Japan Retail Fund Investment Corporation
16th Asset Management Report
(Semi-Annual Report 16th)

September 1, 2009 – February 28, 2010

Japan Retail Fund Investment Corporation

Japan Retail Fund Investment Corporation (JRF) is a REIT specializing in retail properties.

Why retail properties?

We chose retail properties in order to deliver a stable return.
In general, retail properties have a longer term of agreement (in the case of large-scale suburban properties, approximately 20 years) and thus are expected to deliver long-term stable rental income. Also, rent is much less volatile compared with other sectors (office and residential properties), and we are able to earn a certain amount of rental income unless tenants vacate premises.
The fundamental concept of JRF is based on low-risk stable dividend. So we choose to specialize in retail properties in order to maintain a stable rental income that we use as a dividend resource.

What type of retail properties do we have?

We own the No. 1 property in the area, which means a suburban property with steady sales, and also urban properties with future growth potential in a balanced manner.
JRF owns many suburban retail properties (the No. 1 property in the area) that are closely connected with people's everyday lives and also highly competitive, and this enables us to retain a stable rental income. Meanwhile, we also own urban retail properties with great brand power and popularity that are located in major cities including Tokyo. While suburban properties bring steady revenue even during difficult economic times, we expect urban properties to realize future revenue growth. By owning two different types of properties in a balanced manner, JRF executes its management strategy from a medium- and long-term perspective.

Greetings from the Executive Directors

I am pleased to hear that things are going well for the unitholders of Japan Retail Fund Investment Corporation and the former LaSalle Japan REIT Inc.

In the period ended February 2010, the market was gradually recovering from the global financial crisis triggered by the collapse of Lehman Brothers, and the economy seemed to register tones of recovery. However, consumer spending remains sluggish, and the market environment is still severe. Under these circumstances, JRF leveraged its strength as a REIT specializing in stable retail properties and recorded operating revenue of 20,035 million yen, maintaining a level that was comparable to the previous period. Net income for the period was 5,329 million yen. This is due to an increase in interest cost as a result of lengthening the term of borrowing, implemented as part of our reinforcement of our financial strength in the previous period. As a result, dividend per unit was 13,788 yen, down 10% from the previous period. However, dividend in the previous period was affected by an extraordinary gain such as penalty charges. Dividend in the current period slightly increased compared with the forecast at the beginning of the period.

JRF continued to work on reinforcing its financial basis in the current period. JRF raised long-term capital from new lenders and promoted conversion from short-term borrowing to long-term borrowing to diversity lenders, diversify and lengthen repayment terms and improve financial stability.

Moreover, JRF also continued to work on improving the portfolio quality and implemented extensions and floor expansions of the existing properties as planned in order to increase revenue.

On March 1, 2010, JRF merged with LaSalle Japan REIT Inc. and took over 21 properties (worth about 88 billion yen) from LaSalle as a result. JRF would like to leverage the advantages gained from this merger and do its best as new JRF in cooperation with its asset manager, Mitsubishi Corp. – UBS Realty Inc. in order to meet unitholders' expectations. I would like to announce that, with this merger, a four-for-one unit split was implemented, and accordingly the dividend forecast for the period ending August 2010 of 13,358 yen, announced last October, was changed to 14,194 yen (before the unit split) and 3,548 yen (after the unit split) per unit considering the effect of the merger.

I would like to ask all the unitholders of JRF, including those of the former LaSalle Japan REIT Inc., for their continued support and business.

Japan Retail Fund Investment Corporation
Executive Director
Yorishige Kondo

Report from the Asset Management Company

I am pleased to hear that things are going well for all the unitholders. On behalf of the Asset Manager, I would like to report on the financial performance of Japan Retail Fund Investment Corporation for the current period as well as the merger with LaSalle Japan REIT Inc. in addition to the future investment strategy that leverages this merger.

Although the economy is on a recovery path, consumer spending remains sluggish. Under these severe circumstances, we succeeded in maintaining a stable rental income.

Although the economy remained in a severe situation for the first half of 2009, it showed signs of gradual recovery in the second half. We can say that the economy finally emerged from the most testing period. However, consumer spending still remains sluggish, and we can still not afford to be optimistic about the market environment.

Under these circumstances, JRF leveraged its strength of owning highly competitive retail properties and succeeded in maintaining a stable rental income.

We implemented extensions and floor expansions of the existing properties as planned and steadily worked on improving the portfolio quality.

Since 2008, JRF has shifted its investment strategy from expansion of scale to pursuit of portfolio quality. One of the measures is our Active Project that aims to revitalize existing properties by renewal and floor expansion. For the current period, we completed extensions of Abiko Shopping Plaza that were started in the previous period and also completed floor expansions of Higashi- Totsuka Aurora City in March according to the plan.

We succeeded in securing funds for redemption of investment corporation bond as planned and solidified a firm base for new growth.

The financial environment that surrounds J-REIT started to improve gradually in the current period, and financing difficulties are gradually being mitigated. Against the backdrop of these circumstances, for the investment corporation bond (20 billion yen) that was redeemed in February, we succeeded in smoothly completing its redemption according to the original plan by allocating the fund in hand and a part of new borrowing, without using the commitment line* of 40 billion yen that was reestablished last September.

In addition, we diversified lenders and the terms of borrowing by securing a long-term borrowing for 10 years from our new lender, AFLAC (American Family Life Assurance Company of Columbus, Japan Branch) in September 2009.

Various measures implemented over the year reinforced our financial stability and solidified our base. We would like to seek opportunities for long-term financing at a low cost including new issuance of investment corporation bonds and steadily make use of such opportunities.

* Commitment line: contract with financial institutions that allows flexible borrowing at any time up to the predetermined borrowing limit.

As a step toward new growth, we merged with LaSalle Japan REIT Inc. on March 1.

Against the backdrop of an unprecedented financial and real estate depression, we established a solid financial base by taking swift and appropriate measures, which allow us to see the next step forward. While we seek to reinforce portfolio quality and expand size toward further growth, we merged with LaSalle Japan REIT Inc. (LJR) on March 1 as a measure for new external growth.

The biggest advantage of this merger is an increase in our total assets by approximately 90 billion yen by the unit split without paying any cash. In particular, the addition of three prime retail properties worth approximately 55 billion yen to our portfolio has great significance for the reinforcement of a stable revenue base and risk diversification by increasing our scale. Meanwhile, we took over interest-bearing debt worth approximately 69 billion yen, but we agreed with LJR's lender on changing the terms of borrowing from with security to without security, the same terms for JRF. In addition, we have already dealt with issues related to its repayment.

In principle, JRF continues to specialize in retail properties and plans to dispose of noncore assets such as office and residential properties taken over in the merger as soon as possible. When we have completed disposing of these properties, we will be able to reduce our debt by allocating the proceeds to its repayment.

Now the merger is completed, and we are swiftly dealing with our financial issues. Please look forward to a new JRF with great prospects.

We, as new JRF, set a course for growth. We aim to further pursue quality and achieve stronger growth as our medium-term investment strategy.

We believe that the J-REIT market has already bottomed out and will be on a gradual recovery path. By experiencing this change in the external environment as well as a change in the internal environment by expanding our scale through the merger, JRF looked ahead to the next stage and reviewed the future scenario to reinforce its stable revenue base and new growth.

Although the details are explained below, we continue to pursue our basic policy of aiming to deliver a stable dividend and increase net asset value (NAV) per unit by improving portfolio quality. For our internal growth, based on the fundamental policy plus utilization of negative goodwill acquired from the merger, we will solidify a base for stable dividend by maintaining the medium- to long-term competitiveness of the retail properties, implementing measures to enhance our portfolio stability and aggressively cutting costs. For our external growth, we will make good use of opportunities to acquire favorable properties.

For our financial strategy, we will make continuous efforts to further stabilize our financial base and reduce our borrowing cost. As part of these measures, we already replaced some properties this March.

We will carry out best investment management at any given time and aim to improve unitholder value based on consistent payments of stable dividends.

Now consumers are watching the economic and financial situation more closely. We believe that the distinction between prime retail properties and nonprime properties has become more distinct according to their management strategy and nonprime properties will be eliminated by selection. As a professional retail property manager, JRF will select the optimal asset management strategy at any given time by being perceptive to changes in both the internal and external environment and leveraging our overall ability built based on our abundant experience and track record. We will carefully determine shops that can survive, and cautiously but fearlessly acquire new properties and replace investment properties based on a long-term perspective. We will also improve the competitiveness of existing properties and make efforts to increase unitholder value by positioning consistent payments of stable dividends as our most important mission.

We are determined to do our best to meet unitholders' expectations. We would like to ask for your continuous support and guidance in the years to come.

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

I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			12th	13th	14th	15th	16th
As of /for the six months ended			February 29, 2008	August 31, 2008	February 28, 2009	August 31, 2009	February 28, 2010
Operating revenues	Note 1	(Millions of yen)	18,708	20,254	20,447	20,503	20,035
(Rental revenues)	Note 1	(Millions of yen)	(18,708)	(20,254)	(20,359)	(20,503)	(20,035)
Operating expenses	Note 1	(Millions of yen)	11,199	12,475	12,563	12,729	12,505
(Rental expenses)	Note 1	(Millions of yen)	(9,272)	(10,343)	(10,442)	(10,593)	(10,414)
Operating income		(Millions of yen)	7,508	7,778	7,883	7,773	7,529
Recurring profit		(Millions of yen)	6,145	6,095	6,040	5,897	5,346
Net income	(a)	(Millions of yen)	6,131	6,080	5,820	5,880	5,329
Net assets	(b)	(Millions of yen)	256,896	256,845	256,584	256,645	256,093
(Period-on period change)		(%)	(-0.1)	(-0.0)	(-0.1)	(+0.0)	(-0.2)
Total assets	(c)	(Millions of yen)	546,831	589,630	578,674	588,500	578,829
(Period-on period change)		(%)	(+11.9)	(+7.8)	(-1.9)	(+1.7)	(-1.6)
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)	664,670	664,538	663,864	664,020	662,593
Dividends	(e)	(Millions of yen)	6,131	6,080	5,820	5,881	5,329
Dividend per unit	(e)/(d)	(Yen)	15,865	15,733	15,059	15,216	13,788
(Profit dividend per unit)		(Yen)	(15,865)	(15,733)	(15,059)	(15,216)	(13,788)
(Dividend per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of recurring profit to total assets	Note 2	(%)	1.2 (2.4)	1.1 (2.1)	1.0 (2.1)	1.0 (2.0)	0.9 (1.8)
Return on unitholders' equity	Note 2	(%)	2.4 (4.8)	2.4 (4.7)	2.3 (4.6)	2.3 (4.5)	2.1 (4.2)
Ratio of net assets to total assets	(b)/(c)	(%)	47.0	43.6	44.3	43.6	44.2
(Period-on period change)		(%)	(-5.6)	(-3.4)	(+0.7)	(-0.7)	(+0.6)
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)	13,596	14,668	14,764	14,762	14,481
Net profit margin	Note 2	(%)	32.8	30.0	28.5	28.7	26.6
Debt service coverage ratio	Note 2	(Multiple)	8.9	7.8	7.4	7.5	6.5
Funds from operation (FFO) per unit	Note 2	(Yen)	26,628	28,043	27,374	27,770	26,365
FFO multiples	Note 2	(Multiple)	12.0	8.2	5.8	9.0	7.9
Distributable income per unit after adjustment for taxes on property and equipment	Note 3	(Yen)	15,614	15,495	14,864	15,191	13,771
FFO per unit after adjustment for taxes on property and equipment	Note3	(Yen)	26,377	27,806	27,179	27,745	26,348

Note 1 Consumption tax are not included.

