

# Japan Retail Fund Investment Corporation

February 2010 (16th) Period Results





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# 1. Performance Report

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# February 2010 Period Performance

## February 2010 Period Performance

	Aug. 2009 Period (Actual)	Feb. 2010 Period (Actual)	Change from previous period	Feb. 2010 Period (Estimate as of October 14, 2009 )	Variance (%)
Operating Revenue (mil. yen)	20,503 mil. yen	20,035 mil. yen	△468 mil. yen (△ 2.3%)	20,084 mil. yen	△49 mil. yen (△ 0.2%)
Operating Income (mil. yen)	7,773 mil. yen	7,529 mil. yen	△243 mil. yen (△ 3.1%)	7,484 mil. yen	45 mil. yen (0.6%)
Recurring Profit (mil. yen)	5,897 mil. yen	5,346 mil. yen	△551 mil. yen (△ 9.3%)	5,247 mil. yen	99 mil. yen (1.9%)
Net Income (mil. yen)	5,880 mil. yen	5,329 mil. yen	△551 mil. yen (△ 9.4%)	5,231 mil. yen	98 mil. yen (1.9%)
Distribution per Unit (yen)	15,216 yen	13,788 yen	△1,428 yen (△ 9.4%)	13,534 yen	254 yen (1.9%)
FFO per Unit (Note)(yen)	27,770 yen	26,365 yen	△1,405 yen (△ 5.1%)	26,082 yen	283 yen (1.1%)
FFO payout ratio	54.8%	52.3 %	—	51.9%	—

Average cost of debt (incl. guarantee deposits)	1.33%	1.54 %	—
Capital expenditures	926 mil. Yen	357 mil. yen	△569 mil. yen
Maintenance	51 mil. Yen	45 mil. yen	△ 6 mil. yen
Total	978 mil. yen	402 mil. yen	△ 575 mil. yen
Depreciation	4,852 mil. yen	4,861 mil. yen	8 mil. yen

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

## Assets Under Management

	As of end of Aug. 2009	As of end of Feb. 2010	Change from previous period
Number of properties	50 properties	50 properties	—
Total Assets	588,500 mil. yen	578,829 mil. yen	△9,671 mil. yen (△ 1.6%)
Total Book Value (1)	559,203 mil. yen	554,789 mil. yen	△4,414 mil. yen (△ 0.8%)
Total Appraisal Value (2)	517,981 mil. yen	512,641 mil. yen	△5,340 mil. yen (△ 1.0%)
Difference (2)-(1)	△41,222 mil. yen	△ 42,148 mil. yen	△ 925 mil. yen (△ 2.2%)

### Major factors behind change (Change from previous period) (mil. yen)

#### Operating Revenue:

- Increase of the rent and income from parking lot  
(Operation of vacant space at Nara Family +54 etc.) +53
- Decrease in other rent income △482  
(Hakata Riverain: No penalty payments for cancellation  
of tenancies △395  
GYRE: No income received due to cancellation of tenancies △58 etc.)

#### Operating Income:

- Decrease in property related expenses △178  
(Variation in utilities expenses due to seasonal factors △90  
Abiko Shopping Plaza and Kyoto Family: No expense for retirement of  
fixed assets △61)
- Decrease in asset management fees △42

#### Recurring Profit:

- Increase of interest payments +229
- Increase of finance related costs  
(Increase due to a higher amount of long-term debt)

### Trend towards reduced rate of decline for appraisals

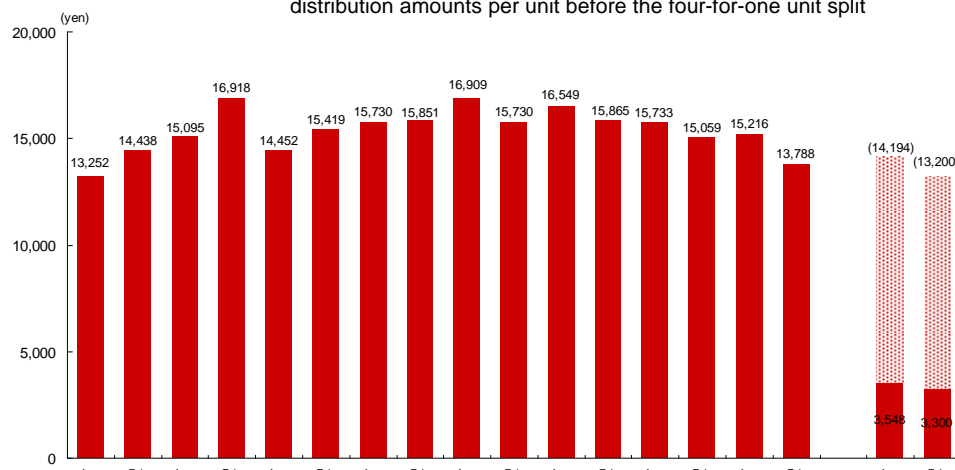
Feb. 2009 Period	△10.1 %	Aug. 2009 Period	△5.1 %	Feb. 2010 Period	△1.0 %
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# Historical Distribution per Unit and Yield

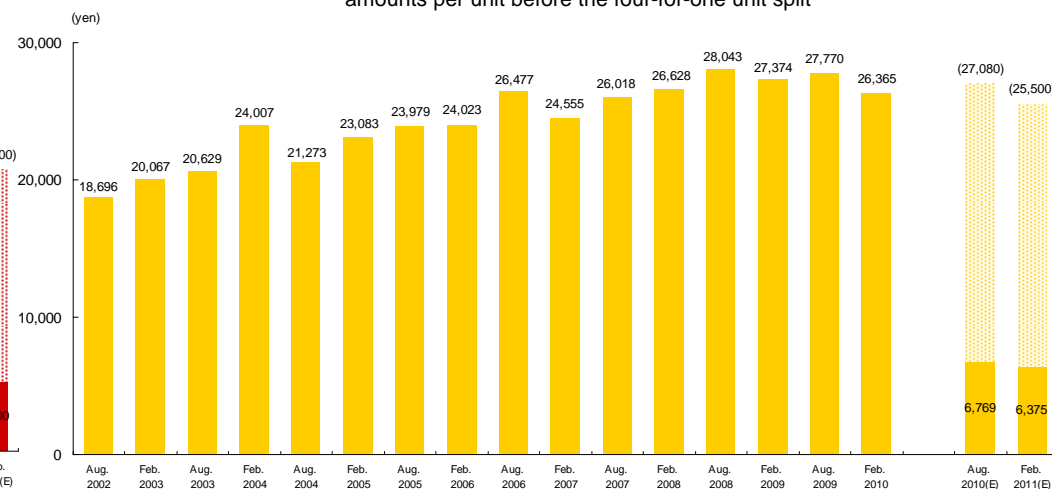
## »» DPU (yen)

(Note) Figures in parentheses and the shaded area are the estimated distribution amounts per unit before the four-for-one unit split

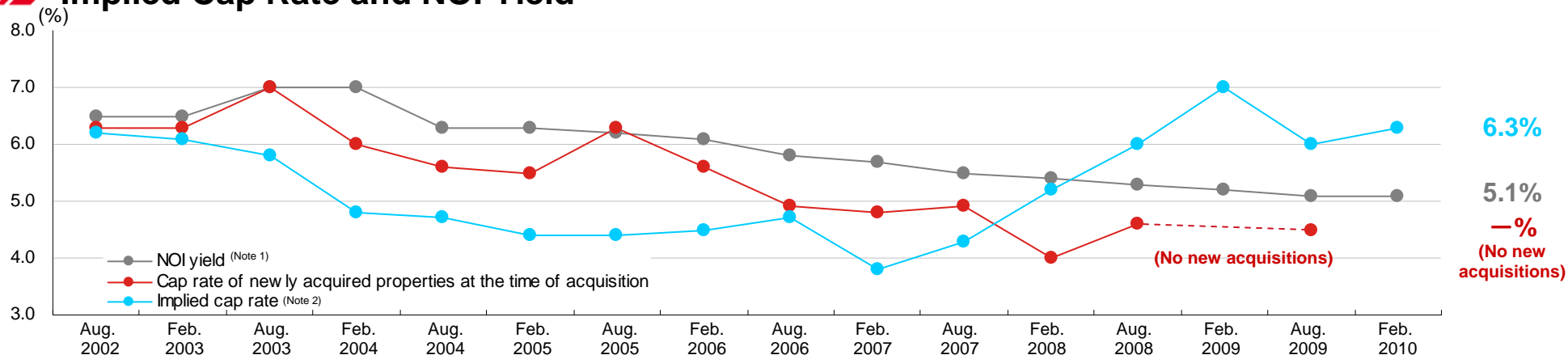


## »» FFO per unit

(Note) Figures in parentheses and the shaded area are the estimated distribution amounts per unit before the four-for-one unit split



## »» Implied Cap Rate and NOI Yield



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

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



# Financial Status (1)

## Financial measures carried out in February

- ✓ Redemption of the series one unsecured corporate bonds (20 billion yen due February 2010) was funded by short-term debt

## Interest-bearing Liabilities (As of end of February 2010)

Long-term debt (average remaining) (Note 1)	5.2 years
Debt ratio (Note 2)	55.76%
Debt ratio (appraised value basis) (Note 2)	60.14%
Average cost of debt including guaranteed deposits	1.54%
Interest-bearing debt ratio	42.92%
Debt service coverage ratio (Note 3)	6.50 x

(Note 1) Long-term debt: Short-term debt is not included in average life.

(Note 2) Debt ratio = Total liabilities / Total assets x100

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

	As of end of February 2009	As of end of August 2009	As of end of February 2010
Debt Outstanding	322,090 mil. yen	331,855 mil. yen	322,735 mil. yen
Interest-bearing Debt Outstanding	242,675 mil. yen	254,425 mil. yen	248,441 mil. yen
Long-term Debt Ratio (based on interest-bearing debt) (Note 1)	50.8%	62.2%	60.6%
Long-term Debt Ratio (including deposits) (Note 2)	62.3%	70.6%	69.2%
LTV (based on interest-bearing debt) (Note 3)	41.9%	43.2%	42.9%
LTV (including deposits) (Note4)	54.7%	55.6%	54.9%

(Note 1) (Long-term loans + unsecured corporate bonds) / (long-term loans + unsecured corporate bonds + short-term loans + short-term unsecured corporate bonds)

(Note 2) (Long-term loans + unsecured corporate bonds + guaranteed deposits, rental deposits) / (long-term loans + unsecured corporate bonds + short-term loans + short-term unsecured corporate bonds + guaranteed deposits, rental deposits)

(Note 3) (Long-term loans + unsecured corporate bonds + short-term loans + short-term unsecured bonds) / total assets

(Note 4) (Long-term loans + unsecured corporate bonds + short-term loans + short-term unsecured bonds + guaranteed deposits, rental deposits) / total assets

## Ratings (As of end of February 2010)

	Issuer rating	Long-term debt rating	Short-term debt rating
Moody's	A2	A2	Prime -1
S&P	A	A	A-1
R&I	AA-	AA-	a-1+



## Financial Status (2)

### Financial measures carried out in March

- ✓ By improving efficiency of cash management and releasing rental deposits, we repaid 6.3 billion yen of debt (March 2010)
- ✓ We extended the term of our loan from Sumitomo Mitsui Banking Corporation from 1.7 years to 5 years

Breakdown of Liabilities	as of the end of Feb.		as of the end of Mar.	
Short-term debt	97,775	30.8%	107,772	28.1%
Long-term debt	70,666	22.2%	122,776	32.0%
Unsecured corporate bonds	80,000	25.2%	80,000	20.8%
Rental deposits				
guaranteed deposits	69,251	21.8%	73,486	19.1%
Total	317,692	100.0%	384,034	100.0%

(Note) Commitment lines and CP figures are not listed in the table above because there is no outstanding balance for either.

