

**Japan Retail Fund Investment Corporation**  
**15<sup>th</sup> Asset Management Report**  
**(Semi-Annual Report 15<sup>th</sup>)**

**March 1, 2009 – August 31, 2009**



**Japan Retail Fund Investment Corporation**

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## Greetings from the Executive Directors

We sincerely wish for the continued health and prosperity of all JRF investors.

In the first half of the fiscal period ended August 2009, with the operating environment continuing to be harsh from the prior period, JRF placed top priority on the improvement of the quality of the portfolio and strengthening the financial position, in accordance with the Medium-term Business Policy.

With respect to property replacement and internal growth, we used the proceeds from the sale of the JUSCO Chigasaki Shopping Center which was sold in the prior period, and acquired “G-Bldg. Minami Aoyama 01”, which is an urban type retail property. Acquisition of “G DINING Sapporo” which is a restaurant property in Sapporo City was also concluded within the period although the timing of the acquisition was changed slightly due to floor structure changes.

With regard to financial aspects, we strived to secure short-term liquidity and convert interest-bearing liabilities into long-term borrowings, and carried out refinancing and prepaid some outstanding loans. In addition, we significantly improved our financial stability through such measures as borrowing a total of 40 billion yen in long-term loans from the Development Bank of Japan Inc.

With respect to operating revenue, although some spaces in urban type retail property were slow to lease due to the effects of weak consumer spending, on the other hand penalty payments from tenancy cancellations led to a result which was slightly higher than the period before at 20,503 million yen. Lower financing costs and cuts to operating costs enabled us to achieve net income of 5,880 million yen and distributions per unit of 15,216 yen, exceeding the results of the prior period.

We are currently seeing signs of improvement in the economy and financial markets and real estate market trends, and believe that we have overcome the worst period for Japan’s economy. However we believe the current consumer market will still continue to be difficult for some time. Under such circumstances, we expect distributions per unit to be 13,534 yen for the fiscal period ended February 2010 due to the effects of increased interest costs from long-term loans borrowed as part of our measures to improve our financial position and the absence of any penalty revenue incurred in the current period. As we have previously announced, although this distribution level is based on the crisis management scenario, it sets a firm tone in preparation for the next jump.

With the appointment of a new president at Mitsubishi Corp. - UBS Realty Inc. (Asset Management Company), we will continue to exert our efforts, and kindly ask for the ongoing support of our investors.

Yorishige Kondo,  
Executive Director  
Japan Retail Fund Investment Corporation

# Report from the Asset Management Company

We sincerely wish for the continued health and prosperity of all JRF investors.

I was appointed as the President & CEO of Mitsubishi Corp. – UBS Realty Inc. on October 1, 2009. While continuing along the route and direction cultivated under the leadership of the former president, Yuichi Hiromoto, I will do my utmost to further fortify the foundations of Japan Retail Fund Investment Corporation (JRF), and further develop and grow the business in a way befitting of a new era, and I look forward to receiving the continued support and encouragement of our investors.

## Review of the fiscal period ended August 2009

In this period, amidst the harsh environment encompassing JRF, we strived to strengthen our financial position and improve the quality of the portfolio based on the partially revised “Crisis Management Scenario” key measures of the “Medium-term Business Policy” which was established in April 2008.

Firstly, with respect to financing, we borrowed a total of 40 billion yen in long-term loans (Terms; 5 years, 7 years and 9 years) from the Development Bank of Japan Inc., and proceeded preparations for a loan of 5 billion yen with a term of ten years from American Family Life Assurance Company of Columbus (AFLAC), and concluded the loan on September 4, 2009 (the fiscal period ended February 2010). Since these long-term loans were primarily applied to repayment, etc. of short-term debt borrowed through commitment lines, long-term loans as a ratio of interest-bearing liabilities increased significantly and the amount of unused commitment line increased, thus enabling us to strengthen our financial base so that we can also focus on redeeming unsecured corporate bonds. (We re-established a commitment line of 40 billion yen on September 29, 2009.)

With regards to improving the quality of the portfolio, we acquired an urban type retail property “G-Bldg. Minami Aoyama 01” (Minato-ku, Tokyo) for 6.43 billion yen as part of our property replacement initiatives, and acquired JRF’s second restaurant building “G DINING SAPPORO” (Sapporo City, Hokkaido) for 2.75 billion yen. Additionally, as part of our “Active Projects” for the Medium-term Business Policy, we have started extensions to “Abiko Shopping Plaza” and plan to increase the floor space, etc. at “Higashi-Totsuka Aurora City” in order to enhance competitiveness. We have also undertaken cutting management costs for such expenses as property management fees, etc.

## Preparations for the Next Step

As a result of such measures we were able to achieve results for the current period which were roughly in line with forecasted figures, however, although suburban-type retail properties were relatively strong and rental revenues were very stable, there are some remaining issues, such as the slow progress with leasing of urban type retail properties. Nevertheless, it has been a great accomplishment, under our objective of “withstand headwinds and overcome the crisis”, to have been able to achieve stable operations.

Since the middle of the current period the financial environment encompassing J-REIT has been heading towards gradual improvement due to such factors as government support measures, and there has been an easing of severity of raising funds, including borrowing costs, etc. The market for buying and selling real estate also is showing gradual signs of improving from the situation where there were hardly any transactions concluded, and we have also been receiving information on properties which are attractive in terms of quality and investment yields and which may be candidates for acquisition. In view of such, we believe the worst has passed with respect to the investment environment, and the conditions for expansion of scale are once again are coming into place. Going forward JRF will, based on certain achievements with respect to the “Crisis

Management Scenario”, consider switching gears from its heretofore “defensive” investment approach to a more proactive stance with regard to external growth.

However, personal consumption – which is a lagging indicator of the state of the economy – is expected to still continue to be weak, and we believe there will be a further intensification of the shakeout of “strong stores” and “stores that survive”. For this reason we will concentrate management resources on select plans from the perspective of such factors as return on investment, competitiveness as a center in the medium to long term, and cost effectiveness, etc., and focus on portfolio management aimed at further enhancement of JRF’s “No. 1 store in the area” and development ahead of the shakeout.

### **Towards New Growth**

J-REIT is finally about to emerge from the unprecedented difficulties which have been ongoing for more than one year. Although this period brought with it much pain, as an industry we have overcome the trials and must use those experiences to aim for new growth. It is vital that we attain “middle risk/middle returns”, which is the fundamental feature of J-REIT, and create an investment product in which investors can invest securely.

This asset management company, based on a highly entrepreneurial spirit, has always attempted new endeavors and new ways in managing JRF’s assets. Going forward we will steadfastly ground ourselves in the basics, and at the same time seek out the form of J-REIT for a new era while clearly articulating JRF’s direction, and undertake initiatives with the determination to lead the industry.

Retail centers are real estate that are closely related to our everyday lives, as well as being a place that is fun and embody dreams. Retail centers also have a characteristic which is different to any other asset, in that investors can experience the center first-hand by shopping there. I plan to devote the asset management company’s experience and know-how to develop JRF’s property holdings into centers which please customers and also stimulate new needs.

I will also undertake to further enhance provision of information and services in order that private investors may attain a deeper understanding of JRF. To that end, we have established a new home page for private investors on the JRF website, so please be sure to use it.

Similarly to former president Yuichi Hiromoto, I will strive to live up to everybody’s expectations, and kindly ask for your continued support and encouragement.

Takuya Kuga  
President & CEO  
Mitsubishi Corp. – UBS Realty Inc.

#### Profile

Takuya Kuga

Joined Mitsubishi Corporation in 1986, and after working in sales related to construction and building equipment, started working in the US real estate investment business in 1994. For six years from 1997 to 2003 he was transferred to Dallas and Los Angeles, primarily planning development of revenue real estate properties for US REITs. After returning to Japan in 2003 he was involved in development of AEON Sapporo Naebo shopping center and AEON Sapporo Hassamu shopping center, etc. which are currently properties held by JRF. In May 2008 he was appointed as President & CEO of Diamond Realty Management Inc., a private real estate fund business. In June 2009 he was appointed as Director of Mitsubishi Corp. – UBS Realty Inc., and on October 1, 2009 was appointed President & CEO.