Note 2 Figures are calculated as below formulas. Percentages in parentheses are annualized using 182, 184, 181 , 184 and 181 days for 12th, 13th, 14th , 15th and 16th 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 16th fiscal period

(1) Principal activities

The Investment Corporation 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 retail property assets. It was listed on the Real Estate Investment Trust ("REIT") Section on the Tokyo Stock Exchange (Stock code: 8953) on March 12, 2002.

Immediately after listing, the Investment Corporation acquired four properties and began substantially managing these properties. To "expand the scale of the portfolio," we continued to acquire and manage properties, achieving total assets of ¥400 billion by the end of the 10th fiscal period (February 28, 2007), a goal set at the time of listing. Thereafter, we strove to "diversify the portfolio." In April 2008, we announced a medium-term business policy, under which we aimed to improved "portfolio quality." In April 2009, we introduced the "Crisis Management Scenario" to cope with the deterioration in the fund-raising environment after the bankruptcy of Lehman Brothers, and made every effort to enhance the stability of finances, mainly by extending debt maturities. In October 2009, we announced our initiatives to look for opportunities for "external growth" and improve "portfolio quality." As part of this, we gave due consideration to M&A, promoting the plan to merge with LaSalle Japan REIT Inc. ("LJR"). As of the end of the 16th fiscal period (February 28, 2010), we managed a total of 50 properties (total asset value of ¥578.8 billion).

(2) Investment environment and results

With regard to macroeconomic trends in Japan during the fiscal period under review, uncertainty spread over the future direction of the economic policy after a new government was formed by the Democratic Party of Japan in August of last year. Furthermore, the yen appreciated sharply. However, the risk of the economy further worsening was reduced due to a series of economic stimulus measures, and uncertainties over corporate earnings receded. Now, it is even expected that the Japanese economy will undergo a moderate recovery.

The fund-raising environment for Japan real estate investment trust (J-REITs) emerged from its worst period, and capital increases restarted for some J-REITs from October 2009. From January 2010, investment corporation bonds also began to be issued.

In the real estate market, creditworthy real estate funds and developers began to invest in large properties here and there, some J-REITs acquired large properties in the wake of capital increases, and some investors started to consider new investments citing the current market as relatively inexpensive.

Looking at retail industry trends, consumers appear to have continued to cut back on spending due to lingering concerns over employment, reduced disposable income, and other factors. Consequently, department store and luxury brand store sales, which deal in relatively high-end articles, continued to decrease. Sales at suburban general merchandise stores (GMS) also remained weak across the board. A growing number of retailers announced their plans to restructure their outlets. Some department stores announced the shutdown of existing outlets and deferrals and freezes of new store openings. However, sales at some suburban GMS outlets were on the rise, and some specialty stores saw their sales increase. Recently, the sales of tenants at some urban retail facilities began to show signs of recovery. Given these trends, the retail industry appears to have emerged from its worst situation. Competitive retail facilities, whose marketing areas have a large population with strong purchasing power and which feature conveniences such as excellent access, can attract competitive tenants and enjoy relatively steady sales of merchandise that mainly consists of daily living necessities centering on groceries. Hence, a gap among retail facilities has become evident.

Under such circumstances, the Investment Corporation prioritized the enhancement of its financial structure under the “Crisis Management Scenario,” which was set up in the previous fiscal year to focus on strengthening its financial base. It generally achieved the financial goals of taking out long-term loans and redeeming investment corporation bonds.

As for external growth, to seek new growth opportunities, the Investment Corporation mulled maximizing unitholder value by expanding asset scale, improving portfolio quality and increasing the liquidity of investment units. In line with this, we concluded a basic merger agreement with LJR in October last year with the Investment Corporation as the surviving investment corporation and LJR (Note) as the absorbed investment corporation, and signed a merger agreement in December. The merger took effect on March 1, 2010.

(Note) LJR was established on May 2, 2005 as eAsset Investment Corporation and was listed on the REIT Section of the Tokyo Stock Exchange on September 7, 2005. LJR subsequently joined the LaSalle Group, an international real estate service provider, and changed its name to LaSalle Japan REIT Inc. on January 16, 2008. LJR owned a total of 21 properties (total asset value of ¥128.4 billion) as of the end of the 8th fiscal period (October 31, 2009). A characteristic of LJR is its balanced portfolio that includes both offices and residential properties, while focusing on retail facilities.

With regard to internal growth, the Investment Corporation continued to replace tenants and engage in associated renewal and promotional activities for its “growth-type assets (Note),” including Hakata Riverain, Nara Family, Abiko Shopping Plaza, Kyoto Family, Higashi-Totsuka Aurora City, Oyama Yuen Harvest Walk, GYRE and G DINING SAPPORO. Abiko Shopping Plaza built an annex in February this year to increase competitiveness and revenues, aiming to raise the property’s attractiveness and increase future revenues. Meanwhile, many of its “income-type assets (Note)” continued to earn stable rental revenue supported by long-term lease contracts (primarily master leases), and had an occupancy rate of close to 100%.

(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

In the previous fiscal period, the Investment Corporation extended debt maturities, partially repaid debts, and secured a commitment line, as well as taking out new long-term loans of ¥13.0 billion and short-term loans of ¥20.0 billion. While having at our disposal new loans up to a limit of ¥40.0 billion, we appropriated part of these new loans for the redemption of investment corporation bonds worth ¥20.0 billion, and allocated the remaining for refinancing and partial repayment of existing short-term loans. As a result, outstanding debt at the end of the fiscal period under review was ¥168.4 billion, of which ¥97.7 billion was short-term debt and ¥70.6 billon was long-term debt.

The total balance outstanding on our second through sixth investment corporation bonds was ¥80.0 billion as of the end of the fiscal period under review, as we redeemed our first series of investment corporation bonds.

(4) Results and distributions

As a result of the above management actions, operating revenue was ¥20,035 million, and operating income was ¥7,529 million after deducting operating expenses such as fixed property tax, utilities charges and asset management fees. Recurring profit was ¥5,346 million and net income was ¥5,329 million.

The distribution per unit will be ¥13,788. This represents 100% of unappropriated retained earnings at the end of the period under review, after disregarding amounts less than ¥1 per unit, and after applying 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 losses.

3. Changes in unitholders' capital

There was no change in unitholders' capital for the six months ended February 28, 2010. 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	12th	13th	14th	15th	16th
As of /for the six months ended	February 29, 2008	August 31, 2008	February 28, 2009	August 31, 2009	February 28, 2010
Highest price	1,020,000	696,000	506,000	522,000	502,000
Lowest price	600,000	401,000	251,000	302,000	335,000
Closing price at end of period	640,000	455,000	321,000	496,000	105,400 (Note1)

Note 1 The market price as of February 28, 2010 above reflects a four-for-one unit split effective on March 1, 2010.

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 ¥13,788 for the six months ended February 28, 2010.

Fiscal period	12th	13th	14th	15th	16th
As of /for the six months ended	February 29, 2008	August 31, 2008	February 28, 2009	August 31, 2009	February 28, 2010
Net income (Thousands of yen)	6,131,888	6,080,780	5,820,421	5,880,818	5,329,137
Retained earnings (Thousands of yen)	184	129	217	21	69
Total dividends (Thousands of yen)	6,131,854	6,080,835	5,820,333	5,881,014	5,329,089
(Dividend per unit) (Yen)	(15,865)	(15,733)	(15,059)	(15,216)	(13,788)
Profit dividends (Thousands of yen)	6,131,854	6,080,835	5,820,333	5,881,014	5,329,089
(Profit dividend per unit) (Yen)	(15,865)	(15,733)	(15,059)	(15,216)	(13,788)
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, going forward a modest recovery is expected, although the risk of a further deterioration remains. 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 directly to the recovering sales of retailers.

In the real estate market, there is an increasing need for sales of properties held by private placement funds and real estate that was previously securitized. Meanwhile, an increasing number of investors are considering new investments due to comparatively lower prices. Given this, transaction volume is projected to pick up gradually. Against this backdrop, the Investment Corporation hopes that opportunities to secure new attractive investment targets will increase. Such investment targets are important for us to achieve further external growth while improving portfolio quality and revenues.

As for the environment for retail facilities, the structure of the retail industry has changed. While there are retail types and retailers whose sales have remained weak for a long time, there are retailers who have steadily captured consumer needs and improved their business performance despite the harsh environment. Given this, it is expected that the positions of some retailers will change and the order of popular brands will shift. Competition among retail facilities will intensify in each area, and the gap between the most locally profitable facilities and the others is likely to further widen. Supply of new large retail facilities is forecasted to decline, due to regulation under the so-called “three urban development laws” over the development of suburban retail facilities, and existing unprofitable outlets will be shut down. Thus, the number of retail facilities will be reduced, resulting in an improvement of the supply-demand balance for such facilities.

Those funds with excellent assets see the fund-raising environment improving, although they still need to conduct careful financial operations with an emphasis on stability. The monetary authorities are expected to continue easy monetary policy for some time. In the J-REIT market, some REITs conducted capital increases through public equity offerings and the issuance of investment corporate bonds resumed. Consequently, fund-raising means are expanding.

(2) Issues confronting JRF

In the environment described above, the Investment Corporation implemented a merger with LJR on March 1, 2010. Through this merger, we acquired assets held by LJR (21 properties worth about ¥88.0 billion), resulting in a total portfolio value of ¥659.0 billion (71 properties) on an acquisition value basis. Interest-bearing debt totaled ¥317.0 billion after the merger, as we assumed approximately ¥69.0 billion of such debt from LJR. Security on the succeeded interest-bearing debt was released, and all assumed interest-bearing debt has been replaced with unsecured debt. On the merger date, the Investment Corporation executed a 4-for-1 unit split for its units. After the split, the total number of outstanding units of the Investment Corporation was 1,688,198 units.

