Japan Retail Fund Investment Corporation

18th Asset Management Report

(Semi-Annual Report 18th)

September 1, 2010 – February 28, 2011

Japan Retail Fund Investment Corporation

Specialization in retail properties

Stable returns and selection of easy-to-understand investments

Stable rental income can be expected for a long period because contract periods of retail properties are generally longer than those of office buildings and residential properties, and fluctuations of rents are smaller. In addition, this type of investment is easy to understand for unit holders because they can verify underlying properties themselves on a daily basis when they shop on the premises.

These are the main reasons why JRF invests in retail properties.

Total assets exceeding 600 billion yen

Advantages of scale enable stable and flexible management

JRF is one of the biggest REITs in Japan specializing in retail properties, and its total assets are ranked third among all REITs listed in Japan. JRF owns 59 properties nationwide from Hokkaido to Okinawa. This asset size enables JRF to formulate and implement strategies based on long-term perspectives because stable rental income can be ensured continuously in the entire portfolio, even if a retail property is temporarily closed due to major refurbishment, expansion of floor space, or other reasons.

Occupancy rate is high at 99%

Professionals in retail property management

JRF has always maintained high occupancy rates exceeding 99% in its entire portfolio since it became a public company in 2002. This is one of the results of measures taken by JRF, which employs professionals in real estate and retail property management. More specifically, these professionals are capable of attracting tenants in good standing, realizing optimum tenant mix, providing management support focusing on customer satisfaction, and conducting other business activities.

Stable dividends

Sustainable profitability and credit strengths of sponsoring companies

A large number of the tenants of JRF's retail properties are considered to be the "best stores in each region," and can maintain solid sales. In addition, a stable earnings base has been established by adopting fixed rents for 90% or more of all the rental income. JRF has achieved its targets in line with its positive asset management policy due to the credit strengths of sponsoring companies (Mitsubishi Corporation & UBS AG), and has paid stable dividends since it became a public company in 2002.

(Note) Dividends for the period ending August 2011 has been forecasted to be 3,050 yen per unit, however, this amount was announced on April 13, 2011 after considering tentative costs that may be incurred as a result of the effects of the Great East Japan Earthquake. Please refer to "Greeting from the Executive Director" regarding the effects of the earthquake.

Greeting from the Executive Director

First of all, I would like to express my most heartfelt sympathy and condolences to the victims of the Great East Japan Earthquake that occurred on March 11 this year, and would also like to pray for the safety of those who have survived and a speedy recovery.

In the period ended February 2011, the macroeconomic trend indicted modest recoveries, and signs of the real estate market recovery have been observed in some areas. Employment and income situations have gradually improved, and consumer spending has turned into an upward trend. As a result, retail sales have also started to increase gradually although the retail industry had remained sluggish for a long time. Under these environments, Japan Retail Fund Investment Corporation (JRF) has continued to earn stable rental revenue thanks to its portfolio consisting of a large number of highly competitive retail properties. On September 3, 2010, we completed the lump-sum sale of 18 non-core assets including office and residential buildings taken over from Lasalle Japan REIT Inc. (LJR) with which we merged on March 1, 2010. Operating revenue for the period was 22,925 million yen, inclusive of the gain on such lump-sum sale. In addition, net income for the period was 6,698 million yen. This result actually means an increased income if negative goodwill* of 7,202 million yen recorded as an extraordinary gain for the previous period is disregarded in the calculation of income. As a result, the dividend per unit for the period amounted to 3,968 yen.

JRF has continuously grown steadily since it became a public company in 2002, and is currently an investment corporation with the asset size exceeding 600 billion yen after the merger with LJR. JRF is preparing for its next stage of growth based on medium- and long-term perspectives, although more attention must be paid to various effects of the earthquake for the time being. More specifically, JRF will be acquiring new properties based on new investment methods, and taking measures to positively promote retail property management in a diversified manner in view of improving profitability and strengthening the portfolio quality through further portfolio size expansion in future. The dividend for the period ending August 2011 is expected to be 3,050 yen per unit after considering tentative costs that may be incurred due to the effects of the earthquake.

