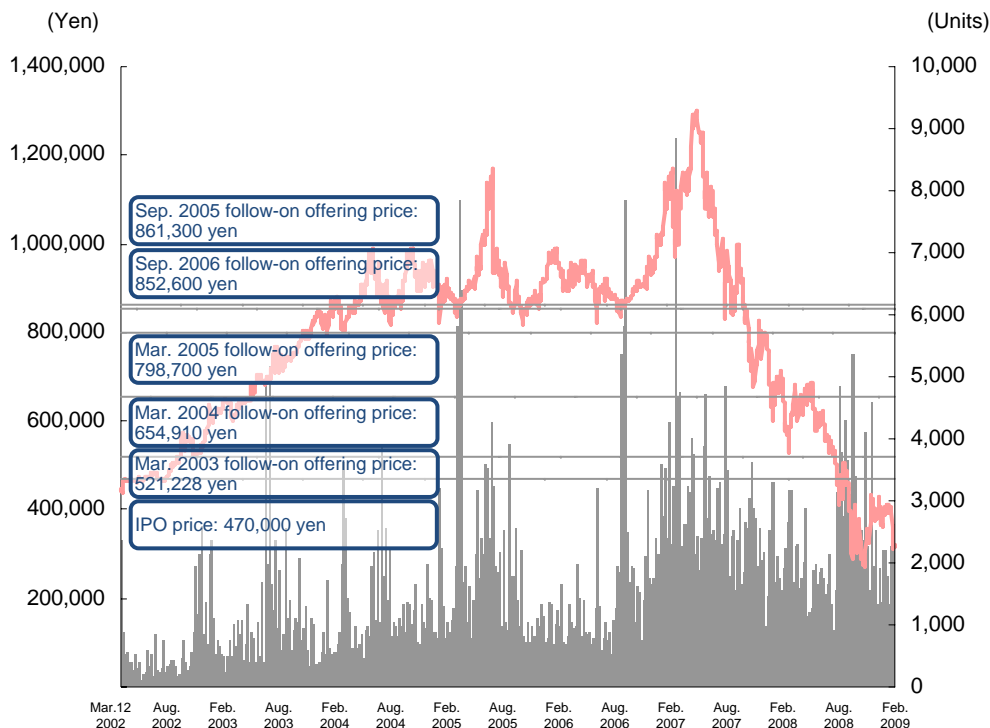
➤ Total machinery orders received (seasonally-adjusted)



(Source: Cabinet Office)

Historical Performance of Investment Unit Price

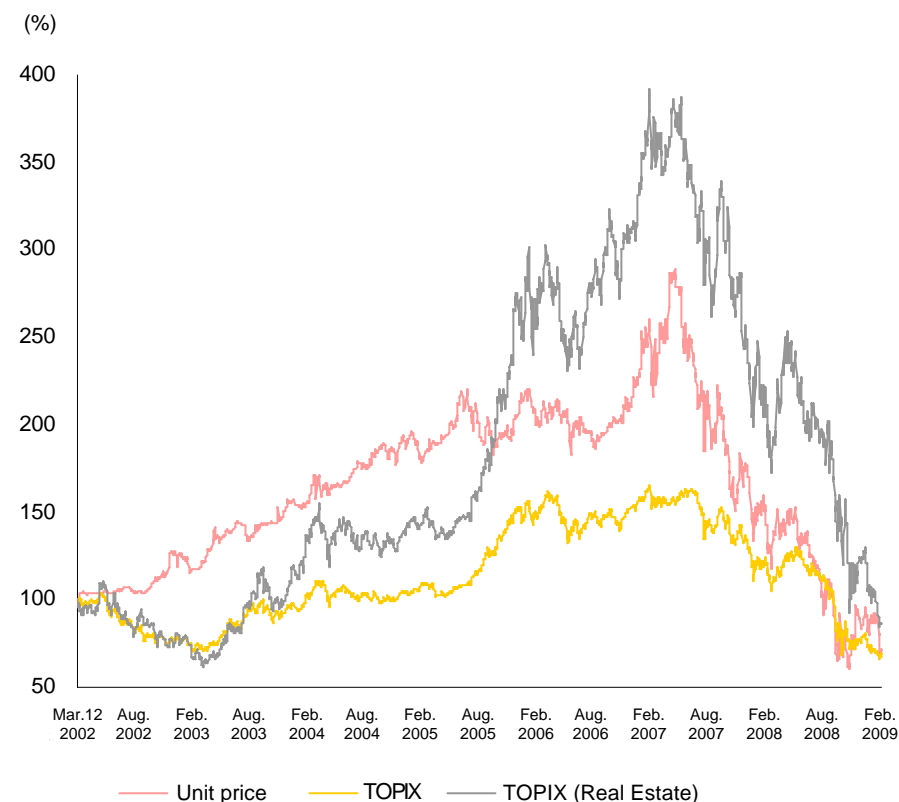
Price per unit (through Feb. 2009) (Note)