### Status of Loans

Short-term debt		Balance	
Credit facility	as of the end of Feb. 2010		as of the end of Mar. 2010
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	29,490	→	29,389
Mitsubishi UFJ Trust and Banking Corporation	25,474	→	23,793
The Sumitomo Trust and Banking Co., Ltd.	20,110	→	20,655
Mizuho Corporate Bank, Ltd.	8,000	→	9,881
Sumitomo Mitsui Banking Corp.	7,500		7,500
The Chugoku Bank, Ltd.	4,200		4,200
Fukuoka Bank	3,000		3,000
Resona Bank, Limited	→	→	2,822
Aozora Bank, Ltd.	→	→	2,351
The Tokyo Star Bank, Limited	→	→	2,000
Shinsei Bank, Limited	→	→	1,881
Fuyo General Lease Co., Ltd.	→	→	300
Total	97,775	⇒	107,772

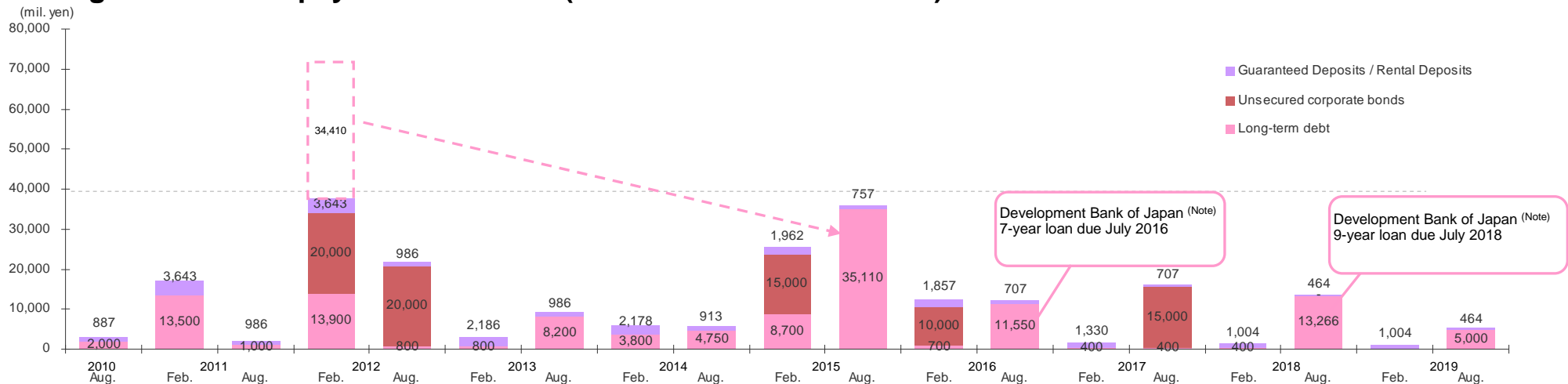
Commitment lines		Balance	
Credit facility	as of the end of Feb. 2010		as of the end of Mar. 2010
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	0		0
Mitsubishi UFJ Trust and Banking Corporation	Credit line		Balance
The Sumitomo Trust and Banking Co., Ltd.	40,000		40,000

Long-term debt		Balance	
Credit facility	as of the end of Feb. 2010		as of the end of Mar. 2010
Development Bank of Japan	42,266	→	41,866
Sumitomo Mitsui Banking Corp.	→	→	35,010
Aozora Bank, Ltd.	7,400	→	18,400
Mizuho Corporate Bank, Ltd.	3,000	→	7,600
Aflac	5,000		5,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,143		3,143
The Shinkumi Federation Bank	3,000		3,000
Mitsubishi UFJ Trust and Banking Corporation	2,714		2,714
The Sumitomo Trust and Banking Co., Ltd.	2,143		2,143
Resona Bank, Limited	→	→	1,900
Saitama Resona Bank, Limited	1,000		1,000
Mitsui Sumitomo Insurance Co., Ltd.	1,000		1,000
Total	70,666	⇒	122,776

(Note) With respect to the threshold of revolving facilities for short-term loans, as at the end of March 2010, there was unused capacity of 13,235 million yen.

### Long-term Debt Repayment Schedule (As of the end of Mar. 2010)

(Note) The balance scheduled for repayment on the final loan repayment date





## Urban retail centers

# Status of Properties - As of end of February 2010

►►► The average occupancy rate as of the end of February 2010:  
All portfolio 99.5% (Urban 18 properties 95.6% <sup>(note)</sup> Suburban 32 properties 99.8%)

► Urban retail centers - Status of key leasing activities (as of end of Feb. 2010)

Property	Occupancy rate (as of end of Aug. 2009)	Occupancy rate (as of end of Feb. 2010)	Investment ratio	Status
Hakata Riverain	87.8%	84.9%	1.1 %	Undertaking leasing activities in collaboration with Toshin Development, and aim to reopen some stores on floor B2 by August.
G-Bldg. Jingumae 02	69.9%	69.9%	0.4 %	Beauty salor has been tentatively decided as tenant for the first floor. Lease is expected to start in June.
G DINING Sapporo	29.8%	50.1%	0.5 %	In May/June 2010, occupancy rate is expected to reach 62% due to confirmed start of the tenancies.
G-Bldg. Minami Aoyama 01	0.0%	0.0%	1.1 %	Aiming for opening in Fall this year and are currently in negotiations with a potential tenant.

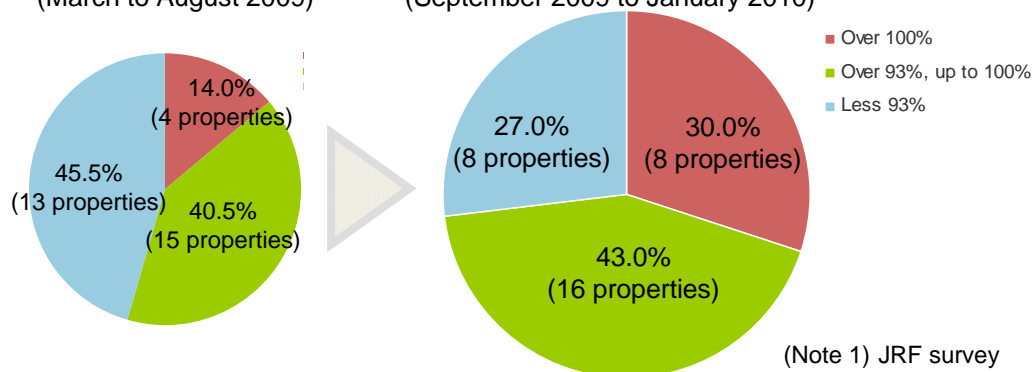
(note) based on end-tenant. The average occupancy rate based on end-tenant as of the end of August 2009 was 95.5%

## ►►► Suburban retail centers

► YoY sales comparison of 32 suburban SC properties (based on annual rent) <sup>(Note 1)</sup>

(March to August 2009)

(September 2009 to January 2010)



	Aug. 2009 Period	Feb. 2010 Period
Benchmark <sup>(Note 2)</sup>	92.8%	93.6%
Average for the 32 properties	94.1%	96.6%

(Note 2) Sales of large-scale retail centers by type from Commercial Statistics  
The August 2009 period is the YoY comparison for March to August, and the February 2010 period is the YoY comparison for September to January

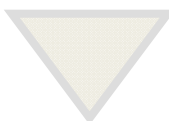




## Cost Reductions – Achievements in the February 2010 Period

### »» Status of achievement of cost reduction plans

Plan	Progress Achieved
Reduce fixed property tax/ city planning tax	Implementation of reduction plan
Cost reduction by improvement of investment methods	Carried out revision of PM fees and trust fees Carried out revision of operating plan for air conditioning, escalators, etc.
Cost reductions corresponding to Act on Promotion of Global Warming Counter Measures and Act on the Rational Use of Energy	Convert lighting fixtures to energy-saving types



**We achieved cost reductions of approx. 62 million yen annually, exceeding the target figure (approx. 47 million yen) for the cost reduction plan announced for the August 2009 Period.**



# Forecasts for Aug. 2010 and Feb. 2011 Periods (including former LJR)

## Forecasts for Aug. 2010 and Feb. 2011 Periods

	Feb. 2010 Period (Actual/181 days)	Aug. 2010 Period (Estimate/184 days)	Feb. 2011 Period (Estimate/181 days)
Operating Revenue (mil. yen)	20,035 mil. yen	23,293 mil. yen	21,967 mil. yen
Operating Income (mil. yen)	7,529 mil. yen	8,784 mil. yen	8,274 mil. yen
Recurring Profit (mil. yen)	5,346 mil. yen	5,678 mil. yen	5,474 mil. yen
Net Income (mil. yen)	5,329 mil. yen	12,870 mil. yen <sup>(Note 1)</sup>	5,409 mil. yen
Total Distribution (mil. yen)	5,329 mil. yen	5,991 mil. yen	5,571 mil. yen
Distribution per Unit (yen) <sup>(Note 2)</sup>	13,788 yen	3,548 yen	3,300 yen
FFO per Unit <sup>(Note3)(yen)</sup>	26,365 yen	6,769 yen	6,375 yen
FFO payout ratio	52.3%	52.4 %	51.8 %
<hr/>			
Average cost of debt (incl. guarantee deposits)	1.54 %	1.80 %	1.82 %
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Capital expenditures	357 mil. yen	1,693 mil. yen	1,543 mil. yen
Maintenance	45 mil. yen	103 mil. yen	101 mil. yen
Total	402 mil. yen	1,796 mil. yen	1,644 mil. yen
Depreciation	4,861 mil. yen	5,439 mil. yen	5,191 mil. yen

- (Note1) Because this includes gains on negative goodwill resulting from the merger, this is not a source of payments for distributions
- (Note 2) On a pre-unit-split basis, the forecast distributions per unit for the August 2010 and February 2011 periods are 14,194 yen and 13,200 yen respectively
- (Note 3) (Net income + depreciation + other real estate related depreciation)/total units outstanding: On a pre-unit-split basis, the forecast FFO per unit for the August 2010 and February 2011 periods are 27,080 yen and 25,500 yen respectively
- (Note 4) Total units outstanding for the 17<sup>th</sup> and 18<sup>th</sup> periods are assumed to be 1,688,198 units.

### Key Factors affecting Aug. 2010 Forecast (mil. yen)

- Operating Revenue: +3,258
- Increased income due to addition of former LJR properties
- Operating Income: +1,255
- Increased expenses due to addition of former LJR properties
  - Loss on sale of 8953 Saitama Urawa Building
- Recurring Profit: +331
- Increased non-operating expenses due to assumption of former LJR liabilities
- Net Income: +7,541
- Negative goodwill recorded as an extraordinary profit
- Total Distribution: 5,991
- Net Income 12,870 - Gain on negative goodwill 7,194+ Negative goodwill applied in the period 315  
(Applied negative goodwill 315: Loss on sale of 8953 Saitama Urawa Building and loss on asset write-off for renovation)

### Key Factors affecting Feb. 2011 Forecast (mil. yen)

- Operating Revenue: Δ1,326
- Decreased income due to anticipated sale of non-core properties
- Operating Income: Δ511
- Decreased expenses due to anticipated sale of non-core properties
- Recurring Profit: Δ203
- Decreased non-operating expenses due to repayment of loans, etc.
- Net Income: Δ7,461
- No gains on negative goodwill Δ7,194
  - Liability for write off of assets of Loc City Ogaki Δ63
- Total Distribution: 5,771
- Net Income 5,409 + Negative good will applied in the period 162  
(Applied gains negative goodwill 162: Loss on asset write-off for renovation)









## 2. Progress on the Basic Investment Policy for the Medium Term

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# External Environment Analysis

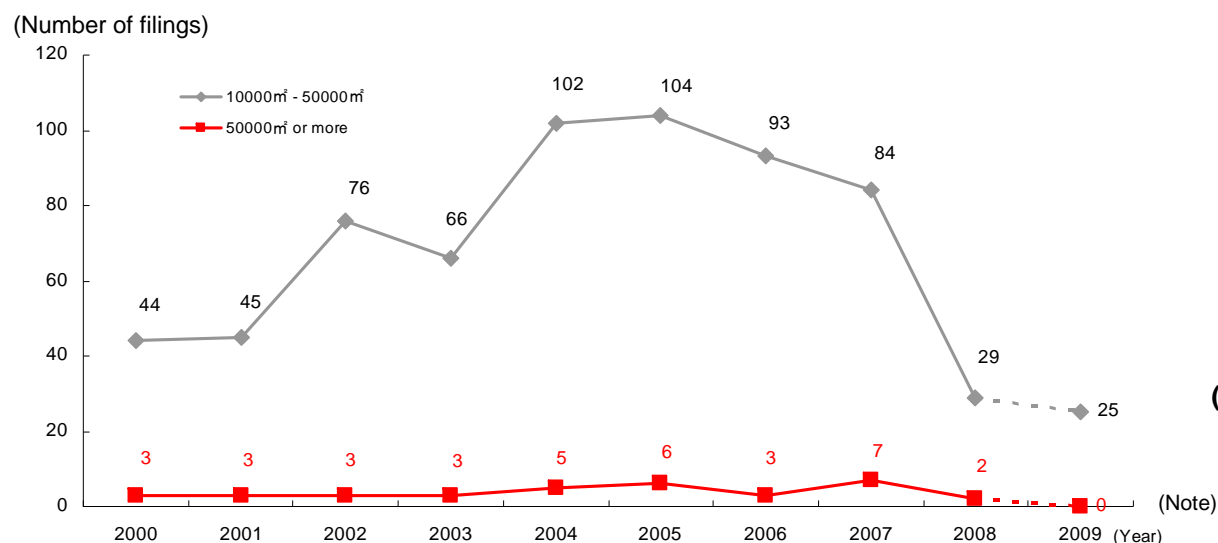
	October 2009	February 2010	JRF's perception of the environment
Macro Economy			<ul style="list-style-type: none"> <li>➤ Reported real GDP figures for the October – December show positive growth</li> <li>➤ Global macro economy has hit in Japan bottom and is recovering gradually</li> <li>➤ Although there continues to be employment uncertainty and weak consumption in Japan, on the whole conditions are improving</li> </ul>
Financial Environment			<ul style="list-style-type: none"> <li>➤ There is polarization of financial institutions' lending posture and credit spreads, depending on their assessment of the counterparty</li> <li>➤ There will be gradual increase in financing methods available due to recovery of the market for unsecured corporate bonds, etc.</li> <li>➤ Short-term interest rates will remain at low levels for a while</li> </ul>
Real Estate Environment			<p><u>Transactions</u></p> <ul style="list-style-type: none"> <li>➤ We believe transaction volume is near the bottom. As the number of transactions gradually increase, cap rates will peak</li> </ul> <p><u>Leasing</u></p> <ul style="list-style-type: none"> <li>➤ Although there continues to be downside risk for rents for both urban and suburban properties, there is a recovery of interest in opening stores among some tenants</li> </ul>
Retail Environment			<ul style="list-style-type: none"> <li>➤ Consumers remain cautious due to employment uncertainty and low disposable income</li> </ul> <p><u>Urban type</u></p> <ul style="list-style-type: none"> <li>➤ Sales are gradually recovering accompanied by a turnover of popular brands and established businesses</li> </ul> <p><u>Suburban type</u></p> <ul style="list-style-type: none"> <li>➤ With the advancing shake-out of retailers, there will be a clear distinction between superior and inferior shopping centers</li> </ul> <p>Balance of supply and demand of retail centers will gradually improve and stabilize =&gt; only the "No.1 stores" in each local area will be the winners</p>



# External Environment and JRF's Portfolio

▶▶▶ Although there have been many large store openings recently, revision of the Three City Planning Low caused in the number of these openings to peak, and new openings are expected to decline going forward. With the acceleration of existing store restructuring, demand and supply balance is expected to recover.