(i) Investment policy after the merger

By incorporating new assets into its portfolio, the Investment Corporation expects that the distributions per unit and the net asset value (NAV) will improve, and its portfolio NOI yield will increase. We also anticipate that we will maintain and improve the stability of income as an REIT focusing exclusively on retail facilities through the acquisition of LJR’s retail facilities, its core assets (specifically AEONMALL Musashi-murayama mu, AEONMALL Kobe-kita and La Porte Aoyama). Other effects we expect include an increase in equity market capitalization, enhanced liquidity and utilization of negative goodwill. In principle, we will utilize negative goodwill to secure stable distributions prioritizing the distribution of profits to investors. After the merger, we came to hold offices and residential properties owned by LJR, which we plan to sell in the future, and in the medium to long term, we will continue to manage assets based on the principle that the Investment Corporation is a REIT focused exclusively on retail facilities.

Even after the merger, the Investment Corporation is entrusting management of assets to its former asset management company, Mitsubishi Corp.-UBS Realty Inc.

(ii) External growth strategy

Based on its medium-term business policy, which was formulated in April 2008, the Investment Corporation has been considering replacing assets to enhance portfolio quality. As part of this strategy, we sold 8953 Saitama Urawa Building in March this year. Using the funds from this transfer, we acquired seven properties that are expected to contribute to increasing the NOI yield after depreciation. These properties included G-Bldg. Shinjuku01, LIFE Taiheiji (Land with leasehold interest), LIFE Shimodera (Land with leasehold interest), LIFE Kishibe (Land with leasehold interest), G-Bldg. Jingumae03, G-Bldg. Minami Ikebukuro01 and G-Bldg. Shinsaibashi01. We will further strive to secure new attractive investment targets, and seek opportunities for new external growth with the expectation that distributions will increase and portfolio quality will improve in the medium and long term.

(iii) Internal growth strategy

In this harsh environment for consumers, which is expected to last for some time, the Investment Corporation will carefully monitor the sales trends of tenants of the properties it holds, and implement measures for maintaining and improving the competitiveness of its retail facilities over the medium and long term, through renewal and an increase in floor space, with an emphasis on cost effectiveness, sustainability and a reduced burden on capital, etc.. To facilitate this, we will reduce costs for maintaining properties and introduce new effective tenants. We will also aim for future revenue increases by positioning measures for turning income-type assets into growth-type assets.

In March 2010, the Investment Corporation changed part of the parking area of Higashi-Totsuka Aurora City, a growth-type asset, into an outlet, and acquired land (a parking lot at present; leasehold in the past) adjacent to AEON Sapporo Hassamu Shopping Center, an income-type asset, for use in maintaining and enhancing competitiveness of the facilities in the future.

(iv) Financial strategy

The Investment Corporation will make efficient use of tenant deposits and guarantees (balance of ¥69.2 billion at the end of the 16th fiscal period). We will also make use of existing funding, including a total of ¥106.0 billion in unsecured bank loans, ¥40.0 billion in commitment lines, and ¥50.0 billion in short-term investment corporation bonds (all as of the end of the fiscal period under review), while looking at bond issues using the shelf registration system. At the time of the merger, we assumed about ¥69.0 billion of interest-bearing debt from LJR. In association with this, we recognize that the following issues need to be addressed: 1) reduction of borrowing costs; 2) dispersion of maturity of debts; and 3) decrease of the loan-to-value (LTV) ratio for overall funds.

With regard to part of the long-term debt, we dispersed debt maturities by extending their terms and reducing interest rates in March of this year. Meanwhile, to address other issues including lowering the LTV ratio and further reducing borrowing costs in the future, we will take measures such as the early sales of non-core assets including office and residential buildings improving the efficiency of cash management, etc.

6. Subsequent events

(1) Merger with LaSalle Japan REIT Inc.

The Investment Corporation has merged with LaSalle Japan REIT Inc. ("LJR") on March 1, 2010 (the "Merger Effective Date").

(i) Purpose of the merger

The Investment Corporation and LJR, with the purpose of seeking new growth opportunities, considered thoroughly the criteria of their portfolios, and their growth and financial strategies, and as a result both corporations reached the common understanding that expansion of the asset scale, improvement of the quality of the portfolio and improved liquidity of investment units to be achieved through the merger would contribute to improving the unitholder value of both corporations. Therefore, the Investment Corporation and LJR entered into a memorandum of understanding for the merger on October 29, 2009. The Investment Corporation and LJR continued discussions thereafter and they had executed the merger agreement (the "Merger Agreement") on December 15, 2009.

(ii) Method of the merger

The merger was an absorption-type with the Investment Corporation as the surviving corporation and LJR was dissolved.

(iii) The merger ratio

The Investment Corporation allocated units of the Investment Corporation at a ratio of 1.18 units (post-unit split) of the Investment Corporation per one unit of LJR. The Investment Corporation executed a four-for-one unit split with February 28, 2010 as the record date for the unit split and March 1, 2010 as the effective date.

(iv) The merger cash distributions

Instead of cash distributions of LJR for the fiscal period ended the day before the Merger Effective Date, the Investment Corporation will distribute the merger cash distributions calculated by deduct the total amounts of unitholders' capital, capital surplus and valuation and translation adjustments from net assets of LJR as of the day before the Merger Effective Date, to the unitholders of LJR recorded as of the day before the Merger Effective Date excluding the unitholders who made purchase claim on their investment units.

(v) Unitholers' capital

The amounts of unitholder's capital and capital surplus of the Investment Corporation will increase as follows:

Unitholders' capital: ¥0

Capital surplus: Amount to be increased is calculated by deduct the increase amount in unitholders' capital above from an amount to be changed in unitholders' equity prescribed in the Article 22, Paragraph 1 of the Regulation for the Accounting of the Investment Corporation (Cabinet Office Ordinance No. 47 effective in 2006).

(vi) Outline of LJR for the six months ended October 31, 2009.

Business:	To invest mainly specified asset under the Law Concerning Investment Trusts
Operating revenues:	¥3,757 million
Net income:	¥817 million
Total assets:	¥128,464 million
Total liabilities:	¥74,422 million
Net assets:	¥54,042 million

(2) Unit split

The Investment Corporation executed a four-for-one unit split (the "Unit Split") with February 28, 2010 as the record date for the Unit Split and March 1, 2010 as the effective date.

(i) Purpose of the Unit Split

In accordance with the Merger Agreement, the merger was planning to be an absorption-type merger, in which the Investment Corporation would be the surviving corporation, and the merger ratio before considering the Unit Split would be 0.295:1 (LJR: the Investment Corporation). With this ratio, however, 0.295 units of the Investment Corporation would be allocated to every one of LJR's units, and a large number of LJR unitholders would receive only fractional units of the Investment Corporation. Therefore, a four-for-one unit split for units of the Investment Corporation would be implemented in order that at least one unit of the Investment Corporation would be issued to all of LJR's unitholders so that LJR's unitholders would be able to continue to hold the Investment Corporation's units after the merger.

(ii) Split method

Each unit owned by unitholders listed in the final unitholders register on February 28, 2010, the day immediately prior to the effective date of the Unit Split, was split into four units.

(iii) Number of units increased by the Unit Split

1)	Number of outstanding units of the Investment Corporation before the split	386,502
2)	Number of units increased by this split	1,159,506
3)	Number of outstanding units of the Investment Corporation after the split	1,546,008

The following table shows pro forma per unit information for the six months ended August 31, 2009 and February 28, 2010 which has been adjusted to reflect the Unit Split as if it had been effective on March 1, 2009:

(Yen)

	As of or for the six months ended	
	August 31, 2009	February 28, 2010
Net asset value per unit	166,005	165,648
Net income per unit	3,803	3,447

Net income per unit is calculating by dividing net income by the weighted-average number of units outstanding for the period on post unit split basis. Diluted net income per unit is not disclosed because dilutive security has not been issued.

(3) Disposal of property

The Investment Corporation disposed following property.

Name of property:	8953 Saitama Urawa Building
Form of ownership:	Trust beneficial interest
Location:	Saitama-shi, Saitama
Disposal amount:	¥26,100 million
Date of contract:	March 11, 2010
Date of disposal:	March 17, 2010
Buyer:	PARCO Co., Ltd.
Effect on income:	Approximately ¥256 million of loss on disposal of the property will be charged to income for the six months ended August 31, 2010.

(4) Acquisition of property

The Investment Corporation acquired seven properties (domestic real property or trust beneficial interest) totaled to ¥24,377 million as below.

Name of property:	G-Bldg. Shinjuku 01	LIFE Taiheiji (land with leasehold interest)	LIFE Shimodera (land with leasehold interest)	LIFE Kishibe (land with leasehold interest)
Form of ownership:	Trust beneficial interest	Real property	Real property	Real property
Location:	Shinjuku-ku, Tokyo	Higashi Osaka-shi, Osaka	Osaka-shi, Osak	Suita-shi, Osaka
Acquisition cost:	¥6,600 million	¥1,282 million	¥1,683 million	¥1,910 million

Date of acquisition:	March 23, 2010	March 25, 2010	March 25, 2010	March 25, 2010
Seller:	Oedo Realty LLC.	Nippon Commercial Development Co. Ltd.	Shin Nippon Commercial Development Co. Ltd.	Nippon Commercial Development Co. Ltd.