Highest price	1,300,000 yen	(May 15, 2007)
Lowest price	273,000 yen	(Nov. 20, 2008)
Average price per unit	739,222 yen	(As of Feb. 27, 2009)
Total volume	1,750,052 units	(As of Feb. 27, 2009)
Daily average volume	1,022 units	(As of Feb. 27, 2009)

(Note) Closing price basis
Source: Bloomberg

Relative price fluctuations (through Feb. 2009) (Note 1,2)



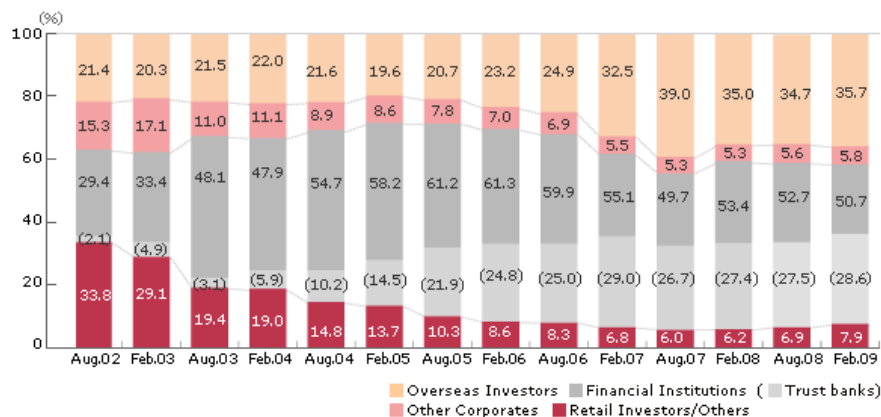
(Note 1) On a closing price basis

(Note 2) Closing price on March 12, 2002, as 100%

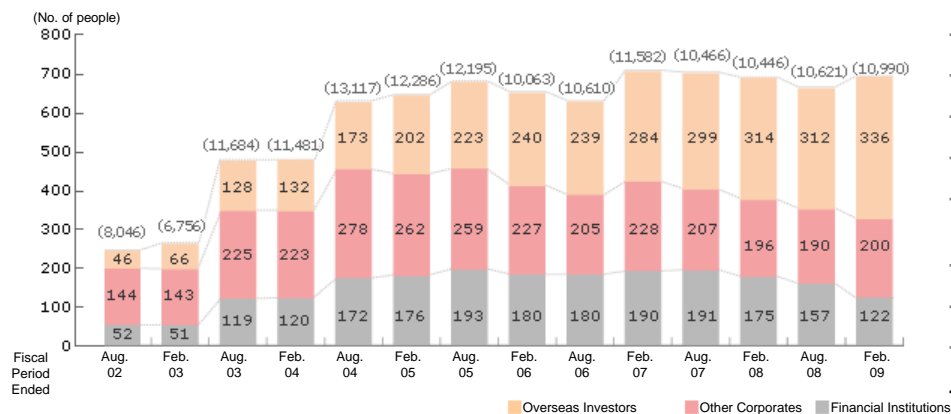
Source: Bloomberg

Investor Analysis

Ownership Ratio by Investor Type



Numbers of Unitholders by Investor Type



(Note1) Excludes retail investors and others.

(Note2) The figures in parentheses represent the total number of unitholders including retail and other investors.