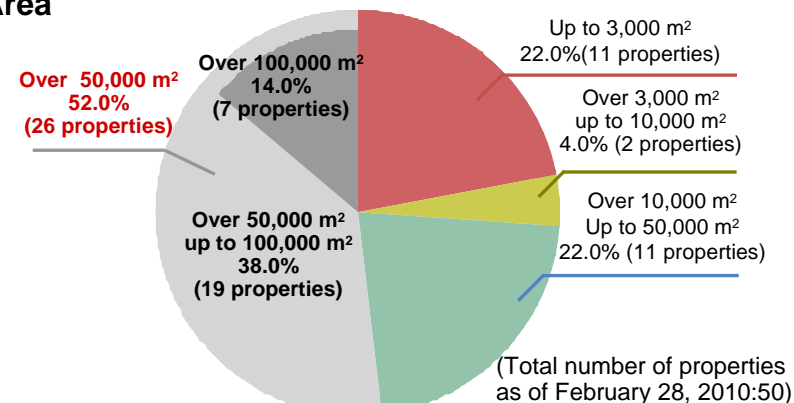
## ▶ Filings under the Large-Scale Retail Store Location Law [Article 5.1 (new development)]



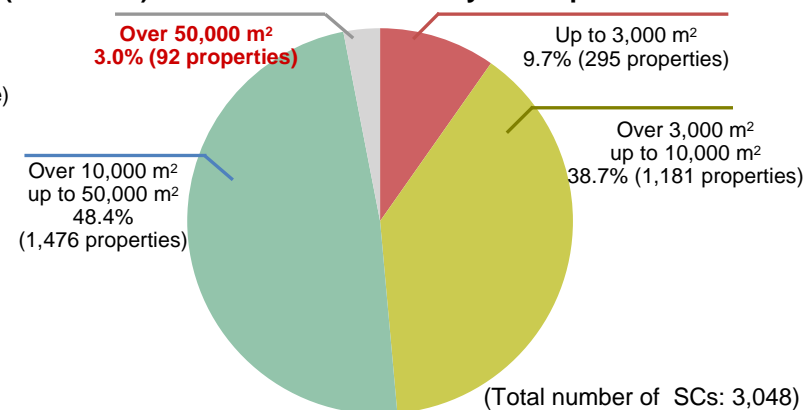
Source: Distribution Policy Department of the Commerce and Information Policy Bureau (Ministry of Economy, Trade and Industry) "Filings under the Large-Scale Retail Store Law"

(Note): Data for FY2009 is annualized data covering the 11 month period from April 2009 to February 2010.

## ▶ Breakdown of Portfolio Properties by Total Leasable Area



## (Reference) Ratio of Domestic SCs by Floorspace



Source: Japan Council for Shopping Centers (As of March 2010)



# Merger with LaSalle Japan REIT Inc.

## »» The merger came into effect on March 1, 2010

- ✓ We assumed LJR's assets (21 properties, assumed value of approx. 87.8 billion yen), expanding our portfolio to approx. 659 billion yen (based on acquisition price)
- ✓ Of the LJR assets, retail centers account for approx. 63% (AEONMALL Musashi Murayama Mu, AEONMALL Kobe Kita, La Porte Aoyama)

	AEONMALL Musashi Murrayama Mu	AEONMALL Kobe Kita	La Porte Aoyama
Appraisal value <sup>(Note 1)</sup>	30,600 mil. yen	15,600 mil. yen	9,400 mil. yen
Annual actual NOI <sup>(Note 2)</sup>	1,575,401,000 yen	904,417,000 yen	560,489,000 yen
NOI yield <sup>(Note 3)</sup>	5.14%	5.79%	5.96%

(Note 1) Appraisal value as of the appraisal date of December 1, 2009

(Note 2) The figure is the total of LJR's actual result for the April and October 2009 Periods.

(Note 3) NOI yield = Annual actual NOI / Appraisal value



## »» Merger Effects

Maintain and improve stability of income by acquisition of core assets

Increase market capitalization, improve liquidity

Increase distributions per unit

Generate negative goodwill

NOI yield for the three properties are higher than the portfolio average (5.1%)

Due to the four-for-one unit split and units issued to LJR unitholders, the number of units increased from 386,502 units to 1,688,198 units

Forecast distribution for the August 2010 Period will increase from 13,358 yen to 14,194 yen (3,548 yen post-split)

Adoption of new accounting standards. Negative goodwill of approx. 7.2 billion yen will be generated



# Strategy to Effectively Use the “Negative Goodwill” Resulting from the Merger

» Concentrate on improving the portfolio composition to prepare for unforeseen risks and secure source for stable distributions

With application of new accounting standards:

**Total amount of negative goodwill (estimated) 7,194 mil. yen**

Calculation formula: assumed assets (96,912 mil. yen) – assumed liabilities (74,319 mil. yen) – merger acquisition cost (14,986 mil. yen): JRF investment unit price: 105,400 yen per unit {post-split/Feb. 26, 2010 closing price} – other expenses (325 mil. yen) – delivered money due to merger (86 mil. yen)

Order of  
priority

**1** Allocate in case of loss on sale of non-core properties

**2** Allocate in case discrepancy arises between tax and accounting book, for reasons such as impairment losses on fixed assets and asset write-off obligations, etc.

Related to action plan

**3** Allocate in the event a loss is incurred on sale due to the replacement of assets, or loss on write-off due to renewal.

**After sale of non-core assets has been completed, priority allocation to 2 and 3, and if it becomes apparent that there will be remaining negative goodwill allocate to 4 and 5**

Related to action plans

**4** Allocate in case a temporary decrease in income arises, due to reduced rent accompanying change in tenants, etc.

**5** Allocate additional distributions to achieve stable DPU



# The Basic Investment Policy for the Medium Term Going Forward



**Apply Upside Scenario for External Growth Strategy and Financial Strategy, Continue Standard Scenario for Internal Growth Strategy**

Financial Strategy	<ul style="list-style-type: none"> <li>➤ Reduce LTV - Promptly reduce the LTV (57.9%) which has risen due to the merger, to below 55%, by selling non-core assets (offices/residential properties), etc.</li> <li>➤ Reduce interest costs - Expect to issue unsecured corporate bonds and reduce interest rates on debt assumed from LJR</li> <li>➤ Consider equity financing - On the assumption that medium to long-term growth of distributions per unit can be achieved through the acquisition of properties</li> </ul>
External Growth Strategy	<ul style="list-style-type: none"> <li>➤ In addition to improving quality and profitability by replacement of properties, proactively seize opportunities to acquire properties <ul style="list-style-type: none"> <li>Investment targets <ul style="list-style-type: none"> <li>▶ <u>Urban-type</u> <ul style="list-style-type: none"> <li>• Properties which have substantial customer traffic, such as near or adjacent to train stations, etc., and which are attractive to many tenants substitutability and can be used for a variety of purposes</li> <li>• Properties located in main streets of luxury retail areas, or which are expected to become retail hubs going forward</li> </ul> </li> <li><u>Suburban type</u> <ul style="list-style-type: none"> <li>• Large regional shopping centers (RSC)</li> <li>• Properties which are establishing their position as a survivor as the shakeout advances</li> <li>• Established lifestyle type - Properties in the suburbs of large metropolitan areas which are densely populated, have high consumption demand and are in dedicated retail zones</li> </ul> </li> </ul> </li> </ul> </li> </ul>
Internal Growth Strategy	<ul style="list-style-type: none"> <li>➤ Ensure long-term competitiveness - Maintain and improve competitiveness of properties by additional investment and renovation, etc</li> <li>➤ Thorough cost reductions - We expect to reduce costs by a further 23 mil. yen annually on top of the 62 mil. yen annual reductions already achieved by revising operation methods and costs of outsourced work, etc.</li> <li>➤ Sale of properties - Carry out necessary sales based on portfolio analysis (secure funds for new acquisitions as replacement properties)</li> </ul>

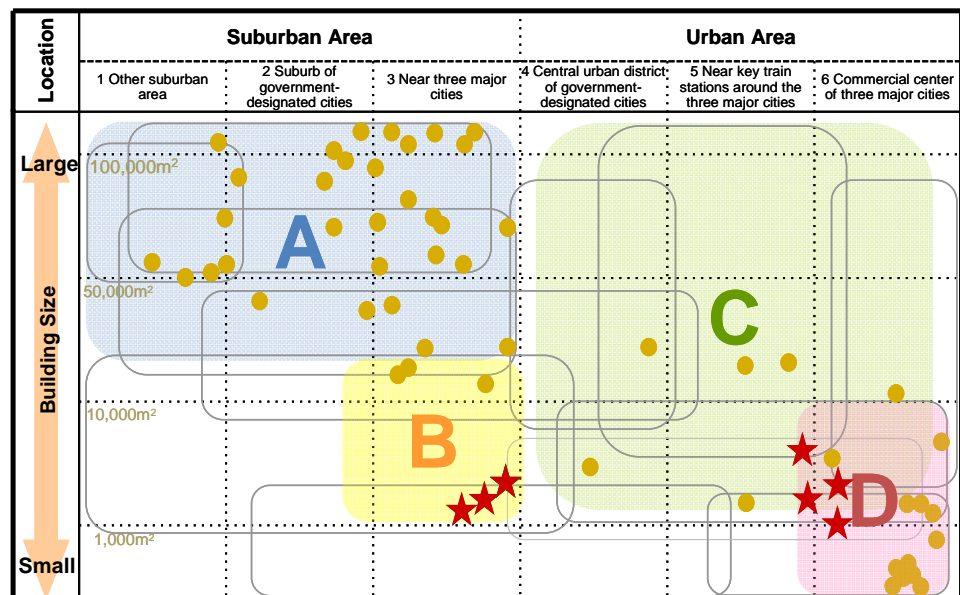




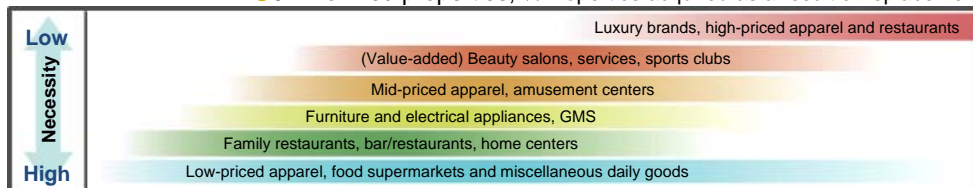
# External Growth - Property Acquisition Targets

►►► In addition to improving quality and profitability by replacement of properties, proactively seize opportunities to acquire properties

- In line with the property replacements we have undertaken, we will invest in neighborhood retail centers (B) which meet daily customer needs and which we have had few opportunities to invest in until now, and (C) and (D) sector properties located in prime locations adjoining train stations and in retail areas
- Going forward, we will proactively seek acquisition opportunities to diversify our portfolio, investments based, in principle, on our acquisition targets and will invest predominantly in the 3 major metropolitan areas of Tokyo, Nagoya and Osaka, and in other key cities



● JRF-owned properties, ★ Properties acquired as a result of replacement



Type of retail center			Owned properties
A	Retail centers which are No. 1 in their local area	<ul style="list-style-type: none"> <li>No. 1 shopping malls in an area</li> <li>Large regional shopping centers (RSC)</li> <li>Medium to large general merchandise stores (GMS)</li> </ul>	31 properties
B	Neighborhood retail centers located in densely-populated areas that meet daily customer needs	<ul style="list-style-type: none"> <li>Neighborhood shopping centers (NSC)</li> <li>Small to medium GMS</li> <li>Road-side stores</li> <li>Supermarkets (SM)</li> </ul>	6 properties ★ Life Taiheiji store (land) ★ Life Shimodera store (land) ★ Life Kishibe store (land)
C	Centers with high potential that meet various customer needs and where many tenants want to open businesses (located next to major stations in metropolitan areas)	<ul style="list-style-type: none"> <li>Specialty store buildings</li> <li>Department stores</li> <li>Restaurant buildings</li> </ul>	9 properties ★ G-Bldg. Shinjuku 01 ★ G-Bldg. Minami Ikebukuro 01
D	High street stores and specialty store buildings located in prime locations of central commercial areas	<ul style="list-style-type: none"> <li>Specialty stores</li> <li>Luxury brand stores</li> <li>Retail apparel stores</li> <li>Services stores</li> </ul>	13 properties ★ G-Bldg. Jingumae 03 ★ G-Bldg. Shinsaibashi 01