Name of property:	G-Bldg. Jingumae 03	G-Bldg. Minami-Ikebukuro 01	G-Bldg. Shinsaibashi 01
Form of ownership:	Real property	Trust beneficial interest	Trust beneficial interest
Location:	Shibuya-ku, Tokyo	Toshima-ku, Tokyo	Osaka-shi, Osaka
Acquisition cost:	¥5,520 million	¥5,800 million	¥1,582 million
Date of acquisition:	March 29, 2010	March 30, 2010	April 2, 2010
Seller:	Mitsubishi Corporation	Minami Ikebukuro Asset Investment LLC., MI Investment LLC.	Special Purpose Company Shinsaibashi TWINS

Outline of the Investment Corporation

1. Investment unit

Fiscal period		12th	13th	14th	15th	16th
As of		February 29, 2008	August 31, 2008	February 28, 2009	August 31, 2009	February 28, 2010
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)	10,447	10,621	10,990	11,052	11,556

2. Unitholders

Major unitholders as of February 28, 2010 were as follows:

Name	Address	Number of units owned	Ratio of number of units owned to total number of units issued (Note 1)
		(Units)	(%)
Trust and Custody Services Bank, Trust Account	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	31,785	8.22
NikkoCiti Trust and Banking Corporation, Trust Account	3-14, Higashi-Shinagawa 2-chome, Shinagawa-ku, Tokyo	30,763	7.95
Japan Trustee Services Bank, Trust Account	8-11, Harumi 1-chome, Chuo-ku, Tokyo	29,676	7.67
The Nomura Trust and Banking Co., Ltd., Trust Account	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	17,204	4.45
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	13,771	3.56
The Master Trust Bank of Japan, Trust aAccount	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	11,604	3.00
The Fuji Fire and Marine Insurance Co,. Ltd.	18-11, Minamisenba 1-chome, Chuo-ku, Osaka city, Osaka	10,140	2.62
CBLDN STICHTING PGGM DEPOSITORY	KROOSTWEG-NOORD 149 3704DV ZEIST NETHERLANDS	6,702	1.73
The Bank of New York, Treaty JASDEC Account	AVENUE DES ARTS, 35 KUNSTLAAN, 1040 BRUSSELS, BELGIUM	6,547	1.69
Total		172,167	44.54

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

3. Officers

(1) Directors and independent auditor

Post	Name	Major additional post	Compensation or fee for the six months ended February 28, 2010 (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	1,400 (Note 2)
	Masahiko Nishida	President of Marks group Co.,Ltd. Certified public accountant / Tax accountant	280 (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

Yorishige Kondo (former Executive Director), Namba Shuichi (former Supervisory Director) and Masayoshi Sato (former Supervisory Director) resigned their position on January 26, 2010. Yorishige Kondo and Namba Shuichi were reappointed Executive Director and Supervisory Director, respectively, and Masahiko Nishida was newly appointed Supervisory Director on the same date. Their term of office is until January 25, 2012.

(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 August 31, 2009 Total of net book value (Millions of yen)	As of August 31, 2009 Composition ratio (%)	As of February 28, 2010 Total of net book value (Millions of yen)	As of February 28, 2010 Composition ratio (%)
Real property	Tokyo metropolitan area	12,322	2.1	12,316	2.1
Trust beneficial interest in real property	Tokyo metropolitan area	266,487	45.3	264,721	45.7
	Osaka and Nagoya metropolitan areas	186,516	31.7	184,802	31.9
	Other metropolitan areas	93,877	15.9	92,948	16.1
	Sub-total	546,881	92.9	542,473	93.7
Bank deposits and other assets		29,296	5.0	24,039	4.2
Total assets		588,500	100.0	578,829	100.0

2. Major property

The principal properties (top ten properties in net book value) as of February 28, 2010 were as follows:

Name of property	Net book value (Millions of yen)	Leasable area (Note 1) (m^2)	Leased area (Note 2) (m^2)	Occupancy ratio (Note 3) (%)	Ratio of rental revenue to total rental revenues (Note 3) (%)	Major use
Higashi-Totsuka Aurora City (trust beneficial interest)	50,247	107,597.69	107,597.69	100.0	6.8	Retail facilities
Nara Family (trust beneficial interest)	31,350	85,005.26	84,348.27	99.2	10.2	Retail facilities
AEON Yachiyo Midorigaoka Shopping Center (trust beneficial interest)	30,157	132,294.48	132,294.48	100.0	3.4	Retail facilities
AEONMALL Tsurumi Leafa (trust beneficial interest)	28,761	138,538.63	138,538.63	100.0	4.4	Retail facilities
8953 Saitama Urawa Building (trust beneficial interest)	26,342	64,236.71	64,236.71	100.0	- (Note 4)	Retail facilities
GYRE (trust beneficial interest)	22,738	4,945.71	4,836.63	97.8	2.9	Retail facilities
AEONMALL Itami Terrace (trust beneficial interest)	20,395	157,904.26	157,904.26	100.0	2.9	Retail facilities
Ario Otori (trust beneficial interest)	18,921	95,135.36	95,135.36	100.0	2.7	Retail facilities
Kawaramachi OPA (trust beneficial interest)	18,774	18,848.20	18,848.20	100.0	1.8	Retail facilities
AEON Sapporo Hassamu Shopping Center (trust beneficial interest)	18,020	102,169.00	102,169.00	100.0	2.9	Retail facilities
Total	265,711	906,675.30	905,909.23	99.9	41.8	

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

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

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

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

3. Details of property

The retail facilities as of February 28, 2010 were as follows:

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m^2)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
Sendai Nakayama Shopping Center	35-40,57,5 Minami Nakayama 1-chome, Izumi-ku, Sendai-shi, Miyagi	Trust beneficial interest	46,248.96	10,700	9,413
ESPA Kawasaki	1,2 Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficial interest	65,313.47	13,240	14,681
8953 Osaka Shinsaibashi Building	4-12, Minami Senba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	13,200	13,287
Hakata Riverain (Note 4)	3-1, Shimo-Kawabatamachi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	25,920.19	5,130	6,212
Ito-Yokado Narumi	232, Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	50,437.91	4,960	7,695
8953 Minami Aoyama Building	8-5, Minami Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficial interest	1,529.15	6,070	5,323
Nara Family	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	85,005.26	32,400	31,350
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	42,976.70	11,900	10,209
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,830	1,510
Ito-Yokado Kamifukuoka Higashi	1-30, Ohara 2-chome, Fujimino-shi, Saitama	Trust beneficial interest	28,316.18	6,620	6,492
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	12,200	11,964
8953 Daikanyama Building	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,290	1,259
8953 Harajuku Face Building	32-5, Jingumae 2-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,479.10	3,810	2,751
AEONMALL Higashiura	62-1, Aza-toueicho, Oaza-ogawa, Higashiuracho, Chita-gun, Aichi	Trust beneficial interest	129,124.73	10,000	8,168
AEON Kashiihama Shopping Center	12-1, Kashiihama 3-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	109,616.72	13,200	12,645
AEON Sapporo Naebo Shopping Center	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,520	7,922
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,945.71	23,200	22,738
Esquisse Omotesando Annex	1-17, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	540.78	1,270	882
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	4,840	4,936
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo	Trust beneficial interest	20,983.43	10,300	11,758
Itabashi SATY	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,253.88	12,500	11,813
8953 Kita Aoyama Building	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,290	983
AEONMALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	17,100	16,258
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	6,950	5,486
Tobata SATY	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	5,730	5,927
JUSCO City Takatsuki	47-2, Haginosho 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	9,530	10,993
8953 Jiyugaoka Building	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	1,814.15	3,091	2,619
JUSCO City Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,778.44	3,540	3,735
JUSCO Naha	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	9,960	10,829
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	3,670	4,110
JUSCO City Nishi-Otsu	11-1, Ohjigaoka 3-chome, Otsu-shi, Shiga	Trust beneficial interest	62,717.26	10,600	13,043
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	25,614.66	5,660	5,305
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	50,247
Omiya SATY	574-1, Kushibikicho 2-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	75,344.90	5,960	6,140
Loc City Ogaki	233-1, Nakashima, Mitsuzukacho, Ogaki-shi, Gifu etc.	Trust beneficial interest	57,500.35	4,180	4,369
Kawaramachi OPA	385 Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,500	18,774
AEON Ueda Shopping Center	12-18, Tsuneda 2-chome, Ueda-shi, Nagano	Trust beneficial interest	61,349.07	7,850	9,111
AEONMALL Tsurumi Leafa	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	25,200	28,761

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m^2)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
AEONMALL Itami Terrace	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	17,700	20,395
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,207.19	10,000	13,718
Oyama Yuen Harvest Walk (Note 5)	1457 Oaza-Kizawa, Oyama-shi, Tochigi	Trust beneficial interest	58,640.64	6,870	9,787
AEON Yachiyo Midorigaoka Shopping Center	1-3, Midorigaoka 2-chome, Yachiyo-shi, Chiba	Trust beneficial interest	132,294.48	21,900	30,157
8953 Jingumae6 Building	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,450	2,391
8953 Saitama Urawa Building	11-1, Higashitakasago-cho, Urawa-ku, Saitama-shi, Saitama	Trust beneficial interest	64,236.71	26,000	26,342
AEON Sapporo Hassamu Shopping Center	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,169.00	16,500	18,020
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka etc.	Trust beneficial interest	95,135.36	15,100	18,921
G-Bldg. Jingumae01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	3,640	3,430
G-Bldg. Jingumae02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,780	2,333
G DINING SAPPORO (Note 5)	2-2, 1-9, 2-1, 2-3, 3-3, Minami 3jo Nishi 3-chome, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	4,113.18	2,280	3,077
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo	Real property	922.30	5,430	6,494
Total			2,530,352.95	512,641	554,789

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 Oyama Yuen Harvest Walk and G DINING SAPPORO are leased in the form of a pass-through master lease agreement and the "Leasable area" of the properties shows the leasable area to the end tenants.

Operating results of each retail facility for the six months ended August 31, 2009 and February 28, 2010 were as follows:

Name of property	For the six months ended							
	August 31, 2009				February 28, 2010			
	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	450	2.2	2	100.0	437	2.2
ESPA Kawasaki	5	100.0	492	2.4	5	100.0	493	2.5
8953 Osaka Shinsaibashi Building	1	100.0	407	2.0	1	100.0	407	2.0
Hakata Riverain	73	87.8	866	4.2	66	84.9	425	2.1
Ito-Yokado Narumi	1	100.0	264	1.3	1	100.0	264	1.3
8953 Minami Aoyama Building	3	90.4	153	0.8	3	90.4	157	0.8
Nara Family	122	98.4	2,035	9.9	125	99.2	2,046	10.2

Name of property	For the six months ended							
	August 31, 2009				February 28, 2010			
	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) (%)
Abiko Shopping Plaza	54	99.9	687	3.4	59	100.0	710	3.6
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	2	100.0	20	0.1	2	100.0	40	0.2
8953 Harajuku Face Building	4	100.0	104	0.5	4	100.0	105	0.5
AEONMALL Higashiura	1	100.0	479	2.3	1	100.0	478	2.4
AEON Kashiihama Shopping Center	1	100.0	477	2.3	1	100.0	477	2.4
AEON Sapporo Naebo Shopping Center	1	100.0	378	1.9	1	100.0	376	1.9
GYRE	16	96.8	679	3.3	17	97.8	585	2.9
Esquisse Omotesando Annex	2	100.0	34	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	389	1.9	2	100.0	389	1.9
Itabashi SATY	1	100.0	657	3.2	1	100.0	661	3.3
8953 Kita Aoyama Building	2	100.0	34	0.2	3	100.0	41	0.2
AEONMALL Yamato	1	100.0	534	2.6	1	100.0	534	2.7
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	1.6
JUSCO City Takatsuki	1	100.0	413	2.0	1	100.0	413	2.1
8953 Jiyugaoka Building	11	100.0	90	0.4	11	100.0	91	0.5
JUSCO City Yagoto	2	100.0	164	0.8	2	100.0	152	0.8
JUSCO Naha	1	100.0	395	1.9	1	100.0	398	2.0
Cheers Ginza	9	100.0	109	0.5	9	100.0	109	0.5
JUSCO City Nishi-Otsu	1	100.0	375	1.8	1	100.0	380	1.9
Kyoto Family	60	97.5	636	3.1	47	86.5	603	3.0
Higashi-Totsuka Aurora City	4	100.0	1,357	6.6	4	100.0	1,355	6.8
Omiya SATY	1	100.0	202	1.0	1	100.0	206	1.0
Loc City Ogaki	1	100.0	330	1.6	1	100.0	331	1.7
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	891	4.4	1	100.0	890	4.4
AEONMALL Itami Terrace	1	100.0	579	2.8	1	100.0	583	2.9
Ito-Yokado Yotsukaido	1	100.0	290	1.4	1	100.0	290	1.4
Oyama Yuen Harvest Walk (Note 3)	1	100.0	557	2.7	68	97.4	581	2.9
AEON Yachiyo Midorigaoka Shopping Center	1	100.0	684	3.3	1	100.0	684	3.4
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)
AEON Sapporo Hassamu Shopping Center	1	100.0	577	2.8	1	100.0	577	2.9
Ario Otori	1	100.0	541	2.6	1	100.0	544	2.7