# I. ASSET MANAGEMENT REPORT

## Outline of asset management operation

### 1. Operating results and financial position

Fiscal period			11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>
As of /for the six months ended			August 31, 2007	February 29, 2008	August 31, 2008	February 28, 2009	August 31, 2009
Operating revenues	Note 1	(Millions of yen)	18,490	18,708	20,254	20,447	20,503
(Rental revenues)	Note 1	(Millions of yen)	(17,629)	(18,708)	(20,254)	(20,359)	(20,503)
Operating expenses	Note 1	(Millions of yen)	11,082	11,199	12,475	12,563	12,729
(Rental expenses)	Note 1	(Millions of yen)	(9,232)	(9,272)	(10,343)	(10,442)	(10,593)
Operating income		(Millions of yen)	7,408	7,508	7,778	7,883	7,773
Recurring profit		(Millions of yen)	6,409	6,145	6,095	6,040	5,897
Net income	(a)	(Millions of yen)	6,396	6,131	6,080	5,820	5,880
Net assets	(b)	(Millions of yen)	257,160	256,896	256,845	256,584	256,645
(Period-on period change)		(%)	(+0.1)	(-0.1)	(-0.0)	(-0.1)	(+0.0)
Total assets	(c)	(Millions of yen)	488,747	546,831	589,630	578,674	588,500
(Period-on period change)		(%)	(+1.7)	(+11.9)	(+7.8)	(-1.9)	(+1.7)
Unitholders' capital		(Millions of yen)	250,764	250,764	250,764	250,764	250,764
(Period-on period change)		(%)	(0.0)	(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)	665,354	664,670	664,538	663,864	664,020
Dividends	(e)	(Millions of yen)	6,396	6,131	6,080	5,820	5,881
Dividend per unit	(e)/(d)	(Yen)	16,549	15,865	15,733	15,059	15,216
(Profit dividend per unit)		(Yen)	(16,549)	(15,865)	(15,733)	(15,059)	(15,216)
(Dividend per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of recurring profit to total assets	Note 2	(%)	1.3 (2.6)	1.2 (2.4)	1.1 (2.1)	1.0 (2.1)	1.0 (2.0)
Return on unitholders' equity	Note 2	(%)	2.5 (4.9)	2.4 (4.8)	2.4 (4.7)	2.3 (4.6)	2.3 (4.5)
Ratio of net assets to total assets	(b)/(c)	(%)	52.6	47.0	43.6	44.3	43.6
(Period-on period change)		(%)	(-0.9)	(-5.6)	(-3.4)	(+0.7)	(-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)	12,056	13,596	14,668	14,764	14,762
Net profit margin	Note 2	(%)	34.6	32.8	30.0	28.5	28.7
Debt service coverage ratio	Note 2	(Multiple)	11.8	8.9	7.8	7.4	7.5
Funds from operation (FFO) per unit	Note 2	(Yen)	23,790	26,628	28,043	27,374	27,770
FFO multiples	Note 2	(Multiple)	20.1	12.0	8.2	5.8	9.0
Distributable income per unit after adjustment for taxes on property and equipment	Note 3	(Yen)	16,493	15,614	15,495	14,864	15,191
FFO per unit after adjustment for taxes on property and equipment	Note 3	(Yen)	23,734	26,377	27,806	27,179	27,745

Note 1 Consumption tax are not included.

Note 2 Figures are calculated as below formulas. Percentages in parentheses are annualized using 184, 182, 184, 181 and 184 days for 11<sup>th</sup>, 12<sup>th</sup>, 13<sup>th</sup>, 14<sup>th</sup> and 15<sup>th</sup> 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 per unit 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 15<sup>th</sup> fiscal period

### (1) Principal activities

JRF was established under the Law Concerning Investment Trusts and Investment Corporations of Japan (“the Investment Act”) on September 14, 2001. It was the first investment corporation in Japan to specifically target commercial property assets. It has steadily acquired assets and grown since being listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange (Stock code: 8953) on March 12, 2002.

After listing, JRF 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 the target we set at the time of listing, which was to have total assets of ¥400 billion within five years. By the end of the 13th Fiscal Period (ended August 31, 2008), we had acquired a further nine properties and disposed of one. Between the 14th and 15th Fiscal Periods, we acquired one property, as scheduled. In addition, we disposed of one property, and acquired one property as part of asset replacement under the medium-term business policy (announced in April 2008). As a result, as of the end of the 15th Fiscal Period (August 31, 2009), we were managing 50 properties (with a net asset value of ¥588.5 billion).

As of October 14, 2009, JRF has total investments of ¥250.7 billion and 386,502 units issued.

### (2) Investment environment and results

With regard to the real estate market surrounding retail property during the fiscal period under review, the prolonged sluggishness of real estate transactions continued due to a rapid deterioration of the fund-raising environment amid the worldwide credit contraction triggered by the subprime housing loan problem; and more-than-expected fund outflows from the real estate financial market.

In the retail industry, its business environment remained severe hurt by weak sales at department stores and high-end brand stores owing to a sluggishness in overall consumer spending. An increasing number of large general retailers announced that they would restructure their existing outlets and postpone or temporarily suspend new store openings. Meanwhile, sales of daily necessities, centering on foodstuffs, were relatively steady at the commercial facilities which have excellent marketing areas and convenient access, and are competitive. Given this, the gap between commercial bodies is expected to widen.

Under such circumstances, JRF introduced the “Crisis Management Scenario” and prioritized the enhancement of its financial structure in the fiscal period under review.

During the fiscal period under review, JRF acquired in March 2009 G DINING SAPPORO, which it had planned to acquire in the previous fiscal period as an urban retail building, and G-Bldg. Minami Aoyama 01, as an asset to replace JUSCO Chigasaki SC which was disposed of in the previous fiscal period, under the policy of improving portfolio quality in line with the medium-term business policy.

Looking at the specific assets that JRF holds as income-type assets<sup>Note</sup>, rental revenue continued to be very stable supported by long-term lease contracts, mainly master leases, with top quality tenants such as AEON Retail, Ito-Yokado and AEONMALL; and occupancy rates of close to 100%. Meanwhile, with regard to our growth-type assets<sup>Note</sup> including Hakata Riverain, Nara Family, Abiko Shopping Plaza, Kyoto Family, Higashi-Totsuka Aurora City, Oyama Yuen Harvest Walk and GYRE, we are continuing to replace tenants and engage in associated renewal and promotional activities, aiming to maximize the potential values of these retail properties.

Note: Income-type assets are specific assets that are managed with priority given to yielding stable cash flows over the medium and long term. Growth-type assets are specific assets that are managed by giving priority to increasing asset values and cash flows.

### (3) Funding

During the previous fiscal period, JRF increased its commitment line to ¥40.0 billion and took out new long-term loans of ¥11.0 billion, in order to ensure short-term liquidity and extend debt maturities. In the period under review, we also took out new long-term loans of ¥40.0 billion while repaying short-term loans of ¥25.0 billion, and thus we had at our disposal new loans up to the limit of ¥40.0 billion. Besides, we refinanced and partially repaid short-term borrowings. As a result, outstanding debt at the end of the fiscal period under review was ¥154.4 billion, of which ¥96.0 billion was short-term debt and ¥58.3 billion was long-term debt.

The total balance outstanding on our first through sixth corporate bonds issued until the previous period was ¥100.0 billion as of the end of the period under review.

### (4) Results and distributions

For the fiscal period under review, operating revenue was ¥20,503 million, and operating income was ¥7,773 million, after deducting operating expenses such as fixed property tax, utilities charges, and asset management fees. Recurring profit was ¥5,897 million, and net income was ¥5,880 million.

The distribution per unit will be ¥15,216. This represents 100% of the profit available for distribution at the end of the period under review, after disregarding amounts less than ¥1 per unit, and after applying 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 August 31, 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	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>
As of /for the six months ended	August 31, 2007	February 29, 2008	August 31, 2008	February 28, 2009	August 31, 2009
Highest price	1,320,000	1,020,000	696,000	506,000	522,000
Lowest price	815,000	600,000	401,000	251,000	302,000
Closing price at end of period	950,000	640,000	455,000	321,000	496,000

## 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 ¥15,216 for the six months ended August 31, 2009.

Fiscal period	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>
As of /for the six months ended	August 31, 2007	February 29, 2008	August 31, 2008	February 28, 2009	August 31, 2009
Net income (Thousands of yen)	6,396,342	6,131,888	6,080,780	5,820,421	5,880,818
Retained earnings (Thousands of yen)	150	184	129	217	21
Total dividends (Thousands of yen)	6,396,221	6,131,854	6,080,835	5,820,333	5,881,014
(Dividend per unit) (Yen)	(16,549)	(15,865)	(15,733)	(15,059)	(15,216)
Profit dividends (Thousands of yen)	6,396,221	6,131,854	6,080,835	5,820,333	5,881,014
(Profit dividend per unit) (Yen)	(16,549)	(15,865)	(15,733)	(15,059)	(15,216)
Unitcapital refunds (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit) (Yen)	(-)	(-)	(-)	(-)	(-)

## 5. Management policies and Issues

### (1) Outlook for overall operations

Looking at the domestic macro economy, the risk of a further deterioration appears to have been averted due to a series of economic measures taken by the government. However, consumers are continuing to cut back on spending owing to mounting concern about job security (amid the rising jobless rate and the falling ratio of jobs available to job seekers) and reducing their disposal income.