(Note)

- Shopping Mall: Large-scale retail centers with core tenants occupying large stores and numerous specialty stores located on both sides of passageways
- NSC: Small to medium sized retail centers predominantly composed of supermarkets, restaurants and specialty stores, etc. located along open passageways
- GMS (General Merchandise Store): General supermarkets predominantly selling food, clothing and miscellaneous daily goods, etc.
- Land: In principle, invest in land with fixed-term leaseholds



# External Growth – Carry Out Replacement of Assets

## ►► Carry out replacement of portfolio assets to increase post-depreciation NOI yields



8953 Saitama Urawa Building  
(Saitama-shi, Saitama Prefecture)

Sales: Sold 1 property (March 17, 2010)

Acquisitions: Acquired 7 properties,  
including 3 land-only  
properties (March 23 to  
April 2, 2010)



G-Bldg. Shinjuku 01  
(Shinjuku-ku, Tokyo)



G-Bldg. Jingumae 03  
(Shibuya-ku, Tokyo)



G-Bldg. Minami  
Ikebukuro 01  
(Toshima-ku, Tokyo)



G-Bldg. Shinsaibashi 01  
(Osaka-shi, Osaka)



Life Taiheiji store (land-only)  
(Higashi Osaka-shi, Osaka)



Life Shimodera store (land-only)  
(Osaka-shi, Osaka)



Life Kishibe store (land-only)  
(Suita-shi, Osaka)

	Price of sale/ acquisition	Annual NOI (Note 2)	Annual NOI after Depreciation <sup>(Note 2)</sup>
Sold assets	26,100 mil. yen	1,323 mil. yen	<b>656 mil. yen</b>
Total assets acquired	24,377 mil. yen	1,043 mil. yen	<b>934 mil. yen</b>

### Post-depreciation NOI yield as a result of replacement

**2.5%** (Sold assets)



**3.7%** (Note3,4) (Total assets acquired)

### Net increase of NOI after depreciation as a result of replacement

August 2010 Period (17<sup>th</sup> Period)  
February 2011 Period (18<sup>th</sup> Period) Total<sup>(Note 2)</sup>

**Increase of approx.  
277 mil. yen** <sup>(Note 4)</sup>

**NOI after depreciation per unit post-split is expected to be +47 yen for the 17th Period, +116 yen for the 18th Period**

**\* Annual NOI after depreciation will increase approximately 446 million yen and NOI cap rate will be 4.4% after normalization of operation**

(Note 1): The rental income for G-Bldg. Jingumae is an estimate that assumes the occupancy rate increases. In addition, the store at Life Kishibe (land with leasehold) is still under construction, and according to the contract the initial monthly rent is only 50% of the amount to be paid after construction is completed, so we have assumed the full rental amount after the planned store opening in September 2010.

(Note 2): Annual figures are estimates of the totals for the August 2010 and February 2011 periods. The estimate for the August 2010 period is calculated as if we had owned the properties for the full period, since they were acquired mid-period.

(Note 3): NOI cap rate after depreciation for the August 2010 and February 2011 periods= (annual NOI – depreciation expense) / expected book value

(Note 4): The increase in NOI after depreciation resulting from this sale and acquisition of assets is expected to be 80 million yen in the August 2010 period, 197 million yen in the February 2011 period, and in the August 2011 period when property taxes will be expensed (they are capitalized in the first year after acquisition) the increase is expected to be 179 million yen. In the longer term, after operations stabilize, we estimate an approx. 446 mil. yen increase of annual NOI after depreciation, and amortized yield to reach 4.4%.

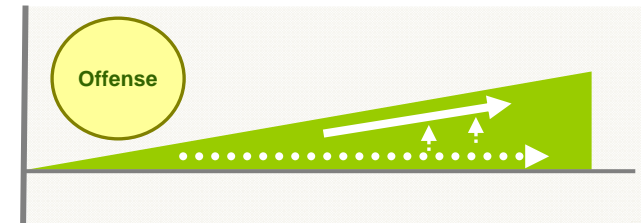


# Internal Growth - Improvement of Portfolio Structure

» To ensure long-term competitiveness, improve the portfolio structure by implementing offensive and defensive strategies to create sustainable retail centers as a stable source for distributions

## Offense

- Strive to **maintain and improve competitiveness of properties** by increasing floor space, renovations, and replacement of tenants
- Aim to **improve ability to attract customers** by applying successful examples to other properties
- Promote growth of income properties** with a new lineup by bringing in new concept tenants, etc.

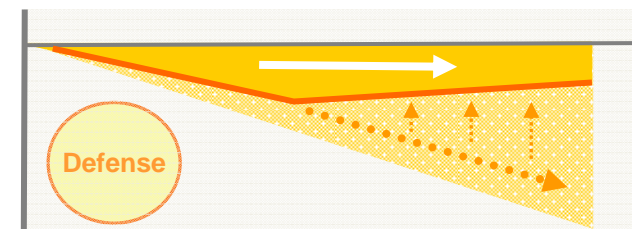


## Defense

- Carry out thorough **cost reductions**
- With respect to handling of rent revisions, **maintain appropriate rent levels** by conducting negotiations based on agreements
- To counter future downside risk, keep abreast of business conditions and monitor on appropriate signs of such risk, and **sell properties or secure replacement tenants**

▶ Timeline for rent revision of suburban-type properties during the next three years

Within one year	7 properties
One to two years	4 properties
Two to three years	6 properties





# Internal Growth - Portfolio Offensive and Defensive Strategies (1)

➤➤➤ Aim to improve competitiveness of properties by increasing floor space and carrying out renovations

## Offense - Examples of active plans carried out



Abiko Shopping Plaza  
(Abiko-shi, Chiba Prefecture)

To make **effective use of unused land**, we added a **new wing "Garden Court"**, which has a substantial line-up of eateries and lifestyle stores to meet the needs of neighboring residents. Also, we upgraded the rest area by establishing open space with lawn.



Higashi-Totsuka Aurora City -  
Annex Wing  
(Yokohama, Kanagawa Prefecture)

As we were able to achieve unified management of the center's entire car park, we were able to make more efficient use of the car park and **converted part of it into a store**. "Victoria Sports Mall", a **large comprehensive sporting goods store**, opened with floor space of 900 *tsubo* [approx. 2,970m<sup>2</sup>]; making it the area's largest such store.

	Abiko Shopping Plaza	Higashi-Totsuka Aurora City
Floor area	367.71 m <sup>2</sup>	1,961.78 m <sup>2</sup>
No. of Tenants	5 stores: Ikeda Pet Farm (Pet-related) Fukutaichubo (Chinese cuisine) Le Soleil (cakes and pastries) Tachibana (Japanese sweets) Volontiers (Fresh flowers)	1 store: Victoria Sports Mall (Sports-related)
Total investment	130 mil. yen (approx.)	290 mil. yen (approx.)
Completion date	February 12, 2010	March 14, 2010
Assumed NOI (extended area)	15 mil. yen (approx.)	60 mil. yen (approx.)
Assumed NOI yield (extended area)	11.7% (approx.)	20.6% (approx.)
NOI yield after extensions	7.2%(before extension) → 7.3%	4.0%(before extension) → 4.1%

### Plans going forward

Kyoto Family	A food court is planned to open on the 3 <sup>rd</sup> floor around June 2010. Improvement of the food court which was lacking variety should help to improve competitiveness of the center overall.
AEONMALL Higashiura	We are aiming for an extension to be opened in the Fall of 2011, and are currently in the midst of making arrangement to achieve thes.
JUSCO Naha	We are aiming to build an extension during FY 2013 and are negotiations with the land owners, etc.





# Internal Growth - Portfolio Offensive and Defensive Strategies (2)

» Strive to maintain competitiveness of properties by replacement of tenants

## Offense

### Application of successful examples

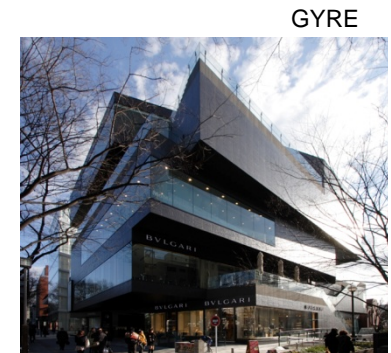
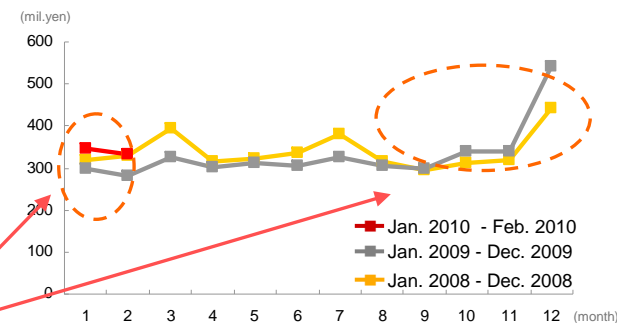
#### GYRE

- ✓ Improved Merchandising capabilities
  - Invited Comme de Garçons as a tenant in Nov. 2009
  - Due to a proposal to reduce floor space, we plan to increase the number of stores and invite new tenants
  - Based on the concept of “Omotesando Tables & Market” we plan to carry out a renovation of B1 to improve integration.
- ✓ Implemented the “SHOP & THINK” concept
  - As a result of various activities (leasing, promotions, etc.) we achieved the following:
    - The number of customer visits since July 2009 increased compared to the same period the year prior
    - Sales for the whole center since September 2009 increased compared to the same period the year prior

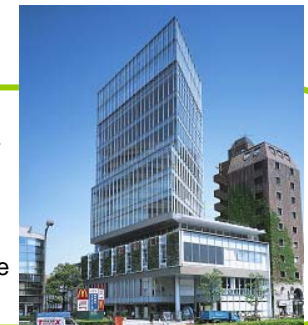
**Aim to become a property which can attain stable profits by continually and proactively implementing initiatives and gaining the support of customers**

**Aim to improve the ability to attract customers and improve attractiveness as a retail centers by applying the successful example at GYRE.**

GYRE's monthly sales results



La Porte Aoyama



#### La Porte Aoyama

- ✓ Clarification of the concept
  - Aim to attain more stable profits as a retail center
- ✓ Embody “Better Value”
  - Promote replacement of tenants upon the termination of fixed-term lease contracts
  - Invite tenants which suit the concept and have the ability to attract customers

## Defense

**Before risks become reality, take early steps to control them and minimize potential damage**

Consider large scale conversions of stores with sluggish sales. 1 property is currently being prepared for re-opening in the Spring of 2011, at the earliest.



# Growth Going Forward

## Offensive and defensive strategies for growth going forward

### Offense

#### Purchase assets at prices based on current market conditions

- ▶ Purchase at attractive prices
- ▶ Contribute to the improvement of yields

Implementation of capital increase through public offering that avoids dilution of dividend

- ▶ Increase portfolio size
- ▶ Ensure financial stability by decreasing LTV
- ▶ Stabilize unit price by increasing liquidity