Name of property	For the six months ended							
	August 31, 2009				February 28, 2010			
	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) (%)
G-Bldg. Jingumae01	2	100.0	82	0.4	2	100.0	82	0.4
G-Bldg. Jingumae02	2	69.9	19	0.1	2	69.9	27	0.1
G DINING SAPPORO (Note 3)	1	100.0	35	0.2	12	50.1	45	0.2
G-Bldg. Minami Aoyama 01	0	0.0	0	0.0	0	0.0	0	0.0
Total	410	99.7	20,503	100.0	478	99.5	20,035	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 “Number of tenants” and “Occupancy ratio” for a pass-through master leased property are presented on an end-tenant basis for the six months ended February 28, 2010. Those figures restated on the same basis for the six months ended August 31, 2009 are as follows:

	Number of tenants	Occupancy ratio
Oyama Yuen Harvest Walk	64	98.2%
G DINING SAPPORO	11	29.8%

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

4. Other assets

Real property and trust beneficial interests in real property are included the above table. There was no other significant specified asset as of February 28, 2010.

Capital expenditures for property

1. Schedule of capital expenditures

The significant plan for capital expenditures on property maintenance as of February 28, 2010 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 February 28, 2010	Total of advanced payment
Kyoto Family	Kyoto-shi, Kyoto	Renewal construction	January 2010 to June 2010	657	59	85
Higashi-Totsuka Aurora City	Yokohama-shi, Kanagawa	Construction of new stores on the 2nd floor of the annex	September 2009 to March 2010	278	14	18
GYRE	Shibuya-ku, Tokyo	Renewal construction	May 2010	30	-	-
AEONMALL Yamato	Yamato-shi, Kanagawa	Changing parts of air conditioner	June 2010	15	-	-

2. Capital expenditures for the six months ended February 28, 2010

Maintenance expenditures on property for the six months ended February 28, 2010 were totaling to ¥402 million consisting of ¥357 million of capital expenditures stated as below and ¥45 million of repair and maintenance expenses charged to income.

Name of property	Location	Purpose	Term for maintenance	Capital expenditures (Millions of yen)
G DINING SAPPORO	Sapporo-shi, Hokkaido	Construction for a new tenant	October 2009 to November 2009	173
Bic Camera Tachikawa	Tachikawa-shi, Tokyo	Changing parts of parking tower.	January 2010	10
Kyoto Family	Kyoto-shi, Kyoto	Repairs of emergency broadcast equipment	November 2009 to December 2009	9
Oyama Yuen Harvest Walk	Oyama-shi, Tochigi	Installment of playground equipment	August 2009 to September 2009	7
Kawaramachi OPA	Kyoto-shi, Kyoto	Renewal of electric lock panel	February 2010	6
Others	-	-	-	149
Total				357

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	12th	13th	14th	15th	16th
As of /for the six months ended	February 29, 2008	August 31, 2008	February 28, 2009	August 31, 2009	February 28, 2010
Reserved funds at beginning of period	327	362	366	319	384
Increase	35	3	3	64	32
Decrease	-	-	(Note 2) 51	-	(Note 3) 414
Reserved funds at end of period	362	366	319	384	2

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.

Note 3 The funds decreased for efficient usage.

Condition of expenses and liabilities

1. Details of asset management expenses

(Thousands of yen)

Item	15th fiscal period For the six months ended August 31, 2009	16th fiscal period For the six months ended February 28, 2010
Asset management fees	1,779,036	1,736,682
Custodian fees	87,853	86,883
General administration fees	144,300	145,577
Compensation for Directors	5,940	5,940
Other operating expenses	119,017	115,509
Total	2,136,147	2,090,593

2. Borrowings

Borrowings as of February 28, 2010 were as follows:

	Name of lender	Borrowing Date	Balance as of August 31, 2009 (Millions of yen)	Balance as of February 28, 2010 (Millions of yen)	Average interest rate (Note 1)	Due date	Repayment method	Use	Remarks
Short-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 4, 2008	3,875	-	0.7	September 4, 2009	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,487	-					
	The Sumitomo Trust and Banking Co., Ltd.		2,712	-					
	Sumitomo Mitsui Banking Corporation	September 4, 2008	7,470	-	0.9	September 4, 2009	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	October 17, 2008	5,000	-	0.7	October 16, 2009	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 31, 2008	3,143	-	0.9	October 30, 2009 (Note 3)	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,714	-					
	The Sumitomo Trust and Banking Co., Ltd.		2,143	-					
	Sumitomo Mitsui Banking Corporation	November 28, 2008	2,530	-	0.9	November 27, 2009	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	March 3, 2009	2,000	2,000	1.1	March 3, 2010	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Chugoku Bank, Ltd.	March 31, 2009	2,800	-	1.0	September 30, 2009	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2009	6,343	6,343	1.1	March 31, 2010	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		5,380	5,380					
	The Sumitomo Trust and Banking Co., Ltd.		4,276	4,276					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 1, 2009	9,119	9,119	1.1	April 30, 2010	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		7,733	7,733					
	The Sumitomo Trust and Banking Co., Ltd.		6,146	6,146					
	The Bank of Fukuoka, Ltd.	June 19, 2009	3,000	-	0.8	September 18, 2009	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Chugoku Bank, Ltd.	June 19, 2009	2,200	2,200	1.0	June 18, 2010	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	August 28, 2009	1,000	1,000	1.1	August 27, 2010	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	August 28, 2009	5,000	5,000	0.9	August 27, 2010	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,500	4,500					
	The Sumitomo Trust and Banking Co., Ltd.		3,500	3,500					

	Name of lender	Borrowing Date	Balance as of August 31, 2009 (Millions of yen)	Balance as of February 28, 2010 (Millions of yen)	Average interest rate (Note 1)	Due date	Repayment method	Use	Remarks
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	3,875					
	Mitsubishi UFJ Trust and Banking Corporation	September 4, 2009	-	3,487	0.9	September 3, 2010	Lump sum (Note5)	Note 9	Unsecured and unguaranteed
	The Sumitomo Trust and Banking Co., Ltd.		-	2,712					
	Sumitomo Mitsui Banking Corporation	September 4, 2009	-	500	1.1	September 3, 2010 (Note 4)	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	September 18, 2009	-	3,000	0.8	September 17, 2010	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Chugoku Bank, Ltd.	September 30, 2009	-	2,000	1.0	September 30, 2010	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	October 16, 2009	-	5,000	1.1	October 15, 2010	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	5,152					
	Mitsubishi UFJ Trust and Banking Corporation	February 8, 2010	-	4,373	0.9	February 8, 2011	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Sumitomo Trust and Banking Co., Ltd.		-	3,475					
	Sumitomo Mitsui Banking Corporation	February 8, 2010	-	7,000	0.9	February 7, 2011	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Sub-total		96,075	97,775					
Long-term	Aozora Bank, Ltd.	August 29, 2008	7,400	7,400	1.2	August 29, 2013	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Shinkumi Federation Bank (Note 2)	September 30, 2008	3,000	3,000	1.1	September 30, 2010	Lump sum	Note 10	Unsecured and unguaranteed
	Mitsui Sumitomo Insurance, Co., Ltd. (Note 2)	September 30, 2008	1,000	1,000	1.1	September 30, 2010	Lump sum	Note 10	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	September 30, 2008	3,000	3,000	1.1	September 30, 2011	Lump sum	Note 10	Unsecured and unguaranteed
	Saitama Resona Bank, Limited	September 30, 2008	1,000	1,000	1.1	September 30, 2011	Lump sum	Note 10	Unsecured and unguaranteed
	Development Bank of Japan Inc	September 30, 2008	3,000	3,000	1.2	September 30, 2013	Lump sum	Note 10	Unsecured and unguaranteed
	Development Bank of Japan Inc	March 30, 2009	4,950	4,850	1.5	March 30, 2014	Note 6	Note 10	Unsecured and unguaranteed
	Development Bank of Japan Inc	July 30, 2009	15,000	14,750	1.8	July 30, 2016	Note 7	Note 10	Unsecured and unguaranteed
	Development Bank of Japan Inc	July 30, 2009	20,000	19,666	2.2	July 30, 2018	Note 8	Note 10	Unsecured and unguaranteed
	American Family Life Assurance Company of Columbus	September 4, 2009	-	5,000	3.0	September 4, 2019	Lump sum	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	3,143					
	Mitsubishi UFJ Trust and Banking Corporation	September 30, 2009	-	2,714	1.4	September 30, 2014	Lump sum	Note 10	Unsecured and unguaranteed
	The Sumitomo Trust and Banking Co., Ltd.		-	2,143					
	Sub-total		58,350	70,666					
Total			154,425	168,441					

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, 2010.

Note 3 The Investment Corporation had repaid ¥8,000 million on September 30, 2009 in advance of the due date.

Note 4 The Investment Corporation had repaid ¥4,500 million of a portion of the initial principal (¥5,000 million) on December 30, 2009 in advance of the due date.

Note 5 The Investment Corporation may repay all or part of principal of the long-term borrowing on interest payment date.

Note 6 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 30th of March, June, September and December, and due date. The balance as of February 28, 2010, includes ¥200 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 (¥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 30th of March, June, September and December, and due date. The balance as ofFebruary 28, 2010, includes ¥600 million of current portion of long-term borrowings.

Note 8 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 30th of March, June, September and December, and due date. The balance as of February 28, 2010, includes ¥800 million of current portion of long-term borrowings.

Note 9 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 10 The funds were mainly appropriated to repayment of borrowings.