The effects of policies to stimulate consumer spending by the new Democratic Party of Japan government are still unclear. However, we think that the success of the economic measures to improve domestic demand will contribute to higher sales of retailers.

Meanwhile, we believe that since April 2009 the fund-raising environment for the Japan real estate investment trust (J-REIT) has been emerging from the worst situation it has ever faced. In addition, signs of recovery, though moderate, in transaction volume can be seen in the real estate market due to a gradual rise in relatively attractive, potential properties for investment.

### (2) Issues confronting JRF

In the environment described above, JRF decided to basically complete the Crisis Management

Scenario that was set up in the previous fiscal period and that prioritizes enhancement of the financial base. This decision was based on its judgment that it had resolved financial issues by borrowing long-term debt and that the environment surrounding the real estate market will not get any worse. Meanwhile, JRF will run its business again in line with the Basic Scenario that was initially set up in the medium-term business policy, while looking for opportunities for growth including external growth. In doing this, we will take into account cautious internal growth strategies and continued conservative financial operations, in light of the ongoing severe retail environment.

①Investment strategy

In line with its medium-term business policy, JRF will basically replace properties by seizing any opportunities while responding to the situation of the real estate market, upgrade the quality of our existing portfolio, maintain stable distributions and increase distributions over the medium to long term, improve NAV per unit, and look for opportunities to achieve external growth that increases investors' value.

②Internal growth strategy

Under the harsh environment for consumers, which is expected to last for some time, JRF will actively pursue internal growth by implementing only those measures that are likely to be cost effective and sustainable and that are relatively inexpensive, while positioning the measures for making income-type assets into growth-type assets as the key measures.

③Financial strategy

JRF will make efficient use of tenant deposits and guarantees (balance of ¥72.8 billion at the end of the 15th Fiscal Period). We will also make use of existing funding, including a total of ¥142.5 billion in unsecured bank loans, ¥40.0 billion in commitment lines, and ¥50.0 billion in commercial paper (all as of the end of the fiscal period under review), while looking at bond issues using the shelf registration system. In addition, we will reduce fund-raising costs by lowering the spread, secure long-term funds in preparation for the redemptions of our bonds worth ¥20.0 billion that will come in February 2010, and maintain and improve the long-term debt ratio through new long-term borrowings.

We will also continue to implement conservative financial strategies and agile and flexible leverage control so that we can respond to future changes in the financial and economic environments.

## **6. Subsequent events**

Nothing to be noted.

## Outline of the Investment Corporation

### 1. Investment unit

Fiscal period As of	11 <sup>th</sup> August 31, 2007	12 <sup>th</sup> February 29, 2008	13 <sup>th</sup> August 31, 2008	14 <sup>th</sup> February 28, 2009	15 <sup>th</sup> August 31, 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)	10,438	10,447	10,621	10,990	11,052

### 2. Unitholders

Major unitholders as of August 31, 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	31,325	8.10
Trust and Custody Services Bank, Trust Account	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	27,164	7.02
Japan Trustee Services Bank, Trust Account	8-11, Harumi 1-chome, Chuo-ku, Tokyo	26,146	6.76
Mitsubishi Corporation	3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	13,975	3.61
The Government of Singapore Investment Corporation Pte Ltd.	168 ROBINSON ROAD #37-01 CAPITAL TOWER SINGAPORE 068912	13,953	3.61
The Nomura Trust and Banking Co., Ltd., Trust Account	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	12,046	3.11
CBLDN STICHTING PGGM DEPOSITORY	UTRECHTSEWEG 91 3702 AA ZEIST, POSTBUS 4004 3700 KA ZEIST, THE NETHERLANDS	11,432	2.95
The Master Trust Bank of Japan, Trust aAccount	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	10,865	2.81
The Fuji Fire and Marine Insurance Co., Ltd.	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	7,739	2.00
Total		164,785	42.63

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 August 31, 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	Representative of Sato 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
Agency for unit investment securities transference and administrator regarding special account management	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 February 28, 2009		As of August 31, 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	5,834	1.0	12,322	2.1
Trust beneficial interest in real property	Tokyo metropolitan area	268,281	46.4	266,487	45.3
	Osaka and Nagoya metropolitan areas	187,831	32.5	186,516	31.7
	Other metropolitan areas	91,672	15.8	93,877	15.9
	Sub-total	547,785	94.7	546,881	92.9
Bank deposits and other assets		25,055	4.3	29,296	5.0
Total assets		578,674	100.0	588,500	100.0

### 2. Major property

The principal properties (top ten properties in net book value) as of August 31, 2009 were as follows:

Name of property	Net book value (Millions of yen)	Leasable area (Note 1) (m <sup>2</sup> )	Leased area (Note 2) (m <sup>2</sup> )	Occupancy ratio (Note 3) (%)	Ratio of rental revenue to total rental revenues (Note 3) (%)	Major use
Higashi-Totsuka Aurora City (trust beneficial interest)	50,599	107,597.69	107,597.69	100.0	6.6	Retail facilities
Nara Family (trust beneficial interest)	31,588	85,000.26	83,640.44	98.4	9.9	Retail facilities
AEON Yachiyo Midorigaoka Shopping Center (trust beneficial interest)	30,364	132,294.48	132,294.48	100.0	3.3	Retail facilities
AEONMALL Tsurumi Leafa (trust beneficial interest)	29,087	138,538.63	138,538.63	100.0	4.4	Retail facilities
8953 Saitama Urawa Building (trust beneficial interest)	26,676	64,236.71	64,236.71	100.0	- (Note 4)	Retail facilities
GYRE (trust beneficial interest)	22,822	4,934.28	4,777.96	96.8	3.3	Retail facilities
AEONMALL Itami Terrace (trust beneficial interest)	20,567	157,904.26	157,904.26	100.0	2.8	Retail facilities
Ario Otori (trust beneficial interest)	19,175	95,135.36	95,135.36	100.0	2.6	Retail facilities
Kawaramachi OPA (trust beneficial interest)	18,821	18,848.20	18,848.20	100.0	1.8	Retail facilities
AEON Sapporo Hassamu Shopping Center (trust beneficial interest)	18,213	102,169.00	102,169.00	100.0	2.8	Retail facilities
Total	267,916	906,658.87	905,142.73	99.8	41.2	

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 August 31, 2009 were as follows:

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m <sup>2</sup> )	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	9,497
ESPA Kawasaki	1,2 Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficial interest	65,313.47	13,290	14,775
8953 Osaka Shinsaibashi Building	4-12, Minami Senba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	13,800	13,366
Hakata Riverain (Note 4)	3-1, Shimo-Kawabata-machi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	25,920.12	5,630	6,357
Ito-Yokado Narumi	232, Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	50,437.91	5,310	7,769
8953 Minami Aoyama Building	8-5, Minami Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficial interest	1,529.15	5,960	5,331
Nara Family	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	85,000.26	32,400	31,588
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba, etc.	Trust beneficial interest	42,642.44	11,700	10,183
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,830	1,525
Ito-Yokado Kamifukuoka Higashi	1-30, Ohara 2-chome, Fujimino-shi, Saitama	Trust beneficial interest	28,316.18	6,640	6,542
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	12,200	12,100
8953 Daikanyama Building	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,290	1,262
8953 Harajuku Face Building	32-5, Jingumae 2-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,479.10	3,810	2,756
AEONMALL Higashiura	62-1, Aza-toueicho, Oaza-ogawa, Higashiuracho, Chita-gun, Aichi	Trust beneficial interest	129,124.73	9,920	8,325
AEON Kashiihama Shopping Center	12-1, Kashiihama 3-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	109,616.72	13,300	12,743
AEON Sapporo Naebo Shopping Center	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,560	8,052
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,934.28	25,000	22,822
Esquisse Omotesando Annex	1-17, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	540.78	1,280	884
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	4,840	4,959
Bic Camera Tachikawa (Note 5)	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo	Trust beneficial interest	20,983.43	11,200	11,811
Itabashi SATY	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,253.88	12,500	11,920
8953 Kita Aoyama Building	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,300	985
AEONMALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	17,100	16,369
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	6,910	5,528
Tobata SATY	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	5,820	5,993
JUSCO City Takatsuki	47-2, Haginosho 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	9,600	11,095
8953 Jiyugaoka Building	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	1,814.15	3,091	2,633
JUSCO City Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,778.44	3,570	3,767
JUSCO Naha	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,100	10,904
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	3,750	4,120
JUSCO City Nishi-Otsu	11-1, Ohjigaoka 3-chome, Otsu-shi, Shiga	Trust beneficial interest	62,717.26	10,700	13,132
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	25,606.48	5,660	5,342
Higashi-Totsuka Aurora City	535-1, 536-1, 537-1, 9 Shinanocho, Totsuka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	107,597.69	40,000	50,599
Omiya SATY	574-1, Kushibikicho 2-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	75,344.90	5,840	6,188
Loc City Ogaki	233-1, Nakashima, Mitsuzukacho, Ogaki-shi, Gifu etc.	Trust beneficial interest	57,500.35	4,180	4,476
Kawaramachi OPA	385 Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,600	18,821
AEON Ueda Shopping Center	12-18, Tsuneda 2-chome, Ueda-shi, Nagano	Trust beneficial interest	61,349.07	7,850	9,222
AEONMALL Tsurumi Leafa	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	25,200	29,087