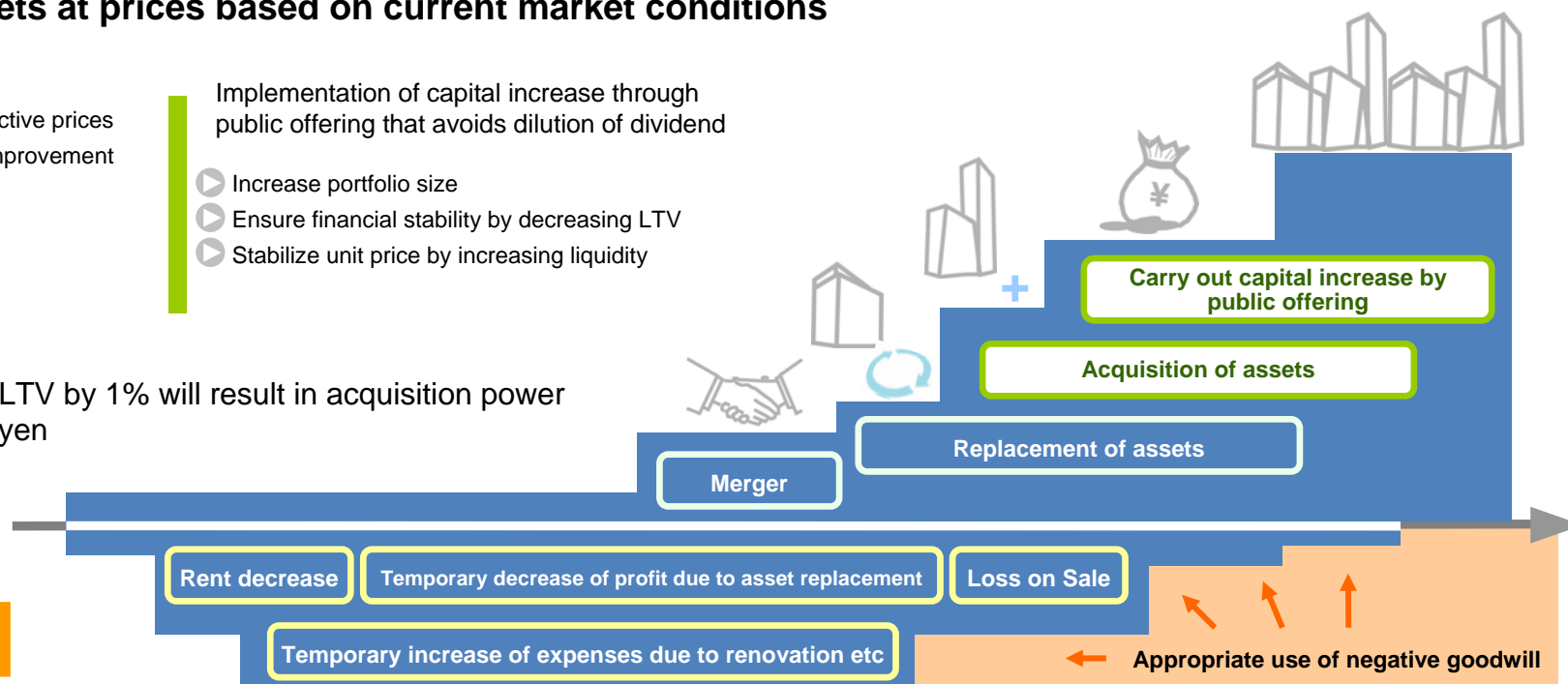
Decreasing LTV by 1% will result in acquisition power of 15 billion yen

Through entering a positive business cycle and expanding the portfolio, pay out stable dividends to investors

### Defense

#### Current portfolio: eliminating risk factors of core properties

- ▶ Strengthening competitiveness
- ▶ Maintaining appropriate rent levels



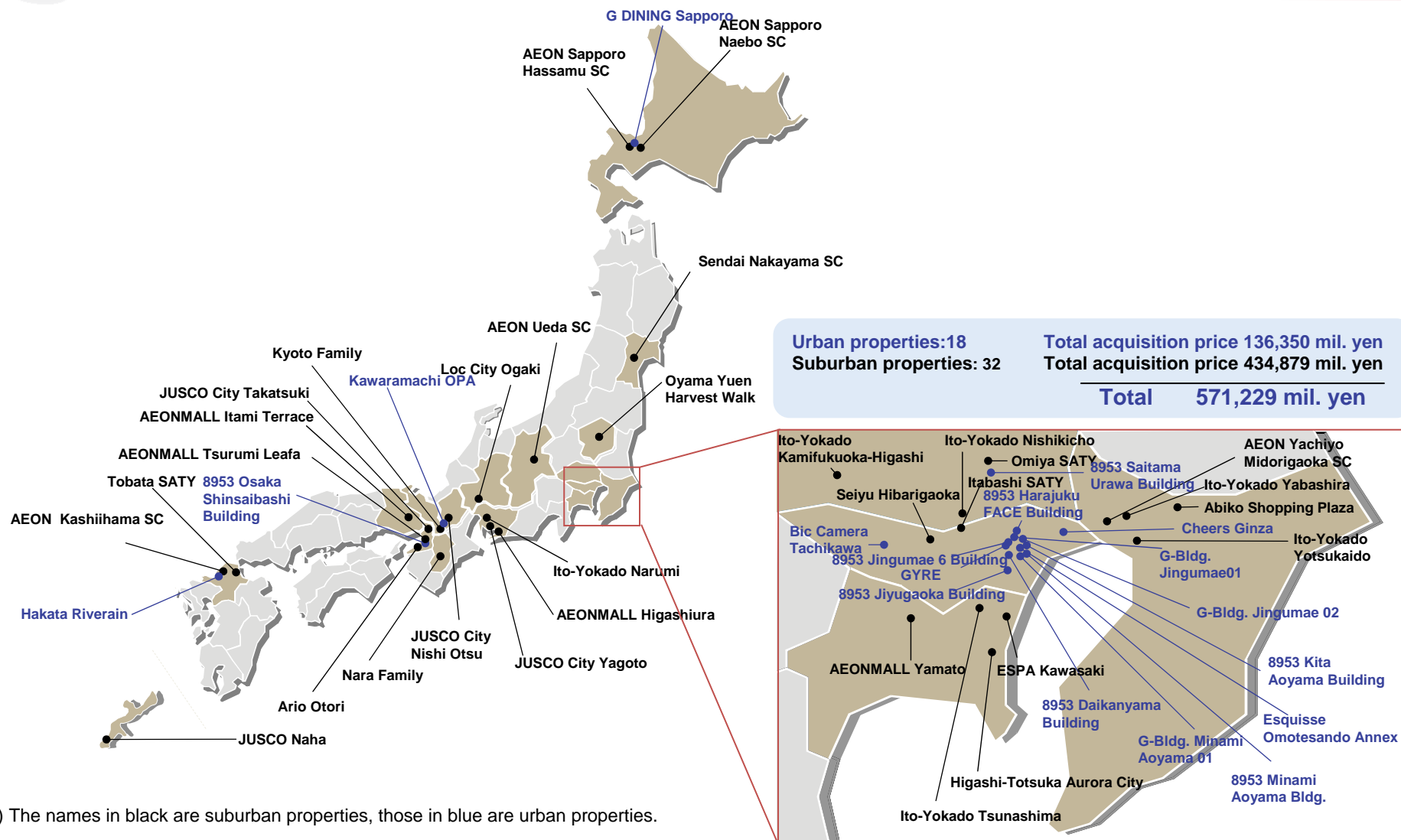
### 3. Portfolio Overview and Investor Profile

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# Locations of Portfolio Properties (As of end of February 2010 Period)

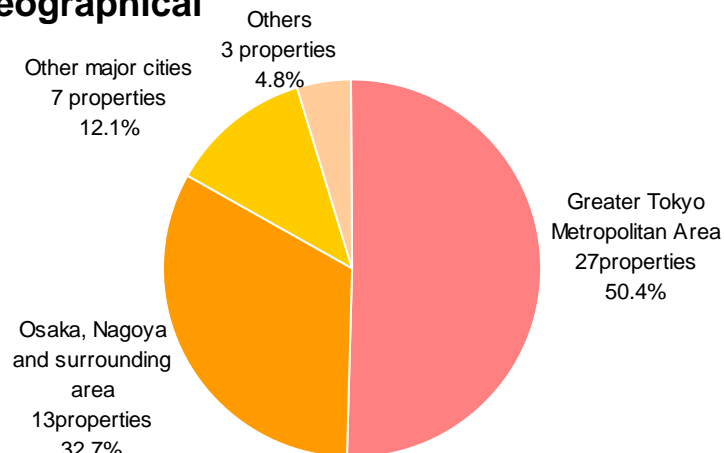




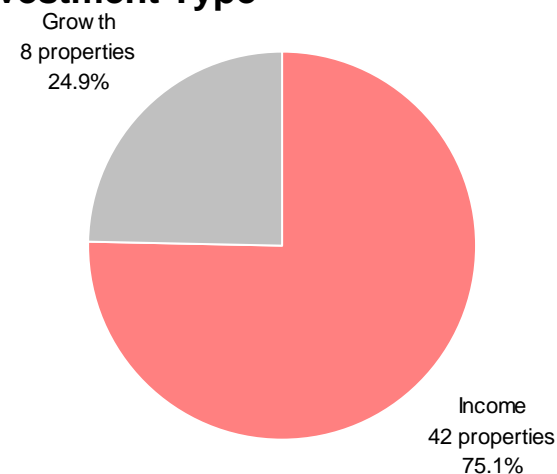


# Portfolio Diversification (50 properties as of end of February 2010)

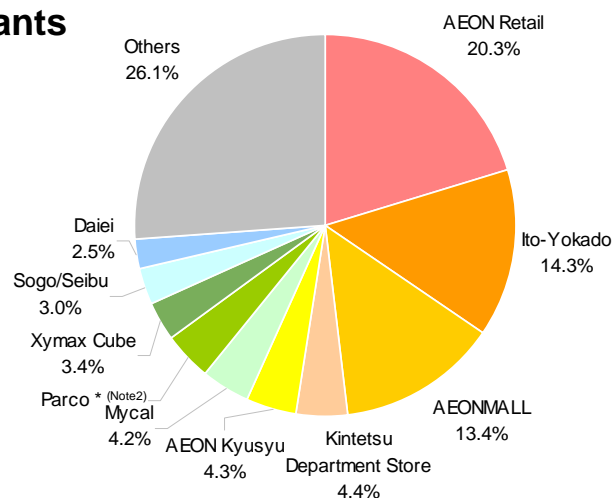
## ➤ Geographical



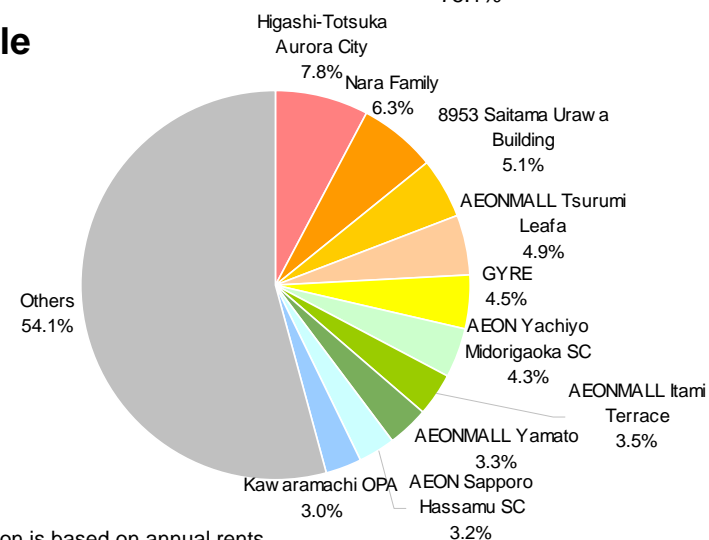
## ➤ Investment Type



## ➤ Tenants



## ➤ Scale



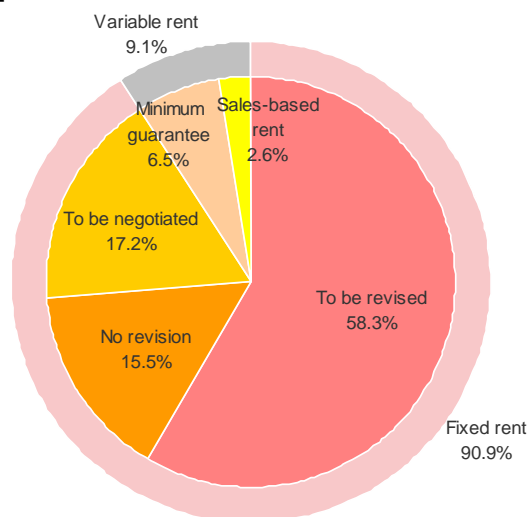
(Note1) Geographical, investment type and scale diversification are based on appraisal values, while tenant diversification is based on annual rents.

(Note 2) Percentage undisclosed as tenant has not agreed to its disclosure.