3. Investment corporation bonds

Name of lender	Issuance date	Balance as of August 31, 2009 (Millions of yen)	Balance as of February 28, 2010 (Millions of yen)	Interest rate (Note 1)	Maturity date	Repayment method	Use	Remarks
First series unsecured investment corporation bonds	February 9, 2005	20,000	-	0.74	February 9, 2010	Lump sum (Note 1)	Note 2	Unsecured and unguaranteed
Second series unsecured investment corporation bonds	February 9, 2005	15,000	15,000	1.73	February 9, 2015	Lump sum (Note 1)	Note 2	Unsecured and unguaranteed
Third series unsecured investment corporation bonds	February 22, 2006	10,000	10,000	2.02	February 22, 2016	Lump sum (Note 1)	Note 2	Unsecured and unguaranteed
Fourth series unsecured investment corporation bonds	December 22, 2006	20,000	20,000	1.60	December 22, 2011	Lump sum (Note 1)	Note 2	Unsecured and unguaranteed
Fifth series unsecured investment corporation bonds	May 23, 2007	20,000	20,000	1.60	May 23, 2012	Lump sum (Note 1)	Note 2	Unsecured and unguaranteed
Sixth series unsecured investment corporation bonds	May 23, 2007	15,000	15,000	2.17	May 23, 2017	Lump sum (Note 1)	Note 2	Unsecured and unguaranteed
Total		100,000	80,000					

Note 1 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 2 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)
Abiko Shopping Plaza	February 12, 2010	122	-	-	-	-
Total	-	122	-	-	-	-

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	Abiko Shopping Plaza	February 12, 2010	122	137

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

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

(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)	
Facility management fees	833,171	Mitsubishi UFJ Lease & Finance Company Limited	4,351	0.5
Utilities costs	603,938	Japan Facility Solutions, Inc.	14,815	2.5
Other rental expenses	350,852	Mitsubishi Shoji & Sun Co., Ltd.	451	0.1
		Mitsubishi Corporation	355	0.1
		Kentucky Fried Chicken Japan, Ltd.	60	0.0
		Mitsubishi UFJ Lease & Finance Company Limited	3	0.0
Other operating expenses	115,509	Mitsubishi Corporation	81	0.1

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

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 8, 2005	100	-	700
September 21, 2006	100	-	800
Accumulated number	200	-	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 7th fiscal period (March 1, 2005 to August 31, 2005)	700	633,500	0.3%
The 8th fiscal period (September 1, 2005 to February 28, 2006)	700	637,000	0.2%
The 9th fiscal period (March 1, 2006 to August 31, 2006)	700	592,900	0.2%
The 10th fiscal period (September 1, 2006 to February 28, 2007)	800	880,000	0.2%
The 11th fiscal period (March 1, 2007 to August 31, 2007)	800	760,000	0.2%
The 12th fiscal period (September 1, 2007 to February 29, 2008)	800	512,000	0.2%
The 13th fiscal period (March 1, 2008 to August 31, 2008)	800	364,000	0.2%
The 14th fiscal period (September 1, 2008 to February 28, 2009)	800	256,800	0.2%
The 15th fiscal period (March 1, 2009 to August 31, 2009)	800	396,800	0.2%
The 16th fiscal period (September 1, 2009 to February 28, 2010)	800	337,280	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. The aggregated value of units held at end of the 16th period is calculated by market price multiplied by four because the market price reflects the Unit Split (four-for-one unit split) effective on March 1, 2010.

2. Notice

Approval day	Item	Summary
December 15,2009	The Merger Agreement	The Investment Corporation and LJR had executed the Merger Agreement.
February 23, 2010	Modification of asset management agreement	The asset management agreement with Mitsubishi Corp. - UBS Realty Inc. was modified in parts.

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	
	August 31, 2009	February 28, 2010
	Thousands of yen	Thousands of yen
Assets		
Current Assets:		
Cash and bank deposits	13,352,971	11,659,456
Cash and bank deposits in trust	9,569,463	5,609,655
Rental receivables	839,798	880,229
Consumption tax refundable	14,758	-
Other current assets	696,370	1,007,028
Total current assets	24,473,361	19,156,370
Fixed Assets (Note 2)**:**		
Property and equipment:		
Buildings	805,797	807,986
Accumulated depreciation	(25,316)	(37,866)
Buildings, net	780,481	770,119
Building improvements	32,435	32,435
Accumulated depreciation	(1,034)	(1,643)
Building improvements, net	31,400	30,792
Furniture and fixtures	5,879	5,879
Accumulated depreciation	(645)	(921)
Furniture and fixtures, net	5,233	4,957
Land	11,485,520	11,490,626
Buildings in trust	239,725,795	240,037,002
Accumulated depreciation	(32,558,934)	(36,904,155)
Buildings in trust, net	207,166,860	203,132,846
Building improvements in trust	11,946,643	11,973,435
Accumulated depreciation	(2,253,523)	(2,518,125)
Building improvements in trust, net	9,693,119	9,455,309
Machinery and equipment in trust	1,397,607	1,408,483
Accumulated depreciation	(306,853)	(355,931)
Machinery and equipment in trust, net	1,090,753	1,052,551
Furniture and fixtures in trust	3,248,395	3,332,059
Accumulated depreciation	(1,044,615)	(1,204,409)
Furniture and fixtures in trust, net	2,203,779	2,127,650
Land in trust	317,639,172	317,639,172
Total property and equipment	550,096,322	545,704,025
Intangible assets:		
Leasehold rights	19,803	19,803
Leasehold rights in trust	8,936,404	8,922,128
Other intangible assets in trust	152,501	144,255
Total intangible assets	9,108,710	9,086,187

(To be continued on the following page)

	As of	
	August 31, 2009	February 28, 2010
	Thousands of yen	Thousands of yen
Investment and other assets:		
Lease deposits in trust	3,328,268	3,320,768
Long-term prepaid expenses	792,572	866,979
Other investments	552,303	567,114
Total investment and other assets	4,673,144	4,754,861
Total fixed assets	563,878,177	559,545,075
Deferred charges:		
Bonds issuance costs	149,150	127,722
Total deferred charges	149,150	127,722
Total assets	588,500,690	578,829,167

(To be continued on the following page)

	As of	
	August 31, 2009	February 28, 2010
	Thousands of yen	Thousands of yen
Liabilities		
Current Liabilities:		
Accounts payable – operating	535,553	581,101
Short-term borrowings (Note 3)	96,075,000	97,775,000
Current portion of long-term borrowings	1,484,000	5,600,000
Current portion of long-term bonds issued	20,000,000	-
Accounts payable – other	19,654	11,224
Accrued expenses	1,539,814	1,562,507
Income taxes payable	16,718	17,351
Consumption tax payable	-	337,853
Rent received in advance	1,676,342	1,672,697
Deposits received	749,154	761,117
Current amount of tenant leasehold and security deposits in trust (Note 2)	4,338,394	4,530,309
Other current liabilities	13,946	97,192
Total current liabilities	126,448,578	112,946,355
Non-current liabilities:		
Long-term bonds issued	80,000,000	80,000,000
Long-term borrowings	56,866,000	65,066,000
Tenant leasehold and security deposits	256,339	256,339
Tenant leasehold and security deposits in trust (Note 2)	68,283,604	64,464,344
Other non-current liabilities	725	2,562
Total non-current liabilities	205,406,669	209,789,247
Total liabilities	331,855,248	322,735,602
Net assets (Note 4)		
Unitholders' capital	250,764,406	250,764,406
Retained earnings	5,881,035	5,329,158
Total net assets	256,645,442	256,093,565
Total liabilities and net assets	588,500,690	578,829,167

III. Statements of income

	For the six months ended	
	August 31, 2009	February 28, 2010
	Thousands of yen	Thousands of yen
Operating revenues		
Rental revenues (Note 5)	20,503,278	20,035,089
Total operating revenues	20,503,278	20,035,089
Operating expenses		
Rental expenses (Note 5)	10,593,409	10,414,750
Asset management fees	1,779,036	1,736,682
Custodian fees	87,853	86,883
General administration fees	144,300	145,577
Compensation for Directors	5,940	5,940
Other operating expenses	119,017	115,509
Total operating expenses	12,729,557	12,505,343
Operating income	7,773,721	7,529,745
Non-operating revenues		
Interest income	2,741	4,313
Other non-operating revenues	9,707	3,226
Total non-operating revenues	12,448	7,540
Non-operating expenses		
Interest expense on borrowings	864,529	1,094,411
Interest expense on long-term bonds	795,929	771,302
Amortization of bonds issuance costs	21,428	21,428
Loan-related costs	197,554	289,820
Other non-operating expenses	9,072	13,920
Total non-operating expenses	1,888,514	2,190,883
Recurring profit	5,897,655	5,346,402
Income before income taxes	5,897,655	5,346,402
Income taxes		
Current	16,718	17,351
Deferred	117	(86)
Total income taxes	16,836	17,265
Net income	5,880,818	5,329,137
Retained earnings at beginning of period	217	21
Retained earnings at end of period	5,881,035	5,329,158

IV. Statements of changes in unitholders' equity

(Thousands of yen)

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

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

For the six months ended February 28, 2010 (September 1, 2009 to February 28, 2010)

	Unitholders' equity			
	Unitholders' capital	Retained earnings	Total	Total net assets
Balance as of August 31, 2009	250,764,406	5,881,035	256,645,442	256,645,442
Changes during the period				
Cash dividend declared		(5,881,014)	(5,881,014)	(5,881,014)
Net income		5,329,137	5,329,137	5,329,137
Total changes during the period		(551,876)	(551,876)	(551,876)
Balance as of February 28, 2010	250,764,406	5,329,158	256,093,565	256,093,565

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 yeas
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 for the six months period ended August 31, 2009 and no taxes was capitalized for the six months period ended for February 28, 2010.

(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 ¥51,820,769 thousand and ¥55,257,842 thousand as of February 28, 2010 and August 31, 2009, respectively.