Top 20 unitholders as of Feb. 28, 2009

Rank	Name	Units held	Percentage (%)
1	NikkoCiti Trust and Banking Corporation, trust account	32,133	8.31
2	Japan Trustee Services Bank, trust account	22,257	5.75
3	Trust and Custody Services Bank, trust account	22,056	5.70
4	The Master Trust Bank of Japan, trust account	14,620	3.78
5	Mitsubishi Corporation	13,975	3.61
6	Government of Singapore Investment Corporation Pte Ltd.	13,803	3.57
7	The Nomura Trust and Banking Co., Ltd, Investment Trust	13,253	3.42
8	The Fuji Fire and Marine Insurance	10,140	2.62
9	The Bank of New York, Treaty JASDEQ Account	9,110	2.35
10	State Street Bank and Trust Company	8,992	2.32
11	The Bank of Ikeda	8,346	2.15
12	AIG Star Life Insurance, general account	7,457	1.92
13	The Bank of New York, Tax Treaty JASDEQ Omnibus II	6,696	1.73
14	North Pacific Bank	6,436	1.66
15	The Momiji Bank, Ltd.	4,857	1.25
16	The Chugoku Bank, Ltd.	4,443	1.14
17	National Mutual Insurance Federation of Agricultural Cooperatives (JA-kyosai)	4,405	1.13
18	Nomura Securities Company	4,223	1.09
19	Kansai Urban Banking Corporation	3,960	1.02
20	The Hiroshima Bank, Ltd.	2,996	0.77
Total		214,158	55.29

Management Company Structure

» Structure

Asset Management Company :

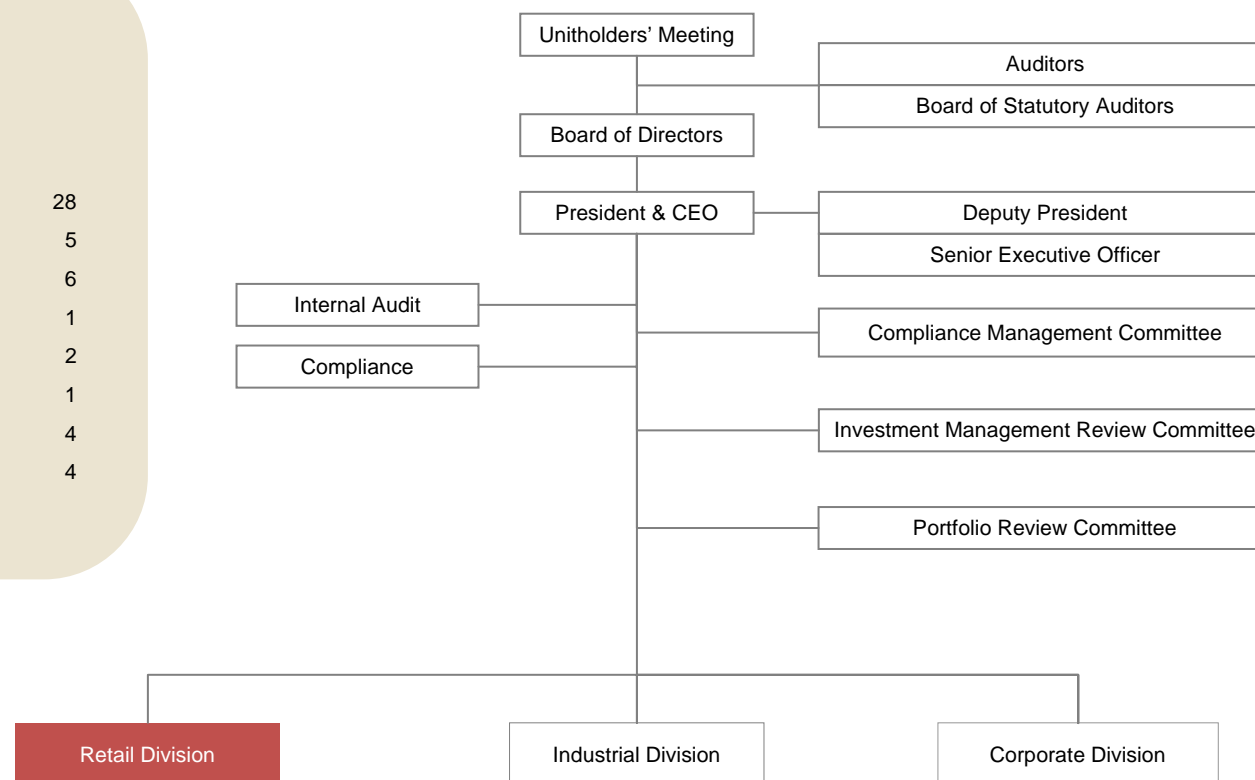
92 staff members

(excluding part-time directors and employees)

Staff qualifications

Licensed real estate agents	28
Licensed 1st class architects	5
Property appraisers	6
CFAs (Chartered Financial Analysts)	1
Chartered members of SAAJ	2
Certified public accountants	1
Certified tax accountants	4
MBA holders (incl. both US and UK)	4

(Note) As of Apr. 1, 2009



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