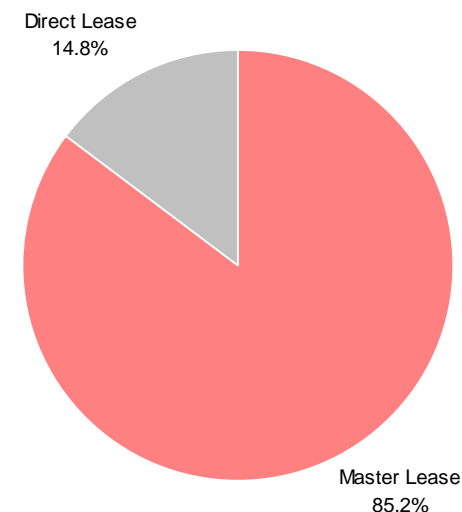


# Portfolio Data (50 properties as of end of February 2010)

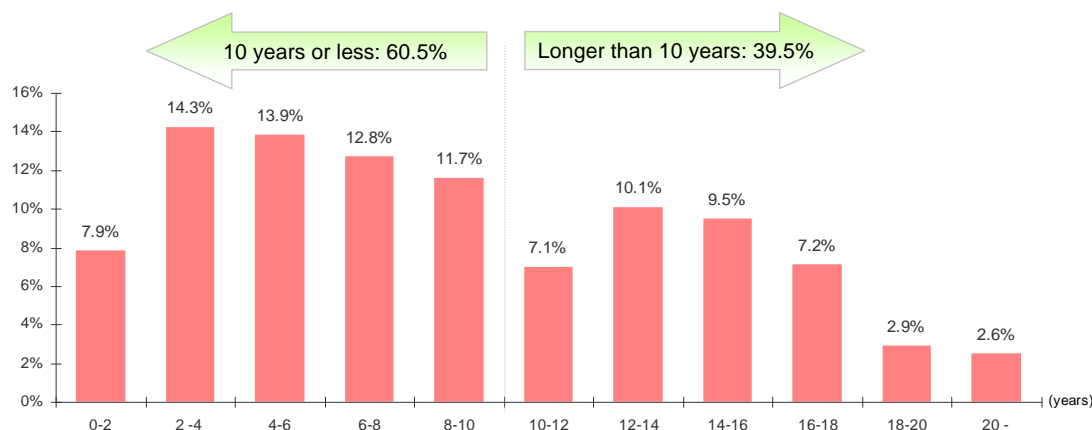
## ➤ Rent Type<sup>(Note 1)</sup>



## ➤ Lease Type



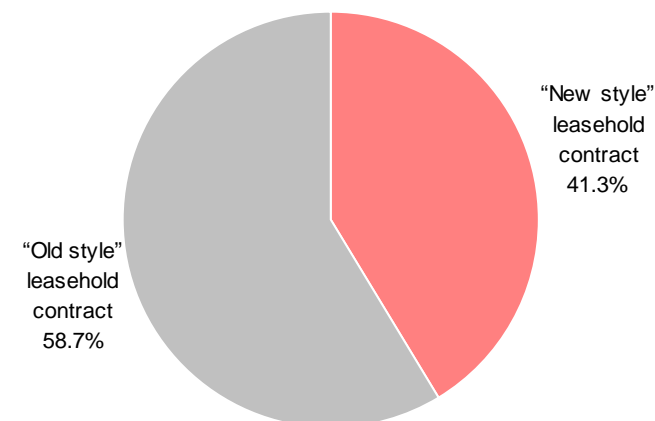
## ➤ Remaining Years of Lease Contract <sup>(Note 2)</sup>



(Note 1) Based on annual rent

(Note 2) The record date is the end of Feb. 2010

## ➤ Lease Contract Type





# Portfolio List (50 Properties) (Note 1)

Name	Investment Type	Age (Note 2) (Years)	Total Leasable Area (m <sup>2</sup> )	Occupancy (%)	Acquisition Price (mil. yen)	Share (%)	Cap Rate at Acquisition (Note 3) (%)	No. of Tenants	Key Tenants	PML (Note 4) (%)	Property Manager
<b>Tokyo metropolitan area</b>											
ESPA Kawasaki (Note 5)	Income	9.6	65,313.47	100.0	15,691	2.7	6.2	5	Ito-Yokado, Sports Depo	9.1	Xymax Cube
Abiko Shopping Plaza	Growth	15.4	42,976.70	100.0	10,322	1.8	7.2	59	Ito-Yokado	8.8, 13.7	Xymax Cube
8953 Minami Aoyama Building	Income	8.0	1,529.15	90.4	5,350	0.9	5.5	3	VALCANIZE London	13.5	CB Richard Ellis (Note7)
Ito-Yokado Yabashira	Income	27.4	21,308.78	100.0	1,616	0.3	6.1	1	Ito-Yokado	6.1, 4.9	Xymax Cube
Ito-Yokado Kamifukuoka-Higashi	Income	10.5	28,316.18	100.0	6,900	1.2	6.3	1	Ito-Yokado	9.7	Geo Akamatsu
Ito-Yokado Nishikicho	Income	6.3	73,438.52	100.0	13,212	2.3	5.6	1	Ito-Yokado	8.3	Geo Akamatsu
8953 Daikanyama Building	Income	19.0	599.79	100.0	1,235	0.2	5.3	2	F GARDEN	4.7	Office Mitsuki
8953 Harajuku FACE Building	Income	24.9	1,479.10	100.0	2,770	0.5	5.6	4	DIESEL Japan	8.5	Xymax Cube
Esquisse Omotesando Annex	Income	13.0	540.78	100.0	860	0.2	5.5	2	LS Mode	4.5	Office Mitsuki
Ito-Yokado Tsunashima	Income	28.0	16,549.50	100.0	5,000	0.9	6.1	1	Ito-Yokado	12.3	Jones Lang LaSalle
Bic Camera Tachikawa	Income	39.6	20,983.43	100.0	11,920	2.1	5.5	2	Bic Camera	15.5	Jones Lang LaSalle
Itabashi SATY	Income	9.8	72,253.88	100.0	12,400	2.2	5.4	1	SATY	6.0	Xymax Cube
8953 Kita Aoyama Building	Income	5.1	492.69	100.0	989	0.2	5.4	3	NEWS, Best Bridal	11.4	Office Mitsuki
AEONMALL Yamato	Income	8.3	85,226.68	100.0	16,823	2.9	5.5	1	JUSCO	7.9	Xymax Cube
Seiyu Hibiyaoka	Income	31.4	19,070.88	100.0	6,100	1.1	7.6	1	Seiyu	10.3	CB Richard Ellis
8953 Jiyugaoka Building	Income	10.7	1,814.15	100.0	2,700	0.5	5.2	11	NEXT, news	3.2	Xymax Cube
Cheers Ginza	Income	5.0	1,686.58	100.0	4,200	0.7	4.3	9	Madan, Ginza Shoutaien	5.7	Nomura Bldg. Management
Higashi-Totsuka Aurora City	Growth	10.5	107,597.69	100.0	50,500	8.8	4.5	4	Seibu Dept. Store, Daiei	4.3	Aim Create
Omiya SATY	Income	9.4	75,344.90	100.0	6,133	1.1	5.8	1	SATY	8.5	Xymax Cube
Ito-Yokado Yotsukaide	Income	5.1	59,207.19	100.0	13,600	2.4	4.1	1	Ito-Yokado	5.8	Geo Akamatsu
AEON Yachiyo Midorigaoka SC	Income	5.0	132,294.48	100.0	30,789	5.4	4.0	1	JUSCO	6.6	Xymax Cube
GYRE (Note 7)	Growth	2.4	4,945.71	97.8	22,712	4.0	3.4	17	CHANEL, BVLGARI	4.1	Geo Akamatsu
8953 Jingumae 6 Building	Income	2.3	670.43	100.0	2,360	0.4	3.9	4	Family Mart, Lani HAIR	8.0	Office Mitsuki
8953 Saitama Urawa Building	Income	2.4	64,236.71	100.0	27,330	4.8	4.3	1	PARCO	3.6	Hankyu-Hanshin Building Management
G-Bldg. Jingumae 01	Income	2.4	555.75	100.0	3,400	0.6	4.1	2	BAPE STORE Harajuku	13.2	Office Mitsuki
G-Bldg. Jingumae 02	Income	1.8	426.29	69.9	2,233	0.4	4.0	2	Anastasia	11.2	Office Mitsuki
G-Bldg. Minami Aoyama 01	Income	1.0	922.30	0.0	6,430	1.1	4.0	0	-	11.3	Office Mitsuki
<b>Subtotal.Weighted Average</b>		9.6	899,781.71	97.1	283,575	49.6	4.9	140		-	

(Note 1) As of February 28, 2010

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

(Note 3) These represent cap rates of the properties at the time of acquisition and thus do not reflect subsequent acquisitions of additional buildings.

The cap rate for Sendai Nakayama SC only reflects the space previously leased to JUSCO; 8953 Jiyugaoka Building only reflects the NEXT building; AEONMALL Higashiura only reflects AEON Higashiura SC; Nara Family reflects only the shopping center; ESPA Kawasaki does not include the annex.

(Note 4) PML (seismic risk) of a portfolio building or the portfolio itself represents the level of damage that may result from an earthquake of a size expected to occur once every 475 years; these values are found in the earthquake risk analysis reports prepared for each property. The estimated loss ratio for 8953 Saitama Urawa Building is the figure as of the end of May 2009.

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

(Note 6) The acquisition price for GYRE includes the land which we had previously owned and the building which we acquired additionally. The cap rate at the time of acquisition only reflects the building plus the land leasehold and the land is not included.

(Note 7) The property management company for 8953 Minami Aoyama Building was changed on March 1 to XYMAX CUBE Corporation.



# Portfolio List (50 Properties)(Note 1)

Name	Investment Type	Age (Note 2) (Years)	Total Leasable Area (m <sup>2</sup> )	Occupancy (%)	Acquisition Price (mil. yen)	Share (%)	Cap Rate at Acquisition (Note 3) (%)	No. of Tenants	Key Tenants	PML (Note 4) (%)	Property Manager
<b>Osaka, Nagoya and surrounding areas</b>											
8953 Osaka Shinsaibashi Building	Income	11.1	13,666.96	100.0	14,300	2.5	5.5	1	Tokyu Hands	5.5	Xymax Cube
Nara Family	Growth	17.3	85,005.26	99.2	31,375	5.5	7.4	125	Kintetsu Dept. Store, JUSCO	5.2	AEONMALL
Ito-Yokado Narumi	Income	12.6	50,437.91	100.0	8,540	1.5	7.3	1	Ito-Yokado	7.4	Xymax Cube
AEONMALL Higashiura	Income	7.2	129,124.73	100.0	9,142	1.6	6.3	1	JUSCO	14.2, 10.1	Xymax Cube
JUSCO City Takatsuki	Income	16.0	77,267.23	100.0	11,700	2.0	6.0	1	JUSCO	3.6	CB Richard Ellis
JUSCO City Yagoto	Income	16.5	63,778.44	100.0	3,700	0.6	7.0	2	JUSCO	4.2	Xymax Cube
JUSCO City Nishi Otsu	Income	13.3	62,717.26	100.0	13,100	2.3	5.2	1	JUSCO	4.9	Xymax Cube
Kyoto Family	Growth	27.3	25,614.66	86.5	5,340	0.9	6.5	47	JUSCO, Nitori	3.7	AEONMALL
Loc City Ogaki	Income	4.6	57,500.35	100.0	4,950	0.9	8.2	1	MaxValu	6.5	Geo Akamatsu
Kawaramachi OPA	Income	11.3	18,848.20	100.0	18,500	3.2	4.4	1	OPA	2.5	Geo Akamatsu
AEONMALL Tsurumi Leafa	Income	3.3	138,538.63	100.0	29,902	5.2	4.6	1	JUSCO	6.6	Xymax Cube
AEONMALL Itami Terrace	Income	7.4	157,904.26	100.0	21,110	3.7	5.1	1	JUSCO	4.9	Xymax Cube
Ario Otori	Income	1.9	95,135.36	100.0	19,040	3.3	4.6	1	Ito-Yokado	5.4	ProCap
<b>Subtotal/Weighted Average</b>		10.3	975,539.25	99.5	190,699	33.4	5.7	184		—	
<b>Other major city</b>											
Sendai Nakayama SC	Income	13.7	46,248.96	100.0	10,200	1.8	7.6	2	JUSCO	3.8, 3.2, 1.2	Xymax Cube
Hakata Riverain	Growth	11.2	25,920.19	84.9	6,309	1.1	6.5	66	IDC Otsuka Kagu, Louis Vuitton	0.1	Geo Akamatsu
AEON Kashiihama SC	Income	6.3	109,616.72	100.0	13,300	2.3	6.2	1	JUSCO	0.9	Geo Akamatsu
AEON Sapporo Naebo SC	Income	6.7	74,625.52	100.0	9,260	1.6	6.2	1	JUSCO	1.8	Xymax Cube
Tobata SATY	Income	11.0	93,258.23	100.0	6,290	1.1	6.6	1	SATY	1.9	Geo Akamatsu
JUSCO Naha	Income	16.4	79,090.48	100.0	10,700	1.9	6.0	1	JUSCO	7.3	Jones Lang LaSalle
AEON Ueda SC	Income	5.7	61,349.07	100.0	9,500	1.7	5.3	1	JUSCO	3.3	Geo Akamatsu
Oyama Yuen Harvest Walk	Growth	2.9	58,640.64	97.4	10,200	1.8	5.4	68	York Benimaru, Super Viva Home	3.4	Xymax Cube
AEON Sapporo Hassamu SC	Income	3.4	102,169.00	100.0	18,440	3.2	4.7	1	JUSCO	0.6	Jones Lang LaSalle
G DINING Sapporo	Growth	1.3	4,113.18	50.1	2,750	0.5	5.8	12	Ajishige, Sapporo Butaya	0.9	Xymax Cube
<b>Subtotal/Weighted Average</b>		7.7	655,031.99	97.3	96,949	17.0	5.9	154		—	
<b>Total/Weighted Average</b>		9.5	2,530,352.95	98.0	571,229	100.0	5.4	478		—	

(Note 1) As of February 28, 2010

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

(Note 3) These represent cap rates of the properties at the time of acquisition and thus do not reflect subsequent acquisitions of additional buildings.

The cap rate for Sendai Nakayama SC only reflects the space previously leased to JUSCO; 8953 Jiyugaoka Building only reflects the NEXT building; AEONMALL Higashiura only reflects AEON Higashiura SC; Nara Family reflects only the shopping center; ESPA Kawasaki does not include the annex.