Name of property	Location (Note 1)	Form of ownership	Leasable	Appraisal	Net book value
			area (Note 2) (m <sup>2</sup> )	value at end of period (Note 3) (Millions of yen)	
AEONMALL Itami Terrace	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	17,700	20,567
Ito-Yokado Yotsukaido (Note 6)	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,207.19	10,200	13,805
Oyama Yuen Harvest Walk	1457 Oaza-Kizawa, Oyama-shi, Tochigi	Trust beneficial interest	58,767.20	6,820	9,947
AEON Yachiyo Midorigaoka Shopping Center	1-3, Midorigaoka 2-chome, Yachiyo-shi, Chiba	Trust beneficial interest	132,294.48	22,600	30,364
8953 Jingumae6 Building	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,450	2,395
8953 Saitama Urawa Building	11-1, Higashitakasago-cho, Urawa-ku, Saitama-shi, Saitama	Trust beneficial interest	64,236.71	25,900	26,676
AEON Sapporo Hassamu Shopping Center	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,169.00	16,200	18,213
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka etc.	Trust beneficial interest	95,135.36	15,100	19,175
G-Bldg. Jingumae01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	3,570	3,432
G-Bldg. Jingumae02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,780	2,337
G DINING SAPPORO	2-2, 1-9, 2-1, 2-3, 3-3, Minami 3jo Nishi 3-chome, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	5,271.93	2,690	2,946
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo	Real property	922.30	5,440	6,494
Total			2,531,279.32	517,981	559,203

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 or researched by the real estate appraiser (CB Richard Ellis K.K., Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute and Tanizawa Sōgō Appraisal Co., Ltd.) 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.

Note 5 The appraisal value of Bic Camera Tachikawa was appraised taking no account of a probable construction for earthquake-resistant. "Appraisal value at end of period" may differ from the amount shown in above table due to expenditures on such construction.

Note 6 It was announced that the location of Ito-Yokado Yotsukaido was relocated on September 11, 2009.

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

Name of property	For the six months ended							
	February 28, 2009				August 31, 2009			
	Number of tenants (Note 1)	Occupancy ratio (Note 2)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2)	Number of tenants (Note 1)	Occupancy ratio (Note 2)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2)
		(%)		(%)		(%)		(%)
Sendai Nakayama Shopping Center	2	100.0	446	2.2	2	100.0	450	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 (Note 3)	-	-	193	1.0	-	-	-	-
Hakata Riverain	66	92.1	510	2.5	73	87.8	866	4.2
Ito-Yokado Narumi	1	100.0	264	1.3	1	100.0	264	1.3

Name of property	For the six months ended							
	February 28, 2009				August 31, 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 Minami Aoyama Building	3	89.7	151	0.7	3	90.4	153	0.8
Nara Family	94	96.6	2,145	10.5	122	98.4	2,035	9.9
Abiko Shopping Plaza	53	99.5	746	3.7	54	99.9	687	3.4
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
8953 Daikanyama Building	1	33.5	16	0.1	2	100.0	20	0.1
8953 Harajuku Face Building	4	100.0	105	0.5	4	100.0	104	0.5
AEONMALL Higashiura	1	100.0	467	2.3	1	100.0	479	2.3
AEON Kashiihama Shopping Center	1	100.0	477	2.3	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	630	3.1	16	96.8	679	3.3
Esquisse Omotesando Annex	2	100.0	33	0.2	2	100.0	34	0.2
Ito-Yokado Tsunashima	1	100.0	180	0.9	1	100.0	180	0.9
Bic Camera Tachikawa	2	100.0	390	1.9	2	100.0	389	1.9
Itabashi SATY	1	100.0	663	3.3	1	100.0	657	3.2
8953 Kita Aoyama Building	2	100.0	34	0.2	2	100.0	34	0.2
AEONMALL Yamato	1	100.0	534	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	1.5	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	90	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	395	1.9
Cheers Ginza	9	100.0	100	0.5	9	100.0	109	0.5
JUSCO City Nishi-Otsu	1	100.0	375	1.8	1	100.0	375	1.8
Kyoto Family	61	97.6	641	3.2	60	97.5	636	3.1
Higashi-Totsuka Aurora City	4	100.0	1,356	6.7	4	100.0	1,357	6.6
Omiya SATY	1	100.0	209	1.0	1	100.0	202	1.0
Loc City Ogaki	1	100.0	333	1.6	1	100.0	330	1.6
Kawaramachi OPA	1	100.0	363	1.8	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	889	4.4	1	100.0	891	4.4
AEONMALL Itami Terrace	1	100.0	573	2.8	1	100.0	579	2.8
Ito-Yokado Yotsukaido	1	100.0	290	1.4	1	100.0	290	1.4
Oyama Yuen Harvest Walk	1	100.0	568	2.8	1	100.0	557	2.7
AEON Yachiyo Midorigaoka Shopping Center	1	100.0	684	3.4	1	100.0	684	3.3
8953 Jingumae6 Building	4	100.0	62	0.3	4	100.0	62	0.3
8953 Saitama Urawa Building	1	100.0	- (Note 4)	- (Note 4)	1	100.0	- (Note 4)	- (Note 4)



Name of property	For the six months ended							
	February 28, 2009				August 31, 2009			
	Number of tenants (Note 1)	Occupancy ratio (Note 2)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2)	Number of tenants (Note 1)	Occupancy ratio (Note 2)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2)
		(%)		(%)		(%)		(%)
AEON Sapporo Hassamu Shopping Center	1	100.0	577	2.8	1	100.0	577	2.8
Ario Otori	1	100.0	490	2.4	1	100.0	541	2.6
G-Bldg. Jingumae01	2	100.0	82	0.4	2	100.0	82	0.4
G-Bldg. Jingumae02	1	34.3	19	0.1	2	69.9	19	0.1
G DINING SAPPORO	-	-	-	-	1	100.0	35	0.2
G-Bldg. Minami Aoyama 01	-	-	-	-	0	0.0	0	0.0
Total	373	99.7	20,359	100.0	410	99.7	20,503	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 of 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 August 31, 2009.

## Capital expenditures for property

### 1. Schedule of capital expenditures

The significant plan for capital expenditures on property maintenance as of August 31, 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 property	Location	Purpose	Scheduled term for maintenance	Estimated cost (millions of yen)		
				Total	Advanced payment	
					Payment for the six months ended August 31, 2009	Total of advanced payment
Nara Family	Nara-shi, Nara	Renewal of surrounding road	August 2009 to September 2009	17	-	-
Hakata Riverain (Note 1)	Fukuoka-shi, Fukuoka	Saving-energy	January 2010	15	-	-
Kawaramachi OPA	Kyoto-shi, Kyoto	Renewal of air conditioner	January 2010	14	-	-
Bic Camera Tachikawa	Tachikawa-shi, Tokyo	Changing parts of parking tower	January 2010	11		

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 August 31, 2009

Maintenance expenditures on property for the six months ended August 31, 2009 were totaling to ¥978 million consisting of ¥926 million of capital expenditures stated as below and ¥51 million of repair and maintenance expenses charged to income.