At JRF, we will continue appropriate investment operations in close cooperation with Mitsubishi Corp.-UBS Realty Inc., and will be committed to making efforts to increasing unit holder value in future too. Thank you for your continued support.

***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.**

Japan Retail Fund Investment Corporation
Executive Director
Fuminori Imanishi

■ **About the effects of the Great East Japan Earthquake (as of April 2011)**

1. Effects of the earthquake on the portfolio will be minimal.

▶No human damage, building collapse or tsunami damage was reported with regard to 59 properties that JRF owns nationwide.

▶Partial damages to 24 properties out of 59 that JRF owns nationwide have been confirmed, but normal business operations have already been conducted in all these properties (repairs and inspections have been continuously performed only for a portion of one property out of 59).

▶ Costs incurred due to such repairs caused by the earthquake are anticipated to be approximately 668 million yen in total (the effects on dividend per unit will be approximately 395 yen*), but these costs represent approximately 0.1% (a ratio to the acquisition costs) of the entire portfolio and are considered minimal.

2. Future effects on the properties that JRF owns will be limited, although tentative costs may be incurred due to the earthquake.

▶ Repair and other costs have been entirely recorded as extraordinary losses in our earnings forecasts for the period ending August 2011(19th period).

▶ Earnings are expected to improve later in 2011 in light of recovery-driven demand and other circumstances, although it is anticipated, with regard to certain properties that JRF owns, that business hours will be shortened due to the effects of planned power outages and other factors, and that sales declines may be observed due to cost-conscious consumer behavior.

* Represents an approximate amount, and may change in future.
Significant changes will be disclosed on our Website.
➡ Please refer to **http://www.jrf-reit.com.**

Report from the Asset Management Company

On behalf of the Asset Manager, I would like to report on the financial performance of Japan Retail Fund Investment Corporation (JRF) for the current period in addition to undertakings for the future.

We aimed at expanding our business scale and reinforcing our financial base at the same time.

As part of measures for the achievement of "new growth," JRF merged with Lasalle Japan REIT Inc. (LJR) in March 2010. As a result of this merger, we took over 21 properties and increased our total assets by approximately 88 billion yen (accepted value), expanding the total portfolio value (acquisition price base) to about 660 billion yen. Meanwhile, as we took over interest-bearing debt worth approximately 69 billion yen, the loan-to-value (LTV) ratio (interest-bearing debt ratio including tenant deposits and guarantees) and borrowing costs temporarily increased. However, we completed, as planned, the lump-sum sale of 18 non-core assets including office and residential buildings taken over from LJR for a total amount of 33.2 billion yen (book value of approximately 32 billion yen) on September 3, 2010. The funds received from the sale were allocated for the repayment of borrowings, and as a result, our LTV ratio, which had increased to approximately 58% after the merger, has improved to less than 55%, a pre-merger level. In summary, we have swiftly resolved issues arisen as a result of the merger, improved the quality of our portfolio, and expanded our business scale all at once. As a result, we have established the financial system that enables more flexible and positive investment management for the future.

When acquiring new assets, JRF has not only acquired them directly, but also adopted a new acquisition method as part of its external growth strategy for portfolio size expansion and profitability improvement through new property acquisition. More specifically, JRF has acquired equity interest in anonymous association※ in relation to "Arkangel Daikanyama (land with leasehold interest)" and "Retail Shinsaibashi-suji Building (tentative name)" during the current period (ended February 2011). JRF also acquired such equity interest in relation to "Urban Terrace Jingumae" and "Round One Machida" in April 2011.

※ **Equity investment in anonymous association:** Means investment in an independent business arrangement, in which investors are entitled to receive dividends out of profits (such as rental income from tenants) generated from the business. Preferential negotiation rights have been granted to JRF for the acquisition of the underlying real estate.

JRF has positively made various efforts in such a manner that its expertise in retail property management can be utilized.