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



# Portfolio List (50 Properties) - Appraisal Cap Rate

Name	Book Value (mil. yen)	Appraisal Value (mil. yen)			Direct Cap Rate			DCF Discount Rate		DCF Terminal Cap Rate	
		August 2009	February 2010	Variation	August 2009	February 2010	Variation	August 2009	February 2010	August 2009	February 2010
Tokyo metropolitan area											
ESPA Kawasaki	14,682	13,290	13,240	-50	6.10%	5.70%	-0.40%	5.10%	5.10%	5.80%	5.80%
Annex					6.60%	6.70%	0.10%	5.70%	5.80%	6.20%	6.30%
Abiko Shopping Plaza	10,209	11,700	11,900	200	6.70%	6.70%	0.00%	6.00%	6.00%	6.50%	6.50%
8953 Minami Aoyama Building	5,323	5,960	6,070	110	4.30%	4.30%	0.00%	4.50%	4.50%	4.60%	4.60%
Ito-Yokado Yabashira	1,510	1,830	1,830	0	6.10%	6.10%	0.00%	5.90%	5.90%	6.40%	6.40%
Ito-Yokado Kamifukuoka-Higashi	6,492	6,640	6,620	-20	6.40%	6.40%	0.00%	5.80%	5.80%	6.30%	6.30%
Ito-Yokado Nishikicho	11,965	12,200	12,200	0	5.90%	5.90%	0.00%	6.00%	6.00%	6.20%	6.20%
8953 Daikanyama Building	1,259	1,290	1,290	0	4.70%	4.70%	0.00%	4.50%	4.50%	4.90%	4.90%
8953 Harajuku FACE Building	2,751	3,810	3,810	0	4.70%	4.70%	0.00%	4.50%	4.50%	4.90%	4.90%
Esquisse Omotesando Annex	882	1,280	1,270	-10	4.50%	4.50%	0.00%	4.20%	4.20%	4.70%	4.70%
Ito-Yokado Tsunashima	4,936	4,840	4,840	0	6.40%	6.40%	0.00%	5.70%	5.70%	6.20%	6.20%
Bic Camera Tachikawa	11,759	11,200	10,300	-900	5.50%	5.50%	0.00%	5.30%	5.30%	5.60%	5.60%
Itabashi SATY	11,814	12,500	12,500	0	5.40%	5.40%	0.00%	5.00%	5.00%	5.70%	5.70%
8953 Kita Aoyama Building	984	1,300	1,290	-10	4.30%	4.30%	0.00%	4.10%	4.10%	4.50%	4.50%
AEONMALL Yamato	16,259	17,100	17,100	0	5.30%	5.30%	0.00%	4.90%	4.90%	5.40%	5.40%
Seiyu Hibarigaoka	5,487	6,910	6,950	40	6.70%	6.70%	0.00%	6.50%	6.50%	7.00%	7.00%
8953 Jiyugaoka Building NEXT	2,619	3,091	3,091	0	4.70%	4.70%	0.00%	4.50%	4.50%	4.90%	4.90%
Colline					5.00%	5.00%	0.00%	4.80%	4.80%	5.20%	5.20%
Cheers Ginza	4,110	3,750	3,670	-80	4.10%	4.20%	0.10%	4.10%	4.10%	4.40%	4.40%
Higashi-Totsuka Aurora City	50,248	40,000	40,000	0	4.90%	5.00%	0.10%	4.70%	4.80%	5.10%	5.20%
Omiya SATY	6,140	5,840	5,960	120	6.10%	6.20%	0.10%	6.50%	6.60%	7.20%	7.30%
Ito-Yokado Yotsukaido	13,718	10,200	10,000	-200	5.50%	5.70%	0.20%	5.20%	5.40%	5.40%	5.60%
AEON Yachiyo Midorigaoka SC	30,158	22,600	21,900	-700	5.40%	5.60%	0.20%	5.20%	5.40%	5.40%	5.60%
GYRE	22,739	25,000	23,200	-1,800	3.70%	3.70%	0.00%	3.50%	3.50%	3.70%	3.70%
8953 Jingumae 6 Building	2,391	2,450	2,450	0	4.30%	4.30%	0.00%	4.50%	4.50%	4.60%	4.60%
8953 Saitama Urawa Building	26,343	25,900	26,000	100	5.00%	5.00%	0.00%	4.70%	4.70%	5.10%	5.10%
G-Bldg. Jingumae 01	3,430	3,570	3,640	70	4.30%	4.30%	0.00%	4.60%	4.60%	4.60%	4.60%
G-Bldg. Jingumae 02	2,334	1,780	1,780	0	4.50%	4.50%	0.00%	4.50%	4.50%	4.80%	4.80%
G-Bldg. Minami Aoyama 01	6,495	5,440	5,430	-10	4.50%	4.50%	0.00%	4.40%	4.40%	4.50%	4.50%
Subtotal (yield is a simple average)	277,038	261,471	258,331	-3,140	5.23%	5.24%	0.01%	4.73%	5.02%	5.18%	5.40%

(Note 1) The book value, direct cap rate, DCF discount rate and DCF terminal cap rate are based on appraisals by licensed real estate agents (CBRE, Daiwa Real Estate Appraisal, Japan Real Estate Institute and Tanizawa General Appraisal Co., Ltd).



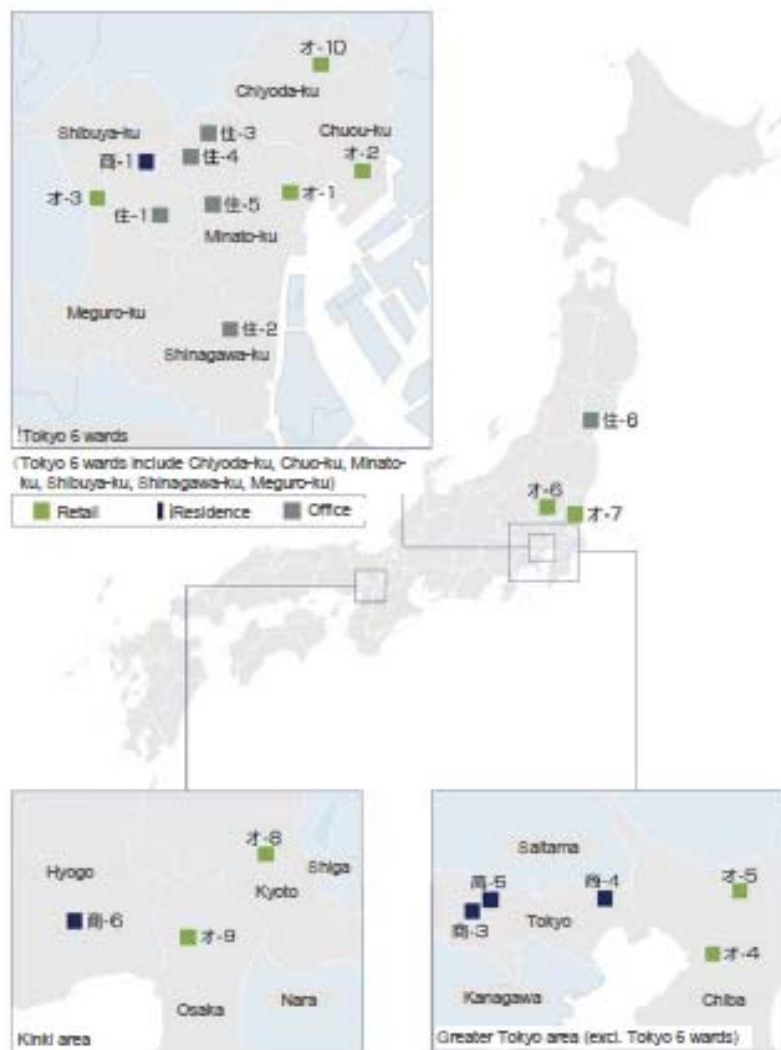
# Portfolio List (50 Properties) – Appraisal Cap Rate

Name	Book Value (mil. yen)	Appraisal Value (mil. yen)			Direct Cap Rate			DCF Discount Rate		DCF Terminal Cap Rate	
		August 2009	February 2010	Variation	August 2009	February 2010	Variation	August 2009	February 2010	August 2009	February 2010
Osaka, Nagoya and surrounding areas											
8953 Osaka Shinsaibashi Building	13,287	13,800	13,200	-600	5.00%	5.00%	0.00%	5.20%	5.20%	5.30%	5.30%
Nara Family	31,351	32,400	32,400	0	6.50%	6.50%	0.00%	5.60%	5.60%	6.60%	6.60%
Ito-Yokado Narumi	7,696	5,310	4,960	-350	7.80%	7.80%	0.00%	6.20%	6.30%	6.80%	6.90%
AEONMALL Higashiura	8,169	9,920	10,000	80	5.90%	5.90%	0.00%	5.50%	5.50%	6.20%	6.20%
JUSCO City Takatsuki	10,994	9,600	9,530	-70	6.50%	6.60%	0.10%	6.40%	6.50%	6.70%	6.80%
JUSCO City Yagoto	3,736	3,570	3,540	-30	6.70%	6.90%	0.20%	6.50%	6.50%	6.80%	6.80%
JUSCO City Nishi Otsu	13,043	10,700	10,600	-100	6.30%	6.40%	0.10%	6.20%	6.30%	6.40%	6.50%
Kyoto Family	5,306	5,660	5,660	0	6.50%	6.50%	0.00%	5.90%	5.90%	6.90%	6.90%
Loc City Ogaki	4,369	4,180	4,180	0	10.20%	10.20%	0.00%	7.40%	7.40%	16.40%	16.40%
Kawaramachi OPA	18,774	15,600	15,500	-100	5.00%	5.00%	0.00%	4.50%	4.50%	4.80%	4.80%
AEONMALL Tsurumi Leafa	28,761	25,200	25,200	0	5.40%	5.40%	0.00%	5.10%	5.10%	5.60%	5.60%
AEONMALL Itami Terrace	20,395	17,700	17,700	0	5.30%	5.30%	0.00%	4.90%	4.90%	5.50%	5.50%
Ario Otori	18,921	15,100	15,100	0	5.70%	5.70%	0.00%	5.40%	5.40%	5.90%	5.90%
Subtotal (yield is a simple average)	184,803	168,740	167,570	-1,170	6.37%	6.40%	0.03%	5.75%	5.78%	6.92%	6.94%
Other major city											
Sendai Nakayama SC	9,414	10,800	10,700	-100	7.10%	7.10%	0.00%	6.30%	6.30%	6.80%	6.80%
Hakata Riverain	6,212	5,630	5,130	-500	6.20%	6.20%	0.00%	6.00%	6.00%	6.40%	6.40%
AEON Kashiihama SC	12,646	13,300	13,200	-100	6.00%	6.00%	0.00%	6.20%	6.20%	6.30%	6.30%
AEON Sapporo Naebo SC	7,923	8,560	8,520	-40	6.70%	6.70%	0.00%	6.30%	6.30%	6.90%	6.90%
Tobata SATY	5,927	5,820	5,730	-90	7.60%	7.70%	0.10%	7.00%	7.10%	8.10%	8.20%
JUSCO Naha	10,829	10,100	9,960	-140	6.10%	6.20%	0.10%	6.00%	6.10%	6.50%	6.60%
AEON Ueda SC	9,112	7,850	7,850	0	6.20%	6.20%	0.00%	5.90%	5.90%	6.50%	6.50%
Oyama Yuen Harvest Walk	9,787	6,820	6,870	50	7.60%	7.60%	0.00%	7.20%	7.20%	7.70%	7.70%
AEON Sapporo Hassamu SC	18,021	16,200	16,500	300	5.60%	5.60%	0.00%	5.30%	5.40%	5.70%	5.80%
G DINING Sapporo	3,078	2,690	2,280	-410	6.10%	6.30%	0.20%	5.80%	5.80%	6.20%	6.20%
Subtotal (yield is a simple average)	92,949	87,770	86,740	-1,030	6.52%	6.56%	0.04%	6.20%	6.23%	6.71%	6.74%
Portfolio Total (yield is a simple average)	554,789	517,981	512,641	-5,340	5.76%	5.78%	0.02%	5.42%	5.44%	6.02%	6.04%

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



# Locations of Properties in LJR's Portfolio (as of end of Feb. 2010)



Property No.	Use	Property Name
Ret. - 1	Retail center, etc.	La Porte Aoyama
Ret. - 2	Retail center, etc.	AEONMALL Musashi Murayama Mu
Ret. - 6	Retail center, etc.	AEONMALL Kobe Kita
Off. - 1	Office	Shinsan Building
Off. - 2	Office	35 Sankyo Building
Off. - 3	Office	Shibuya West Building
Off. - 4	Office	Chiba West Building
Off. - 5	Office	Narita TT Building
Off. - 6	Office	Utsunomiya Center Building
Off. - 7	Office	Southern Mito Building
Off. - 8	Office	Horikawa-Dori Shijyo Building
Off. - 9	Office	KYUHO Esaka Building
Off. - 10	Office	Uchikanda Building
Res. - 1	Residential	Mirum Daikanyama
Res. - 2	Residential	Mirum Shirokanedai
Res. - 3	Residential	Mirum Nogizaka
Res. - 4	Residential	Mirum Minami Aoyama
Res. - 5	Residential	Mirum Hiroo II
Res. - 6	Residential	Forest Hill Sendai-Aoba
Res. - 7	Residential + Retail	Nishino Building
Res. - 8	Residential + Retail	Leaf Comfort Shinkoiwai