Name of property	Location	Purpose	Term for maintenance	Capital expenditures (Millions of yen)
Nara Family	Nara-shi, Nara	Renewal construction	February 2009 to April 2009	352
JUSCO Naha	Naha-shi, Okinawa	Renewal of air conditioner	December 2008 to March 2009	287
Oyama Yuen Harvest Walk	Oyama-shi, Tochigi	Construction for a tenant	April 2009 to May 2009	27
Higashi-Totsuka Aurora City	Yokohama-shi, Kanagawa	Renewal of lighting equipment at parking	April 2009 to June 2009	20
GYRE	Shibuya-ku, Tokyo	Construction for a tenant	June 2009 to July 2009	12
Others	-	-	-	227
Total				926

### 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	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>
As of /for the six months ended	August 31, 2007	February 29, 2008	August 31, 2008	February 28, 2009	August 31, 2009
Reserved funds at beginning of period	292	327	362	366	319
Increase	35	35	3	3	64
Decrease	1	-	-	(Note 2) 51	-
Reserved funds at end of period	327	362	366	319	384

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	14 <sup>th</sup> fiscal period	15 <sup>th</sup> fiscal period
	For the six months ended February 28, 2009	For the six months ended August 31, 2009
Asset management fees	1,738,143	1,779,036
Custodian fees	86,457	87,853
General administration fees	145,062	144,300
Compensation for Directors	5,940	5,940
Other operating expenses	145,452	119,017
Total	2,121,055	2,136,147

### 2. Borrowings

Borrowings as of August 31, 2009 were as follows:

	Name of lender	Borrowing Date	Balance as of		Average interest rate (Note 1)	Due date	Repayment method	Use	Remarks
			February 28, 2009 (Millions of yen)	August 31, 2009 (Millions of yen)					
Short-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2008	6,423	-	1.0	March 31, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		5,447	-					
	The Sumitomo Trust and Banking Co., Ltd.		4,329	-					
	The Chugoku Bank, Ltd.	March 31, 2008	2,800	-	1.0	March 31, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 1, 2008	9,119	-	0.9	May 1, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		7,733	-					
	The Sumitomo Trust and Banking Co., Ltd.		6,146	-					
	Mizuho Corporate Bank, Ltd.	August 29, 2008	1,000	-	0.9	August 28, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	August 29, 2008	5,000	-	0.9	August 28, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,500	-					
	The Sumitomo Trust and Banking Co., Ltd.		3,500	-					
	The Bank of Fukuoka, Ltd.	December 19, 2008	3,000	-	1.0	June 19, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	The Chugoku Bank, Ltd.	December 19, 2008	2,200	-	1.0	June 19, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 24, 2008	11,875	-	0.9	December 24, 2009 (Note 3)	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		7,500	-					
	The Sumitomo Trust and Banking Co., Ltd.		5,625	-					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 4, 2008	3,875	3,875	0.9	September 4, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,487	3,487					
	The Sumitomo Trust and Banking Co., Ltd.		2,712	2,712					
	Sumitomo Mitsui Banking Corporation	September 4, 2008	7,470	7,470	1.1	September 4, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	October 17, 2008	5,000	5,000	0.9	October 16, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 31, 2008	3,143	3,143	1.0	October 30, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,714	2,714					
	The Sumitomo Trust and Banking Co., Ltd.		2,143	2,143					

	Name of lender	Borrowing Date	Balance as of		Average	Due date	Repayment method	Use	Remarks
			February	August	interest				
			28, 2009	31, 2009	rate				
			(Millions of yen)	(Millions of yen)	(Note 1)				
Short-term	Sumitomo Mitsui Banking Corporation	November 28, 2008	2,530	2,530	1.1	November 27, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	March 3, 2009	-	2,000	1.3	March 3, 2010	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	The Chugoku Bank, Ltd.	March 31, 2009	-	2,800	1.1	September 30, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2009	-	6,343	1.2	March 31, 2010	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	5,380					
	The Sumitomo Trust and Banking Co., Ltd.		-	4,276					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 1, 2009	-	9,119	1.1	April 30, 2010	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	7,733					
	The Sumitomo Trust and Banking Co., Ltd.		-	6,146					
	The Bank of Fukuoka, Ltd.	June 19, 2009	-	3,000	0.8	September 18, 2009	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	The Chugoku Bank, Ltd.	June 19, 2009	-	2,200	1.0	June 18, 2010	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	August 28, 2009	-	1,000	1.0	August 27, 2010	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	August 28, 2009	-	5,000	0.8	August 27, 2010	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	4,500					
	The Sumitomo Trust and Banking Co., Ltd.		-	3,500					
	Sub-total			119,275	96,075				
Long-term	Nippon Life Insurance Company (Note 2)	March 31, 2004	5,000	-	1.3	March 31, 2009	Lump sum	Note 8	Unsecured and unguaranteed
	Aozora Bank, Ltd.	August 29, 2008	7,400	7,400	1.3	August 29, 2013	Lump sum (Note 4)	Note 8	Unsecured and unguaranteed
	The Shinkumi Federation Bank	September 30, 2008	3,000	3,000	1.2	September 30, 2010	Lump sum	Note 9	Unsecured and unguaranteed
	Mitsui Sumitomo Insurance, Co., Ltd.	September 30, 2008	1,000	1,000	1.2	September 30, 2010	Lump sum	Note 9	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	September 30, 2008	3,000	3,000	1.2	September 30, 2011	Lump sum	Note 9	Unsecured and unguaranteed
	Saitama Resona Bank, Limited	September 30, 2008	1,000	1,000	1.2	September 30, 2011	Lump sum	Note 9	Unsecured and unguaranteed
	Development Bank of Japan Inc	September 30, 2008	3,000	3,000	1.3	September 30, 2013	Lump sum	Note 9	Unsecured and unguaranteed
	Development Bank of Japan Inc	March 30, 2009	-	4,950	1.6	March 30, 2014	Note 5	Note 9	Unsecured and unguaranteed
	Development Bank of Japan Inc	July 30, 2009	-	15,000	1.8	July 30, 2016	Note 6	Note 9	Unsecured and unguaranteed
	Development Bank of Japan Inc	July 30, 2009	-	20,000	2.2	July 30, 2018	Note 7	Note 9	Unsecured and unguaranteed
	Sub-total			23,400	58,350				
Total			142,675	154,425					

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

Note 2 The balances were shown as current portion of long-term borrowings in balance sheets as of February 28, 2009.

Note 3 The Investment Corporation had repaid ¥25,000 million on July 31, 2009 in advance of due date.

Note 4 The Investment Corporation may repay all or part of principal of the long-term borrowing on interest payment date.

Note 5 The principal is repaid on each interest payment date at an amount corresponding to 4% of the initial principal (¥5,000 million) per year, and the remaining balance is repaid on due date. The interest payment date is June 30, 2009 at first, and thereafter the 30<sup>th</sup> of March, June, September and December, and due date. The balance as of August 31, 2009, includes ¥200 million of current portion of long-term borrowings.

Note 6 The principal is repaid on each interest payment date at an amount corresponding to 4% of the initial principal (¥15,000 million) per year, and the remaining balance is repaid on due date. The interest payment date is September 30, 2009 at first, and thereafter the 30<sup>th</sup> of March, June, September and December, and due date. The balance as of August 31, 2009, includes ¥550 million of current portion of long-term borrowings.

Note 7 The principal is repaid on each interest payment date at an amount corresponding to 4% of the initial principal (¥20,000 million) per year, and the remaining balance is repaid on due date. The interest payment date is September 30, 2009 at first, and thereafter the 30<sup>th</sup> of March, June, September and December, and due date. The balance as of August 31, 2009, includes ¥734 million of current portion of long-term borrowings.

Note 8 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 9 The funds were mainly appropriated to repayment of borrowings.

### 3. Investment corporation bonds

Name of lender	Issuance date	Balance as of		Interest rate (Note 1)	Maturity date	Repayment method	Use	Remarks
		February 28, 2009 (Millions of yen)	August 31, 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.

### 4. Short-term investment corporation bonds

None

## Condition of investment transactions

### 1. Transactions of 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)
G DINING SAPPORO	March 3, 2009	2,750				
G-Bldg. Minami Aoyama 01	March 26, 2009	6,430				
Total	-	9,180	-	-	-	-

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

### 2. Transactions of other assets

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

### 3. Researched value of specified assets

#### (1) Property

(Millions of yen)

Acquisition/ Disposal	Name of property	Date of acquisition/disposal	Acquisition cost/ Disposal amount (Note 1)	Researched value (Note 2)
Acquisition	G DINING SAPPORO	March 3, 2009	2,750	2,820
Acquisition	G-Bldg. Minami Aoyama 01	March 26, 2009	6,430	6,430

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 property, such as location.