(Thousands of yen)

	As of	
	August 31, 2009	February 28, 2010
Buildings in trust	91,881,599	90,160,237
Buildings improvements in trust	4,965,945	4,864,173
Machinery and equipment in trust	404,689	387,656
Furniture and fixtures in trust	627,622	598,138
Land in trust	143,522,992	143,522,992
Total	241,402,849	239,533,199

Certain lands and buildings which were pledged as collateral to secure co-owners' liabilities of tenant leasehold and security deposits for a total amount of ¥691,908 thousand as of February 28, 2010 and August 31, 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	
	August 31, 2009	February 28, 2010
Credit facilities		
Total amount of credit facilities	142,500,000	106,000,000
Borrowings drawn down	(96,075,000)	(97,775,000)
Unused credit facilities	46,425,000	8,225,000
Commitment lines		
Total amount of commitment lines	40,000,000	40,000,000
Borrowings drawn down	-	-
Unused commitment lines	40,000,000	40,000,000

Note 4 – Unitholders' equity

(1) Number of units

	As of	
	August 31, 2009	February 28, 2010
Authorized	2,000,000 units	2,000,000 units
Issued and outstanding	386,502 units	386,502 units

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

Note 5 – Breakdown for rental revenues and expenses

Rental revenues and expenses for the six months ended August 31, 2009 and February 28, 2010 consist of the following:

(Thousands of yen)

	For the six months ended	
	August 31, 2009	February 28, 2010
Rental revenues:		
Rental and parking revenue	19,029,370	19,082,635
Utilities received	577,492	538,914
Other	896,415	413,539
Total rental revenues	20,503,278	20,035,089
Rental expenses:		
Property management fees	344,064	328,468
Facility management fees	832,362	833,171
Utilities costs	694,337	603,938
Property-related taxes	2,196,905	2,191,984
Repair and maintenance	51,996	45,573
Insurance	75,580	73,089
Trust fees	126,255	126,121
Rent expense	955,226	953,444
Other	355,982	350,852
Depreciation	4,852,369	4,861,201
Loss on disposal of fixed assets	108,330	46,902
Total rental expenses	10,593,409	10,414,750
Operating income from property leasing activities	9,909,868	9,620,339

Note 6 – Income taxes

Deferred tax assets and liabilities consist of the following:

(Thousands of yen)

	As of	
	August 31, 2009	February 28, 2010
Deferred tax assets:		
Current		
Enterprise tax payable	1,476	1,562
Non-current		
Amortization of leasehold rights	58,931	68,571
Valuation allowance	(58,931)	(68,571)
Total deferred tax assets	1,476	1,562
Net deferred tax assets	1,476	1,562

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

	For the six months ended	
	August 31, 2009	February 28, 2010
Statutory effective tax rate	42.05%	42.05%
Deductible cash dividends	(41.93)	(41.92)
Change in valuation allowance (for deferred tax assets)	0.17	0.18
Other	0.00	0.01
Effective tax rate	0.29%	0.32%

Note 7 – 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 ¥7,397 thousand and ¥8,066 thousand for the six months ended February 28, 2010 and August 31, 2009, respectively.

Future minimum lease payments under the terms of these finance leases as of August 31, 2009 and February 28, 2010 are as follows:

(Thousands of yen)

	As of	
	August 31, 2009	February 28, 2010
Due within one year	14,794	14,794
Due after one year	10,531	3,133
Total	25,325	17,928

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

(Thousands of yen)

	As of	
	August 31, 2009	February 28, 2010
Furniture and fixtures in trust		
At cost	39,369	39,369
Accumulated depreciation	(26,371)	(30,246)
Net book value	12,998	9,123
Machinery and equipment in trust		
At cost	38,742	38,742
Accumulated depreciation	(26,415)	(29,937)
Net book value	12,327	8,805
Total		
At cost	78,111	78,111
Accumulated depreciation	(52,786)	(60,183)
Net book value	25,325	17,928

Depreciation expense would be ¥7,397 thousand and ¥8,066 thousand for the six months ended February 28, 2010 and August 31, 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 8 – Related-party transaction

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.

For the six months ended February 28, 2010:

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)
Custodian	Mitsubishi UFJ Trust and Banking Corporation	Banking	-	Drawing of short-term borrowings (Note 1)	7,860,500	Short-term borrowings	25,474,350
				Interest expenses (Note 2)	126,279	Accrued expenses	42,085
				Trust fees (Note 3)	63,860	Accounts payable - operating	10,248
				General administration fees (Note 3)	145,577	Accrued expenses	46,643

Note 1 The short-term borrowings were drawn in accordance with the credit facility agreement and commitment line agreement. All of the short-term borrowings were unsecured.

Note 2 The interest expenses were accruing on borrowings drawn in accordance with the credit facility agreement,commitment line agreement and term loan agreement. The interest rates of the borrowings have been decided similarly as other banks of the syndicate.

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 9 – Per unit information

The net asset value per unit as of February 28, 2010 and August 31, 2009 was ¥662,593 and ¥664,020, respectively. Net income per unit for the six months ended February 28, 2010 and August 31, 2009 was ¥13,788 and ¥15,215, 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 10 – Subsequent events

For the six months ended August 31, 2009:

Nothing to be noted.

For the six months ended February 28, 2010:

1. Merger with LaSalle Japan REIT Inc.

The Investment Corporation has merged with LaSalle Japan REIT Inc. ("LJR") on March 1, 2010 (the "Merger Effective Date").

(1) Purpose of the merger

The Investment Corporation and LJR, with the purpose of seeking new growth opportunities, considered thoroughly the criteria of their portfolios, and their growth and financial strategies, and as a result both corporations reached the common understanding that expansion of the asset scale, improvement of the quality of the portfolio and improved liquidity of investment units to be achieved through the merger would contribute to improving the unitholder value of both corporations. Therefore, the Investment Corporation and LJR entered into a memorandum of understanding for the merger on October 29, 2009. The Investment Corporation and LJR continued discussions thereafter and they had executed the merger agreement (the "Merger Agreement") on December 15, 2009.

(2) Method of the merger

The merger was an absorption-type with the Investment Corporation as the surviving corporation and LJR was dissolved.

(3) The merger ratio

The Investment Corporation allocated units of the Investment Corporation at a ratio of 1.18 units (post-unit split) of the Investment Corporation per one unit of LJR. The Investment Corporation executed a four-for-one unit split with February 28, 2010 as the record date for the unit split and March 1, 2010 as the effective date.

(4) The merger cash distributions

Instead of cash distributions of LJR for the fiscal period ended the day before the Merger Effective Date, the Investment Corporation will distribute the merger cash distributions calculated by deduct the total amounts of unitholders' capital, capital surplus and valuation and translation adjustments from net assets of LJR as of the day before the Merger Effective Date, to the unitholders of LJR recorded as of the day before the Merger Effective Date excluding the unitholders who made purchase claim on their investment units.

(5) Unitholers' capital

The amounts of unitholder's capital and capital surplus of the Investment Corporation will increase as follows:

Unitholders' capital: ¥0

Capital surplus: Amount to be increased is calculated by deduct the increase amount in unitholders' capital above from an amount to be changed in unitholders' equity prescribed in the Article 22, Paragraph 1 of the Regulation for the Accounting of the Investment Corporation (Cabinet Office Ordinance No. 47 effective in 2006).

(6) Outline of LJR for the six months ended October 31, 2009.

Business:	To invest mainly specified asset under the Law Concerning Investment Trusts
Operating revenues:	¥3,757 million
Net income:	¥817 million
Total assets:	¥128,464 million
Total liabilities:	¥74,422 million
Net assets:	¥54,042 million

2. Unit split

The Investment Corporation executed a four-for-one unit split (the "Unit Split") with February 28, 2010 as the record date for the Unit Split and March 1, 2010 as the effective date.

(1) Purpose of the Unit Split

In accordance with the Merger Agreement, the merger was planning to be an absorption-type merger, in which the Investment Corporation would be the surviving corporation, and the merger ratio before considering the Unit Split would be 0.295:1 (LJR: the Investment Corporation). With this ratio, however, 0.295 units of the Investment Corporation would be allocated to every one of LJR's units, and a large number of LJR unitholders would receive only fractional units of the Investment Corporation. Therefore, a four-for-one unit split for units of the Investment Corporation would be implemented in order that at least one unit of the Investment Corporation would be issued to all of LJR's unitholders so that LJR's unitholders would be able to continue to hold the Investment Corporation's units after the merger.

(2) Split method

Each unit owned by unitholders listed in the final unitholders register on February 28, 2010, the day immediately prior to the effective date of the Unit Split, was split into four units.

(3) Number of units increased by the Unit Split

1)	Number of outstanding units of the Investment Corporation before the split	386,502
2)	Number of units increased by this split	1,159,506
3)	Number of outstanding units of the Investment Corporation after the split	1,546,008

The following table shows pro forma per unit information for the six months ended August 31, 2009 and February 28, 2010 which has been adjusted to reflect the Unit Split as if it had been effective on March 1, 2009:

(Yen)

	As of or for the six months ended	
	August 31, 2009	February 28, 2010
Net asset value per unit	166,005	165,648
Net income per unit	3,803	3,447

Net income per unit is calculating by dividing net income by the weighted-average number of units outstanding for the period on post unit split basis. Diluted net income per unit is not disclosed because dilutive security has not been issued.

3. Disposal of property

The Investment Corporation disposed following property.

Name of property:	8953 Saitama Urawa Building
Form of ownership:	Trust beneficial interest
Location:	Saitama-shi, Saitama
Disposal amount:	¥26,100 million
Date of contract:	March 11, 2010
Date of disposal:	March 17, 2010
Buyer:	PARCO Co., Ltd.
Effect on income:	Approximately ¥256 million of loss on disposal of the property will be charged to income for the six months ended August 31, 2010.

4. Acquisition of property

The Investment Corporation acquired seven properties totaled to ¥24,377 million as below.

Name of property:	G-Bldg. Shinjuku 01	LIFE Taiheiji (land with leasehold interest)	LIFE Shimodera (land with leasehold interest)	LIFE Kishibe (land with leasehold interest)
Form of ownership:	Trust beneficial interest	Real property	Real property	Real property
Location:	Shinjuku-ku, Tokyo	Higashi Osaka-shi, Osaka	Osaka-shi, Osak	Suita-shi, Osaka
Acquisition cost:	¥6,600 million	¥1,282 million	¥1,683 million	¥1,910 million
Date of acquisition:	March 23, 2010	March 25, 2010	March 25, 2010	March 25, 2010
Seller:	Oedo Realty LLC.	Nippon Commercial Development Co. Ltd.	Shin Nippon Commercial Development Co. Ltd.	Nippon Commercial Development Co. Ltd.

Name of property:	G-Bldg. Jingumae 03	G-Bldg. Minami-Ikebukuro 01	G-Bldg. Shinsaibashi 01
Form of ownership:	Real property	Trust beneficial interest	Trust beneficial interest
Location:	Shibuya-ku, Tokyo	Toshima-ku, Tokyo	Osaka-shi, Osaka
Acquisition cost:	¥5,520 million	¥5,800 million	¥1,582 million
Date of acquisition:	March 29, 2010	March 30, 2010	April 2, 2010
Seller:	Mitsubishi Corporation	Minami Ikebukuro Asset Investment LLC., MI Investment LLC.	Special Purpose Company Shinsaibashi TWINS

VI. Statements of cash dividends

(Yen)

	For the six months ended	
	August 31, 2009 **(Note 1)**	**February 28, 2010** **(Note 2)**
Retained earnings at the end of period	5,881,035,876	5,329,158,900
Cash dividend declared	5,881,014,432	5,329,089,576
(Cash dividend declared per unit)	*(15,216)*	*(13,788)*
Retained earnings carried forward	21,444	69,324

Note 1 The Investment Corporation basically intended 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 prescribed in the Article of Incorporation 26, Paragraph 2 would be treated as sales transaction of investment units for individual unitholders; therefore, cash dividends were amounted to ¥5,881,014,432 for the six months ended August 31, 2009.