# LJR's Portfolio List (Note1)

Use	Name	Location	Occupancy	Appraisal Value (mil. yen)	Appraiser	Direct Cap Rate	DCF Discount Rate	DCF Terminal Cap Rate
Retail center	AEONMALL Musashi Murayama Mu	Musashi Murayama-shi, Tokyo	100.0%	30,600	CB Richard Ellis K.K.	5.2%	4.8%	5.3%
Retail center	AEONMALL Kobe Kita	Kobe-shi, Hyogo Prefecture	100.0%	15,600	CB Richard Ellis K.K.	5.7%	5.3%	5.8%
Retail center	La Porte Aoyama	Shibuya-ku, Tokyo	83.3%	9,400	Tanizawa Sogo Appraisal Co., Ltd.	4.5%	4.7%	4.8%
Subtotal (yield is a simple average)			97.2%	55,600		5.1%	4.9%	5.3%
Office	Shinsan Building	Minato-ku, Tokyo	100.0%	1,720	CB Richard Ellis K.K.	5.9%	5.8%	6.2%
Office	35 Sankyo Building	Chuo-ku, Tokyo	87.8%	3,350	CB Richard Ellis K.K.	6.1%	5.9%	6.3%
Office	Shibuya West Building	Meguro-ku, Tokyo	100.0%	1,890	CB Richard Ellis K.K.	6.5%	6.6%	7.0%
Office	Chiba West Building	Chiba-shi, Chiba Prefecture	89.4%	1,610	CB Richard Ellis K.K.	6.6%	6.7%	7.1%
Office	Narita TT Building	Narita-shi, Chiba Prefecture	97.3%	1,490	CB Richard Ellis K.K.	7.0%	7.5%	8.0%
Office	Utsunomiya Center Building	Utsunomiya-shi, Tochigi Prefecture	91.3%	1,310	CB Richard Ellis K.K.	7.2%	7.5%	7.8%
Office	Southern Mito Building	Mito-shi, Ibaraki Prefecture	93.4%	1,580	CB Richard Ellis K.K.	7.6%	7.6%	7.9%
Office	Horikawa-Dori Shijyo Building	Kyoto-shi, Kyoto	91.2%	1,590	CB Richard Ellis K.K.	6.6%	6.9%	7.3%
Office	KYUHO Esaka Building	Suita-shi, Osaka	85.4%	1,380	CB Richard Ellis K.K.	6.7%	6.8%	7.2%
Office	Uchikanda Building	Chiyoda-ku, Tokyo	88.8%	2,430	CB Richard Ellis K.K.	6.4%	5.8%	7.0%
Subtotal (yield is a simple average)			92.1%	18,350		6.7%	6.7%	7.2%
Residential	Mirum Daikanyama	Shibuya-ku, Tokyo	85.3%	3,530	CB Richard Ellis K.K.	5.9%	5.6%	6.1%
Residential	Mirum Shiokanedai	Shinagawa-ku, Tokyo	90.0%	1,460	CB Richard Ellis K.K.	5.9%	5.7%	6.1%
Residential	Mirum Nogizaka	Minato-ku, Tokyo	82.2%	1,500	CB Richard Ellis K.K.	6.0%	5.6%	6.2%
Residential	Mirum Minami Aoyama	Minato-ku, Tokyo	86.9%	1,580	CB Richard Ellis K.K.	5.8%	5.5%	6.0%
Residential	Mirum Hiroo II	Minato-ku, Tokyo	91.8%	1,560	CB Richard Ellis K.K.	5.7%	5.5%	5.9%
Residential	Forest Hill Sendai Aoba	Sendai-shi, Miyagi Prefecture	99.6%	1,570	CB Richard Ellis K.K.	7.8%	7.7%	8.0%
Residential + Retail	Nishino Building	Hachioji-shi, Tokyo	89.1%	927	Tanizawa Sogo Appraisal Co., Ltd.	6.5%	6.7%	6.8%
Residential + Retail	Leaf Comfort Shinkoiwa	Katsushika-ku, Tokyo	100.0%	1,800	Tanizawa Sogo Appraisal Co., Ltd.	5.8%	6.1%	6.1%
Subtotal (yield is a simple average)			90.1%	13,927		6.2%	6.1%	6.4%
Total (yield is a simple average)			95.0%	87,877		6.3%	6.2%	6.6%

(Note 1) Occupancy rates are the figures as of Feb. 28, 2010; appraisal values are the figures as of Dec. 1, 2009.





# Portfolio Analysis (59 properties, excluding LJR non-core properties)

## Portfolio Analysis

Investment criteria	Average at end of Aug. 2009 Period	Average at end of Feb. 2010 Period (Note 1)
1. NOI yield (Note2)	5.2%	5.1%
2. NOI yield after depreciation (Note3)	3.5%	3.5%
3. Qualitative assessment (Note 4)	Suburban-type 135 points Urban-type 146 points JRF overall 138 points (highest possible score: 245 points)	Suburban-type 135 points Urban-type 148 points JRF overall 137 points (highest possible score: 245 points)

(Note 2) NOI yield = NOI / Acquisition price. Calculated on the basis of NOI for the previous 2 periods

(Note 3) NOI yield after depreciation = (NOI - Depreciation) / Book Value

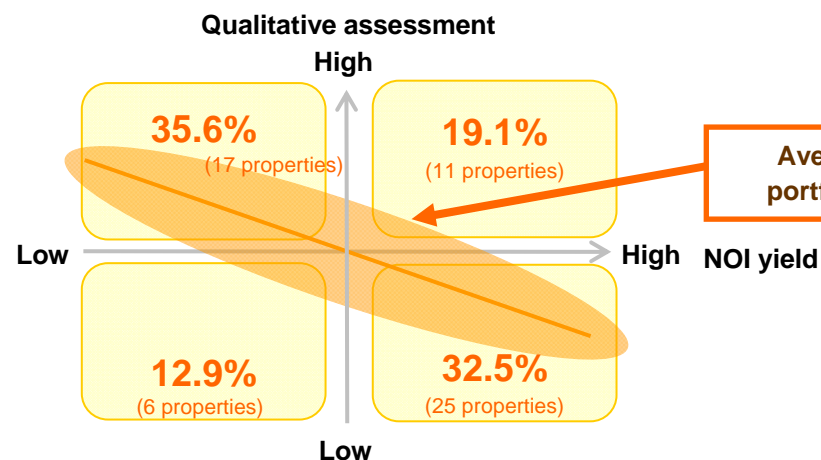
(Note 4) JRF standard-based qualitative assessment

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

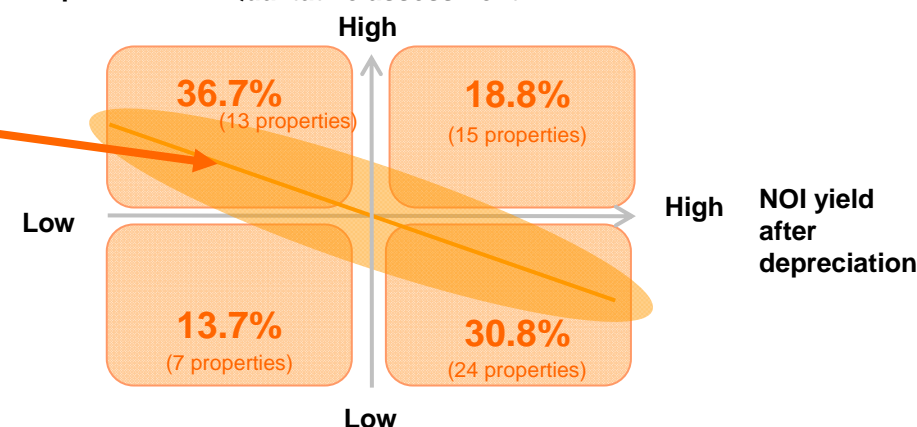
(Note 1) Data for the end of Feb. 2010 period is the average for 59 properties, (excluding the 8953 Saitama Urawa Building which we sold in Aug. 2010 period) which includes the properties we owned as of the end of Feb. 2010 period along with the 3 core properties acquired in the merger with LJR and 7 properties acquired in line with our property replacement strategy.

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

### (a) Distribution by NOI yield



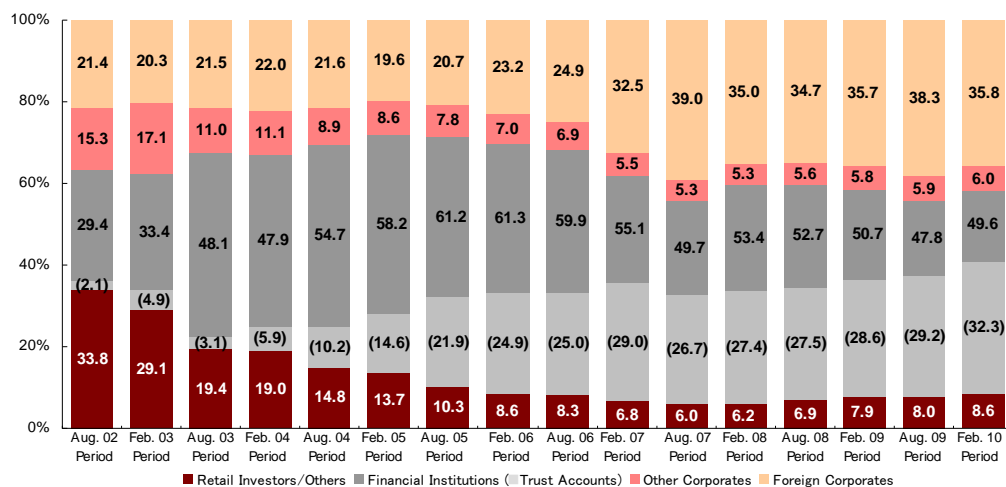
### (b) Distribution by NOI yield after depreciation



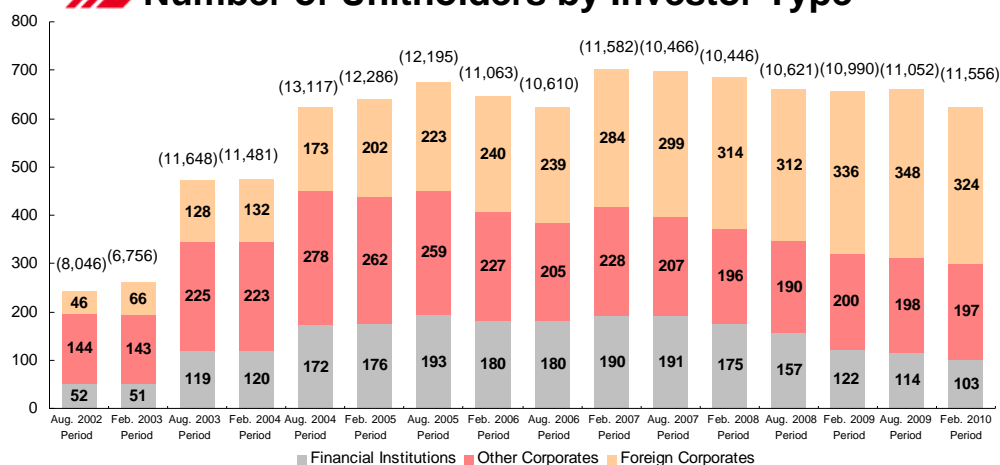


# Investor Analysis

## Ownership Ratio by Investor Type



## Number of Unitholders by Investor Type



(Note 1) Excludes retail investors and others

(Note 2) The figures in parentheses represent the total number of unitholders including retail and other investors.

## Top 20 unitholders as of end of Feb. 2010

Rank	Name	Units held	Percentage (%)
1	Trust and Custody Services Bank, trust account	31,785	8.22
2	NikkoCiti Trust and Banking Corporation, trust account	30,763	7.95
3	Japan Trustee Services Bank, trust account	29,676	7.67
4	The Nomura Trust and Banking Co., Ltd, Investment Trust	17,204	4.45
5	Mitsubishi Corporation	13,975	3.61
6	Government of Singapore Investment Corporation Pte Ltd	13,771	3.56
7	The Master Trust Bank of Japan, trust account	11,604	3.00
8	The Fuji Fire and Marine Insurance	10,140	2.62
9	CBLDN STICHTING PGGM DEPOSITORY	6,702	1.73
10	The Bank of New York, Treaty JASDEC Account	6,547	1.69
11	BNP PARIBAS SECURITIES SERVICES SINGAPORE/BP2S SYDNEY/JASDEC/AUSTRALIAN RESIDENTS	6,022	1.55
12	The Momiji Bank, Ltd.	5,167	1.33
13	AIG Star Life Insurance, general account	4,580	1.18
14	State Street Bank and Trust Company 505223	4,449	1.15
15	National Mutual Insurance Federation of Agricultural Cooperatives	4,405	1.13
16	Kansai Urban Banking Corporation	3,960	1.02
17	The Hachijuni Bank, Ltd	3,894	1.00
18	State Street Bank and Trust Company 505225	3,559	0.92
19	North Pacific Bank	3,553	0.91
20	The Chugoku Bank, LTD.	3,152	0.81
Total		214,908	55.60



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