### 4. Transactions with interested parties or major shareholders

#### (1) Outline of specified assets transactions

Classification	Acquisition cost / Disposal amount	
	Acquisition cost (Note 2)	Disposal amount
Total amount	¥9,180,000 thousand	-
	Acquisition cost from interested parties ¥6,430,000 thousand (70%)	Disposal amount to interested parties -
<b>Breakdown for transactions with interested parties</b>		
Mitsubishi Corporation	¥6,430,000 thousand (70%)	-
Total	¥6,430,000 thousand (70%)	-

## (2) Amounts of fees paid and other expenses

(Thousands of yen)

Classification	Total amounts (A)	Transactions with interested parties or major shareholders		(B) / (A) (%)
		Name of counter party	Amount of payment (B)	
Fees on acquisition or disposal service (Note 4)	185,167	Mitsubishi Corporation	15,850	8.6
Facility management fees	832,362	Mitsubishi UFJ Lease & Finance Company Limited	4,163	0.5
Utilities costs	694,337	Japan Facility Solutions, Inc.	14,883	2.1
Other rental expenses	355,982	Mitsubishi Shoji & Sun Co., Ltd.	456	0.1
		Mitsubishi Corporation	223	0.1
		Kentucky Fried Chicken Japan, Ltd.	24	0.0
		Mitsubishi UFJ Lease & Finance Company Limited	1	0.0
Other operating expenses	119,017	Mitsubishi Corporation	283	0.2

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 The acquisition cost indicates contracted amount of property in purchase agreement.

Note 3 Percentages in parentheses indicate ratio of each amount to the total amount of acquisition cost or disposal amount.

Note 4 The ¥15,850 thousand of fees on acquisition service paid to Mitsubishi Corporation is capitalized as a cost of the 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

Investment units held by the asset manager (Mitsubishi Corp. - UBS Realty Inc.) were as follows:

#### (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 6 <sup>th</sup> fiscal period (September 1, 2004 to February 28, 2005)	600	489,000	0.3%
The 7 <sup>th</sup> fiscal period (March 1, 2005 to August 31, 2005)	700	633,500	0.3%
The 8 <sup>th</sup> fiscal period (September 1, 2005 to February 28, 2006)	700	637,000	0.2%
The 9 <sup>th</sup> fiscal period (March 1, 2006 to August 31, 2006)	700	592,900	0.2%
The 10 <sup>th</sup> fiscal period (September 1, 2006 to February 28, 2007)	800	880,000	0.2%
The 11 <sup>th</sup> fiscal period (March 1, 2007 to August 31, 2007)	800	760,000	0.2%
The 12 <sup>th</sup> fiscal period (September 1, 2007 to February 29, 2008)	800	512,000	0.2%
The 13 <sup>th</sup> fiscal period (March 1, 2008 to August 31, 2008)	800	364,000	0.2%
The 14 <sup>th</sup> fiscal period (September 1, 2008 to February 28, 2009)	800	256,800	0.2%
The 15 <sup>th</sup> fiscal period (March 1, 2009 to August 31, 2009)	800	396,800	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**

There was no execution or renewal of significant agreement that required the approval of the Board of Directors of the Investment Corporation for the six months ended August 31, 2009.

## **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.

## II. Balance sheets

	As of	
	February 28, 2009	August 31, 2009
	Thousands of yen	Thousands of yen
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and bank deposits	8,822,517	13,352,971
Cash and bank deposits in trust	10,480,841	9,569,463
Rental receivables	922,711	839,798
Consumption tax refundable	-	14,758
Other current assets	524,829	696,370
<b>Total current assets</b>	<b>20,750,899</b>	<b>24,473,361</b>
<b>Fixed Assets (Note 2):</b>		
<b>Property and equipment:</b>		
Buildings	398,910	805,797
Accumulated depreciation	(12,777)	(25,316)
Buildings, net	386,132	780,481
Building improvements	11,503	32,435
Accumulated depreciation	(426)	(1,034)
Building improvements, net	11,077	31,400
Furniture and fixtures	3,838	5,879
Accumulated depreciation	(374)	(645)
Furniture and fixtures, net	3,464	5,233
Land	5,433,573	11,485,520
Buildings in trust	236,820,826	239,725,795
Accumulated depreciation	(28,232,306)	(32,558,934)
Buildings in trust, net	208,588,519	207,166,860
Building improvements in trust	11,912,554	11,946,643
Accumulated depreciation	(1,989,694)	(2,253,523)
Building improvements in trust, net	9,922,860	9,693,119
Machinery and equipment in trust	1,396,826	1,397,607
Accumulated depreciation	(257,913)	(306,853)
Machinery and equipment in trust, net	1,138,913	1,090,753
Furniture and fixtures in trust	3,183,966	3,248,395
Accumulated depreciation	(894,976)	(1,044,615)
Furniture and fixtures in trust, net	2,288,990	2,203,779
Land in trust	316,746,132	317,639,172
<b>Total property and equipment</b>	<b>544,519,663</b>	<b>550,096,322</b>
<b>Intangible assets:</b>		
Leasehold rights	-	19,803
Leasehold rights in trust	8,950,680	8,936,404
Other intangible assets in trust	149,885	152,501
<b>Total intangible assets</b>	<b>9,100,565</b>	<b>9,108,710</b>

(To be continued on the following page)

	As of	
	February 28, 2009	August 31, 2009
	Thousands of yen	Thousands of yen
<b>Investment and other assets:</b>		
Lease deposits in trust	3,336,098	3,328,268
Long-term prepaid expenses	216,520	792,572
Other investments	580,663	552,303
<b>Total investment and other assets</b>	4,133,283	4,673,144
<b>Total fixed assets</b>	557,753,512	563,878,177
<b>Deferred charges:</b>		
Bonds issuance costs	170,579	149,150
<b>Total deferred charges</b>	170,579	149,150
<b>Total assets</b>	578,674,990	588,500,690

(To be continued on the following page)

	As of	
	February 28, 2009	August 31, 2009
	Thousands of yen	Thousands of yen
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable – operating	706,432	535,553
Short-term borrowings (Note 3)	119,275,000	96,075,000
Current portion of long-term borrowings	5,000,000	1,484,000
Current portion of long-term bonds issued	20,000,000	20,000,000
Accounts payable – other	22,260	19,654
Accrued expenses	1,457,261	1,539,814
Income taxes payable	16,363	16,718
Consumption tax payable	876,087	-
Rent received in advance	1,680,654	1,676,342
Deposits received	768,384	749,154
Current amount of tenant leasehold and security deposits in trust (Note 2)	4,240,293	4,338,394
Other current liabilities	98,295	13,946
<b>Total current liabilities</b>	<b>154,141,033</b>	<b>126,448,578</b>
<b>Non-current liabilities:</b>		
Long-term bonds issued	80,000,000	80,000,000
Long-term borrowings	18,400,000	56,866,000
Tenant leasehold and security deposits	256,339	256,339
Tenant leasehold and security deposits in trust (Note 2)	69,292,261	68,283,604
Other non-current liabilities	399	725
<b>Total non-current liabilities</b>	<b>167,948,999</b>	<b>205,406,669</b>
<b>Total liabilities</b>	<b>322,090,033</b>	<b>331,855,248</b>
<b>Net assets (Note 4)</b>		
Unitholders' capital	250,764,406	250,764,406
Retained earnings	5,820,550	5,881,035
<b>Total net assets</b>	<b>256,584,957</b>	<b>256,645,442</b>
<b>Total liabilities and net assets</b>	<b>578,674,990</b>	<b>588,500,690</b>