Note 2 In accordance with the Article of Incorporation 26, Paragraph 1, Item 2, the Investment Corporation basically intends to distribute in excess of 90% of distributable profit calculated under Article 67-15, Paragraph 1 of the Special Taxation Measures Law of Japan, but not in excess of profit prescribed in the Article of Incorporation 26, Paragraph 2. Based on such distribution policy, cash dividends for the six months ended February 28, 2010 were amounted to ¥5,329,089,576 which were all of retained earnings at the end of period except for fractional dividend per unit less than one yen.

Note

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

Under Article 130 of the Law Concerning Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended February 28, 2010 have been audited by PricewaterhouseCoopers Aarata, in accordance with auditing standards generally accepted in Japan. But, English translation of the Japanese language report of independent auditors is not attached herein because the accompanying English translation of balance sheets, statements of income, statement of changes in unitholders' equity, notes to financial information and statements of cash dividends are unaudited.

Statements of cash flows (additional information)

(Thousands of yen)

	For the six months ended	
	August 31, 2009	February 28, 2010
Cash flows from operating activities:		
Income before taxes	5,897,655	5,346,402
Adjustment for:		
Depreciation	4,852,523	4,861,412
Amortization of bonds issuance costs	21,428	21,428
Loss on disposal of fixed assets	108,330	46,902
Interest income	(2,741)	(4,313)
Interest expense	1,660,459	1,865,714
Changes in assets and liabilities:		
Decrease (increase) in Rental receivables	79,990	(42,612)
Decrease (increase) in Consumption tax refundable	(14,758)	14,758
Increase in Long-term prepaid expenses	(576,052)	(74,406)
Increase in Accounts payable - operating	36,935	16,068
Increase (decrease) in Consumption tax payable	(876,087)	337,853
Decrease in Accounts payable - other	(4,935)	(9,146)
Increase (decrease) in Accrued expenses	35,866	(20,536)
Decrease in Rent received in advance	(4,311)	(3,645)
Increase (decrease) in Deposits received	(19,229)	11,963
Other-net	(255,681)	(225,488)
Sub total	10,939,390	12,142,355
Interest received	2,741	4,313
Interest paid	(1,613,773)	(1,822,484)
Income taxes paid	(16,363)	(16,718)
Net cash provided by operating activities	9,311,995	10,307,466
Cash flows from investing activities:		
Purchase of property and equipment	(6,481,808)	(7,293)
Purchase of property and equipment in trust	(4,113,747)	(476,746)
Payments of tenant leasehold and security deposits in trust	(1,439,862)	(3,691,317)
Proceeds from tenant leasehold and security deposits in trust	406,286	87,678
Purchase of intangible assets	(19,803)	(400)
Purchase of intangible assets in trust	(12,171)	(1,500)
Proceeds from lease deposits in trust	7,830	7,500
Other expenditures	-	(14,810)
Other proceeds	28,360	-
Net cash used in investing activities	(11,624,915)	(4,096,890)

(To be continued on the following page)

(Thousands of yen)

	For the six months ended	
	August 31, 2009	**February 28, 2010**
Cash flows from financing activities:		
Proceeds from short-term borrowings	2,000,000	20,000,000
Repayments of short-term borrowings	(25,200,000)	(18,300,000)
Repayments of long-term bonds issued	-	(20,000,000)
Proceeds from long-term borrowings	40,000,000	13,000,000
Repayments of long-term borrowings	(5,050,000)	(684,000)
Dividend payments	(5,818,004)	(5,879,898)
Net cash provided by (used in) financing activities	5,931,995	(11,863,898)
Net change in cash and cash equivalents	3,619,075	(5,653,322)
Cash and cash equivalents at beginning of period	19,303,359	22,922,434
Cash and cash equivalents at end of period (Note 1)	22,922,434	17,269,111

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

(Thousands of yen)

	As of	
	August 31, 2009	February 28, 2010
Cash and bank deposits	13,352,971	11,659,456
Cash and bank deposits in trust	9,569,463	5,609,655
Cash and cash equivalents	22,922,434	17,269,111

Special feature:
We merged with LaSalle Japan REIT Inc. in order to increase unitholder value.

JRF merged with LaSalle Japan REIT Inc. (LJR) on March 1, 2010. As a result, the total value (acquisition-price-basis) of our portfolio amounted to approximately 659 billion yen*. By adding new properties, we expect an increase in dividend per unit and net asset value (NAV) and an increase in NOI return of our portfolio. We will further improve unitholder value by utilizing the effect of the merger.

Expected effect

Increased efficiency of asset management by expansion of scale

The first advantage of the merger is the greater choices of investment management we now have by taking over 21 new properties (worth about 88 billion yen). This allows us to have more aggressive and flexible management in areas such as the replacement of properties. In addition, by having many tenants we can aggregate information on them and collectively manage operating expenses, which will lead to increased efficiency in various aspects.

Reinforcement of portfolio by acquisition of prime core assets

As a result of the merger, we acquired three retail properties that account for approximately 60% of the assets taken over from LJR. These properties consist of two large-scale suburban shopping centers and one business complex located in a popular metropolitan area. They are all prime assets with high competitiveness, and this was one of the important factors in our decision to merge with LJR. By enhancing not only the size but also the quality of our portfolio, we will maintain and improve the stability of our revenue sources and eventually realize a stable dividend.

Handling future risk by leveraging negative goodwill

Negative goodwill is the difference between the amount paid and the net asset value of a company or business acquired when the net asset value exceeds the amount paid. In this merger, we expect that negative goodwill of 7.1 billion yen will arise during the period ending August 2010.

To account for negative goodwill, by early adoption of the "Accounting Standard for Business Combinations" revised on December 26, 2008, its entirety is recorded as an extraordinary gain. However, we plan to retain it as dividend resource for the next period rather than use it for dividends. We will utilize it as means to retain stable dividends by allocating it to deal with a temporary decrease in profit due to a loss on sale of properties.

* Sum of acquisition price of JRF as of the end of February 2010 and appraisal value (value taken over from LJR) of LJR as of December 1, 2009

Solutions to issues

We swiftly dealt with financial risk that increased temporarily, and concentrated repayment terms are now leveled out.

By taking over the interest-bearing debt worth approximately 69 billion yen as a result of the merger, we were faced with an increased borrowing cost, concentration of repayment terms and increased LTV (loan-to-value ratio), and our financial risk temporarily increased. Although the debt taken over from LJR accounts for only a small portion of all the interest-bearing debts of JRF, we have swiftly dealt with this issue in anticipation of a further improvement and reinforcement of our financial strength.

In particular, we were faced with the problem that the total amount of repayment would increase to more than 70 billion yen during the period ending February 2012, when JRF's investment corporation bonds of 20 billion yen are to be redeemed in addition to the concentration of repayment terms of the debts taken over from LJR. However, as a result of discussions with LJR's lenders, some repayment terms were extended, and therefore the amount of repayment for the period ending February 2012 will stay within the commitment line of 40 billion yen that we have secured so far. In addition, we expect the interest rate applied to decrease.

We will dispose of noncore assets promptly.

We will deal with issues such as increased LTV as well as borrowing costs by promptly disposing of 18 noncore assets such as office and residential properties out of 21 properties taken over from LJR and by increasing our efficiency of cash management. We plan to dispose of these noncore assets during 2010, but we will never rush to sell and plan to carefully evaluate when to sell. We expect to obtain more than 30 billion yen by this disposition. By allocating this cash to the repayment of our borrowings, we plan to swiftly reduce LTV (including guarantee money and security deposit) from 57.9% (after the merger) to less than 55%, which we think appropriate.

<u>We will answer your questions about the merger and proposed solutions to issues.</u>

Q1 Why did you decide to merge now?

A. JRF has so far achieved steady growth by expanding the asset value as a result of retaining capital by public stock offerings in the capital market. However, the unit price remained sluggish due to the effect of the collapse of Lehman Brothers, and the investment environment has not recovered yet. If we implement public stock offerings under these circumstances, unitholder value will be diluted, and that is likely to cause trouble to our unitholders. Thus, we chose a merger as means to grow (i.e., expand our asset value) by exchanging units rather than relying on public stock offerings.

Q2 Doesn't the fact that you own noncore assets such as office and residential properties influence investment management at least temporarily?

A. There are 18 noncore assets we took over from LJR, but they account for only 5%* of the overall portfolio. Moreover, as we explained earlier, since we plan to dispose of these properties as early as possible, we expect there to be only a minor effect over the medium term.

Q3 Doesn't the unit split reduce dividend per unit?

A. Following the merger, JRF's units are provided to unitholders of the former LJR according to the merger ratio. If JRF's units are issued without unit split, many unitholders of LJR will receive less than one unit of JRF. Therefore, we decided to implement a unit split. Due to this four-for-one unit split for JRF's units, dividend per unit is reduced to a quarter. However, since the number of units held quadruples for existing unitholders of JRF, the total unit value remains unchanged. Meanwhile, since the price per unit decreased due to the unit split, we expect more investors to consider investing in our portfolio.

It is also important to note that we revised the dividend forecast for the period ending August 2010 from 13,358 yen to 3,548 yen (14,194 yen before considering the unit split) due to the effect of the merger.

Q4 Will your investment strategy change as a result of the merger?

A. Our fundamental policy to pursue a consistent payment of stable dividends as a REIT specializing in retail properties remains unchanged.

We will base our actions on this policy and implement various measures to improve unitholder value over the long term as the new JRF by fully making use of the advantages of the merger.

* As of March 1, 2010. Calculated value as of the end of the period ending February 2010 added to values taken over from LJR

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 Sixteenth Period Analyst Meeting Materials (September 1, 2009-February 28, 2010)"
- Financial Summary: Page 5 to 6
- Portfolio Management: Page 18 to 20
- Portfolio Overview: Page 24 to Page 27

Contact
Asset Manager
For IR schedule and other IR-related information, please contact our asset management company, Mitsubishi Corp. - UBS Realty 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) and The Chuo Mitsui Trust and Banking Company, Limited at 0120-78-2031 for investors of former LaSalle Japan REIT Inc (also Free dial, but in domestic only).

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