### III. Statements of income

	For the six months ended	
	February 28, 2009	August 31, 2009
	Thousands of yen	Thousands of yen
<b>Operating revenues</b>		
Rental revenues (Note 5)	20,359,685	20,503,278
Gain on sales of property (Note 6)	87,470	-
Total operating revenues	20,447,156	20,503,278
<b>Operating expenses</b>		
Rental expenses (Note 5)	10,442,288	10,593,409
Asset management fees	1,738,143	1,779,036
Custodian fees	86,457	87,853
General administration fees	145,062	144,300
Compensation for Directors	5,940	5,940
Other operating expenses	145,452	119,017
Total operating expenses	12,563,344	12,729,557
<b>Operating income</b>	7,883,812	7,773,721
<b>Non-operating revenues</b>		
Interest income	10,851	2,741
Other non-operating revenues	4,102	9,707
Total non-operating revenues	14,954	12,448
<b>Non-operating expenses</b>		
Interest expense on borrowings	802,613	864,529
Interest expense on short-term bonds	89,767	-
Interest expense on long-term bonds	779,070	795,929
Amortization of bonds issuance costs	23,082	21,428
Loan-related costs	145,906	197,554
Other non-operating expenses	17,476	9,072
Total non-operating expenses	1,857,918	1,888,514
<b>Recurring profit</b>	6,040,847	5,897,655
<b>Extraordinary loss</b>		
Litigation settlement	205,000	-
<b>Income before income taxes</b>	5,835,847	5,897,655
<b>Income taxes</b>		
Current	16,363	16,718
Deferred	(937)	117
Total income taxes	15,426	16,836
<b>Net income</b>	5,820,421	5,880,818
<b>Retained earnings at beginning of period</b>	129	217
<b>Retained earnings at end of period</b>	5,820,550	5,881,035

## IV. Statements of changes in unitholders' equity

(Thousands of yen)

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	
<b>Balance as of August 31, 2008</b>	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)
<b>Balance as of February 28, 2009</b>	250,764,406	5,820,550	256,584,957	256,584,957

For the six months ended August 31, 2009 (March 1, 2009 to August 31, 2009)

	Unitholders' equity			Total net assets
	Unitholders' capital	Retained earnings	Total	
<b>Balance as of February 28, 2009</b>	250,764,406	5,820,550	256,584,957	256,584,957
<u>Changes during the period</u>				
Cash dividend declared		(5,820,333)	(5,820,333)	(5,820,333)
Net income		5,880,818	5,880,818	5,880,818
<u>Total changes during the period</u>		60,484	60,484	60,484
<b>Balance as of August 31, 2009</b>	250,764,406	5,881,035	256,645,442	256,645,442



## V. 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

#### *(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 ¥15,831 thousand and ¥2 thousand for the six months period ended August 31, 2009 and February 28, 2009, 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 ¥55,257,842 thousand and ¥60,777,485 thousand as of August 31, 2009 and February 28, 2009, respectively.

	(Thousands of yen)	
	As of	
	February 28, 2009	August 31, 2009
Buildings in trust	93,054,475	91,881,599
Buildings improvements in trust	5,080,017	4,965,945
Machinery and equipment in trust	421,661	404,689
Furniture and fixtures in trust	666,334	627,622
Land in trust	157,482,821	143,522,992
Total	256,705,311	241,402,849

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 August 31, 2009 and February 28, 2009, 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	
	February 28, 2009	August 31, 2009
Credit facilities		
Total amount of credit facilities	142,500,000	142,500,000
Borrowings drawn down	(94,275,000)	(96,075,000)
Unused credit facilities	48,225,000	46,425,000
Commitment lines		
Total amount of commitment lines	40,000,000	40,000,000
Borrowings drawn down	(25,000,000)	-
Unused commitment lines	15,000,000	40,000,000

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

	As of	
	February 28, 2009	August 31, 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 February 28, 2009 and August 31, 2009 consist of the following:

	(Thousands of yen)	
	For the six months ended	
	February 28, 2009	August 31, 2009
Rental revenues:		
Rental and parking revenue	19,299,248	19,029,370
Utilities received	603,428	577,492
Other	457,008	896,415
Total rental revenues	20,359,685	20,503,278
Rental expenses:		
Property management fees	382,819	344,064
Facility management fees	814,944	832,362
Utilities costs	701,279	694,337
Property-related taxes	2,015,634	2,196,905
Repair and maintenance	50,614	51,996
Insurance	76,132	75,580
Trust fees	127,488	126,255
Rent expense	957,760	955,226
Other	467,623	355,982
Depreciation	4,847,519	4,852,369
Loss on disposal of fixed assets	472	108,330
Total rental expenses	10,442,288	10,593,409
Operating income from property leasing activities	9,917,397	9,909,868

**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	
	February 28, 2009	August 31, 2009
Deferred tax assets:		
Current		
Enterprise tax payable	1,593	1,476
Non-current		
Amortization of leasehold rights	49,292	58,931
Valuation allowance	(49,292)	(58,931)
Total deferred tax assets	1,593	1,476
Net deferred tax assets	1,593	1,476

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	
	February 28, 2009	August 31, 2009
Statutory effective tax rate	42.05%	42.05%
Deductible cash dividends	(41.94)	(41.93)
Change in valuation allowance (for deferred tax assets)	0.16	0.17
Other	(0.01)	0.00
Effective tax rate	0.26%	0.29%

**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 ¥8,066 thousand and ¥13,193 thousand for the six months ended August 31, 2009 and February 28, 2009, respectively.

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

(Thousands of yen)

	As of	
	February 28, 2009	August 31, 2009
Due within one year	15,463	14,794
Due after one year	17,928	10,531
Total	33,391	25,325

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

	(Thousands of yen)	
	As of	
	February 28, 2009	August 31, 2009
Furniture and fixtures in trust		
At cost	77,206	39,369
Accumulated depreciation	(59,663)	(26,371)
Net book value	17,542	12,998
Machinery and equipment in trust		
At cost	38,742	38,742
Accumulated depreciation	(22,893)	(26,415)
Net book value	15,849	12,327
Total		
At cost	115,948	78,111
Accumulated depreciation	(82,556)	(52,786)
Net book value	33,391	25,325

Depreciation expense would be ¥8,066 thousand and ¥13,193 thousand for the six months ended August 31, 2009 and February 28, 2009, 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 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 and commitment line 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.

### For the six months ended August 31, 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 4) (Thousands of yen)	Account name in balance sheets	Amounts (Note 4) (Thousands of yen)
Parent company of the asset manager	Mitsubishi Corporation	Trading Company	3.61	Acquisition of real property (Note 1)	6,430,000	Accounts payable - other	-
Custodian	Mitsubishi UFJ Trust and Banking Corporation	Banking	-	Drawing of short-term borrowings (Note 2)	17,613,850	Short-term borrowings	23,815,350
				Interest expenses (Note 2)	149,602	Accrued expenses	33,764
				Trust fees (Note 3)	58,613	Accounts payable - operating	10,248
				General administration fees (Note 3)	144,300	Accrued expenses	47,427

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 and commitment line 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.

**Note 10 – Per unit information**

The net asset value per unit as of August 31, 2009 and February 28, 2009 was ¥ 664,020 and ¥663,864, respectively. Net income per unit for the six months ended August 31, 2009 and February 28, 2009 was ¥15,215 and ¥15,059, 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**

Nothing to be noted.



## VI. Statements of cash dividends

(Yen)

	For the six months ended	
	February 28, 2009	August 31, 2009
Retained earnings at the end of period	5,820,550,899	5,881,035,876
Cash dividend declared	5,820,333,618	5,881,014,432
<i>(Cash dividend declared per unit)</i>	<i>(15,059)</i>	<i>(15,216)</i>
Retained earnings carried forward	217,281	21,444

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 ¥5,881,014,432 and ¥5,820,333,618 for the six months ended August 31, 2009 and February 28, 2009, 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 August 31, 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	
	February 28, 2009	August 31, 2009
<b>Cash flows from operating activities:</b>		
Income before taxes	5,835,847	5,897,655
Adjustment for:		
Depreciation	4,847,667	4,852,523
Amortization of bonds issuance costs	23,082	21,428
Gain on sales of property	(87,470)	-
Loss on disposal of fixed assets	472	108,330
Interest income	(10,851)	(2,741)
Interest expense	1,671,452	1,660,459
Litigation settlement	205,000	-
Changes in assets and liabilities:		
Decrease (increase) in Rental receivables	(28,594)	79,990
Decrease (increase) in Consumption tax refundable	490,580	(14,758)
Increase in Long-term prepaid expenses	(70,790)	(576,052)
Increase (decrease) in Accounts payable - operating	(63,181)	36,935
Increase (decrease) in Consumption tax payable	876,087	(876,087)
Increase (decrease) in Accounts payable - other	19,893	(4,935)
Increase (decrease) in Accrued expenses	(35,761)	35,866
Decrease in Rent received in advance	(20,231)	(4,311)
Decrease in Deposits received	(213,877)	(19,229)
Other-net	44,215	(255,681)
Sub total	13,483,540	10,939,390
Interest received	10,851	2,741
Interest paid	(1,579,354)	(1,613,773)
Litigation settlement paid	(205,000)	-
Income taxes paid	(5,171)	(16,363)
Net cash provided by operating activities	11,704,866	9,311,995
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(1,958)	(6,481,808)
Purchase of property and equipment in trust	(1,446,243)	(4,113,747)
Proceed from sales of property and equipment in trust	7,740,446	-
Payments of tenant leasehold and security deposits in trust	(8,498,341)	(1,439,862)
Proceeds from tenant leasehold and security deposits in trust	62,640	406,286
Purchase of intangible assets	-	(19,803)
Purchase of intangible assets in trust	-	(12,171)
Proceeds from lease deposits in trust	13,910	7,830
Other expenditures	(11,681)	-
Other proceeds	-	28,360
Net cash used in investing activities	(2,141,227)	(11,624,915)

(To be continued on the following page)

(Thousands of yen)

	For the six months ended	
	February 28, 2009	August 31, 2009
<b>Cash flows from financing activities:</b>		
Proceeds from short-term bonds issued	24,923,044	-
Repayments of short-term bonds issued	(50,000,000)	-
Proceeds from short-term borrowings	25,000,000	2,000,000
Repayments of short-term borrowings	(13,825,000)	(25,200,000)
Proceeds from long-term borrowings	11,000,000	40,000,000
Repayments of long-term borrowings	-	(5,050,000)
Dividend payments	(6,080,499)	(5,818,004)
Net cash provided by (used in) financing activities	(8,982,455)	5,931,995
<b>Net change in cash and cash equivalents</b>	<b>581,183</b>	<b>3,619,075</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>18,722,175</b>	<b>19,303,359</b>
<b>Cash and cash equivalents at end of period (Note 1)</b>	<b>19,303,359</b>	<b>22,922,434</b>

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	
	February 28, 2009	August 31, 2009
Cash and bank deposits	8,822,517	13,352,971
Cash and bank deposits in trust	10,480,841	9,569,463
Cash and cash equivalents	19,303,359	22,922,434

## **Special feature:**

### **JRF provides leadership in the retail property sector**

Japan Retail Fund (JRF) is an investment corporation specializing in investment in and operation of retail properties. The Fund always bears its origins in mind and by devoting itself to investment as a retail property professional it demonstrates those strengths and strives to fulfill its obligations to society.

Although personal consumption overall still continues to be sluggish, there are signs of improvement in the environment encompassing J-REIT, including financial and real estate markets, etc. With JRF on the verge of entering into a new stage of growth, I have given an explanation below of JRF's origins so that all investors may have a deeper understanding.

#### **The characteristics of retail properties are “ease of understanding” and “stability”**

Retail properties are not merely places where people buy items necessary for everyday living, but are also places which are fun and embody dreams. From an investment perspective, one of the significant characteristics of retail properties - and which differs for example to that of office or residential properties - is that investors are able to casually check the property they have invested in by themselves when doing their everyday shopping. Retail properties offer an “ease of understanding” to investors by allowing them to actually come into the property and see directly which tenants occupy the stores, and the level of activity, etc.

Also for JRF as the “landlord”, retail properties generally have an agreement term which is very long (approx. 20 years for large suburban-type properties) and therefore offers the potential for high “stability” of rental revenues if excellent tenants can be secured. In comparison, rental agreements for offices and residential properties are generally around two to five years. Furthermore, the rental market rates do not fluctuate in tandem with economic trends, and as long as the rental rates are at a reasonable level for tenants there are no significant fluctuations in rent. Even when consumer markets are sluggish, unless tenants move out, JRF can essentially receive stable rents.

“Ease of understanding” and “stability”. These are the major reasons for JRF investing in retail properties.

#### **Selecting properties: “No. 1 store in the area” and urban-type retail properties**

One of the major characteristics of retail properties is that one cannot say the same thing across the board with respect to general conditions, as there are disparities depending on the store, and significant differences in favorable and unfavorable conditions depending on the location and trading area of each center. Although personal consumption presently continues to remain sluggish, strong properties are able to maintain sales and are able to survive even under such conditions. The suburban-type retail properties owned by JRF have outstanding competitive strengths, and have a large lineup of “No. 1 stores in the area” which have firm sales and support the people's everyday living with groceries and essentials for everyday living, and daily necessities, etc., ensuring stable rental revenue. The ability to detect and judge the “No. 1 store in the area”, and management skills to foster strong stores which can survive competition are JRF's major strengths.

JRF also owns blue-chip urban retail properties located in Tokyo and other major cities. Although it is a fact that presently some of the urban-type retail properties are experiencing tough conditions with respect to leasing, etc., the medium to long term potential and future prospects of areas such as Aoyama and Omotesando in metropolitan Tokyo have not diminished whatsoever. Moreover, the brand strength and prestigious image of urban retail properties draw in people as a fun place to shop. Whereas suburban-type retail properties produce stable revenue in times of recession, the strengths of urban-type retail properties are demonstrated during times of economic recovery. Going forward when the consumer market has recovered, the urban-type retail properties will contribute significantly to JRF's profits. For that reason, from a medium to long term perspective we will steadily invest in blue-chip properties in good metropolitan locations, and manage those properties.

#### Points for selecting properties

JRF has collected a wealth of data by obtaining information on scores of properties (a total of more than 1,000 properties) from sponsors and JRF's own network. From that data JRF carefully selects properties which match the selection points for new growth.

- Condition of building
- Rights associated with the real estate, environmental aspects, etc.
- Status of the trading area (population and rate of change, growth prospects, rival stores, lifestyle, etc.)
- Status of tenants
- Terms of lease agreements
- Investment yield
- Contribution to overall growth of the portfolio

#### Strengths of No. 1 stores in the area

- Accessible by not only car but also other means such as train and bus, etc. to attract shoppers
- An abundant selection of merchandise which matches the various needs and concept of the target market
- Leased to top-class tenants in each business category
- In addition to having the capacity to attract customers from a broad area, also have strengths within a two to three kilometer radius of the neighboring trading area (livelihood zone)

## Retail Property management professionals

Mitsubishi Corp. – UBS Realty Inc. (Asset Management Company), which has been entrusted by JRF to manage its assets, has the necessary contingent of personnel required for carrying out the management of retail properties; including personnel who have experience in the retail industry, designing and planning retail properties, center management and tenant leasing, and upkeep and maintenance of properties, etc. The company does not outsource all property management of properties, and as retail center professionals, personnel go to visit stores, meet directly with tenants and proactively provide advice on matters such as leasing, mall management, renovation, etc. based on practical know-how.

Unlike office buildings and residential properties, retail properties have customers who are consumers and who precede their tenants from which they directly receive rent, and the support of those customers is the very source of rental revenue. For this reason, the asset management company will share and discuss the problems with the tenants thoroughly, consider what is required in order to create an environment which can bring customers into the retail center and proactively undertake initiatives if there are matters which JRF should undertake as the owner of the retail center. The common purpose for JRF and the tenants is to work out how they can bring customers in and shop at the retail center. To that end, we aim at a “Win-Win” situation (a relationship where both parties mutually benefit), by conducting cooperative management on a day to day basis.

### Asset Management Company’s Initiatives

- \* Increase the value of the acquired properties
  - Maintain of newness of the retail center (renovations, repairs, extensions, increased floor space, etc.)
  - Create floors which satisfy customer needs
- \* Tenant management
  - Build and maintain direct relationship with each tenant
  - Realize the optimum tenant mix by replacement of existing tenants
  - Fully take account of property price and the strength of the business area, and negotiate appropriate rental rate levels and rental agreements.
- \* Reduction of operating costs
  - Negotiation to reduce property management fees and trustee fees, etc.
  - Careful administration of utilities and repair costs for each property
- \* Replacement of properties
  - Replacement existing properties with better properties by the sale of existing properties without changing the portfolio size.

### Note

JRF has achieved in advance its target portfolio size. Because of its position as the second largest by the size among the total of 41 J-REITs, we have been able to come to the stage of “pursuit of quality of the holding assets” including large-scale renovation and expansion.

As an investment corporation, JRF thinks of the investors’ benefits as first priority and makes efforts to realize stable dividends. At the same time, JRF has an obligation to society through the holding and operation of the retail properties. For example, suburban type shopping properties are infrastructure that support people’s day to day life and also create employment for the area. They also contribute to the area by including culture center, sports gym and medical clinic as tenant in the shopping center.

JRF will continue to think of people’s life and the environment and undertake initiatives to contribute to the society through real estate which is the shopping center so that people can have a better life.

## 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 Fifteenth Period Analyst Meeting Materials (March 1, 2009-August 31, 2009)”

- Financial Summary: Page 10 to 11
- Portfolio Management: Page 14
- Portfolio Overview: Page 20 to Page 24

### 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

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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.

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