JRF has not only pursued asset acquisition in such a manner that unit holder value can be increased, but also made positive efforts for retail property management including the review and renewal of contractual forms, in order to improve medium- to long-term competitiveness of properties that JRF currently owns. In March 2011, "NARUPARK (formerly called Ito-Yokado Narumi)" opened upon the completion of large-scale renewal work, and has become the first property after JRF changed its contractual form with tenants from the "master lease※" to the "direct lease※." The objective of changing to the direct lease contract form is to improve profitability, and JRF can have the initiative in determining tenant mix, introducing percentage rents based on sales, and controlling cost management under such contract. In addition, NOI (net operating income) can be expected to increase in future. "NARUPARK" is a complex featuring environmental protection, and various measures such as the installation of environmentally friendly facilities have been taken under the theme of "Green Project."

JRF has also conducted the renewal of "Kyoto Family" and "Oyama Yuen Harvest Walk" during the current period. AEON Retail is a core tenant of "Kyoto Family," but JRF has succeeded in accepting "Midori," a major household appliance store, as a tenant so that a portion of the floor space that used to be occupied by "JUSCO" can be utilized. As a result, the customer-gathering ability of the entire property has risen. In addition, JRF opened a new food court called "Paku Park" at "Oyama Yuen Harvest Walk" in order to keep customers staying longer and shopping around on the premises. In summary, JRF has utilized its affluent experience, know-how and expertise in retail property management in order to revitalize existing properties, and at the same time, has continuously implemented cost reduction measures such as the review of operational flows and the utilization of the principles of competition, with significant results having being accomplished.

※ A "master lease property" is one where we lease a property to a single tenant (master lease tenant), and this tenant subleases to other tenants (end tenants). A "direct lease property" is one where we conclude lease contracts directly with each tenant in the property.

JRF will improve profitability and portfolio quality through the expansion of its portfolio size in future.

In April 2008, JRF announced its basic principles of the medium-term business policy, a three-year plan, targeting the "improvement of portfolio quality." Since then, JRF has survived the global financial crisis occurred later by taking appropriate measures, and grown steadily. After the lapse of three years and the completion of the recent merger, JRF is entering the new growth stage. External growth will be the core strategy for JRF in future, and various measures will be taken in order to maximize unit holder value. More specifically, competitiveness of properties that JRF owns will be maintained and strengthened through positive retail property management, and properties replaced in a way that portfolio quality can be strengthened.

Now that consumers are more selective about each store at retail properties, the current circumstance surrounding these retail properties looks more like a survival game. JRF will strengthen asset management by fully utilizing its "judgment capability" for the selection of competitive stores, and "management capability" for growing stores as competitive stores. These capabilities are the strengths of JRF as professionals engaging in retail property management. JRF will be strategically conducting the acquisition of new investment properties and the property replacement based on medium- to long-term perspectives, and at the same time, will be aiming for stable dividend payment in future too by improving competitiveness of existing properties and by raising profitability through positive retail property management.

The dividend per unit for the next period (ending August 2011) is expected to decrease tentatively due to the effects of damages incurred on assets owned by JRF as a result of the Great East Japan Earthquake occurred on March 11, 2011, but JRF will be making every effort to make stable payment of dividend per unit thereafter.

Additionally, negative goodwill of approximately 7.2 billion yen arisen as a result of the merger and recorded as an extraordinary gain for the previous period (ended August 2010) has mostly been retained as a reserve for dividends, and such reserve will be effectively utilized to help establish a stable revenue base when extraordinary costs are incurred in future. These extraordinary costs may be incurred when any discrepancies arise between the tax and accounting treatment in recognizing properties and other assets acquired as a result of the merger, and in cases of losses on sale resulting from asset replacement and losses on retirement resulting from asset renewal.

We are determined to do our best to meet unit holders' 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

Strategies for the New Stage of Growth
"Expanding the portfolio size and maintaining and strengthening competitiveness"

1. External growth strategy
Expanding the portfolio size through the acquisition of new properties, and improving profitability
→ Ensuring proper timing for growth by means of "new investment methods," "investments in a variety of business sectors" and "extensive deal sources"

2. Internal growth strategy
Strengthening the portfolio quality
→ Shifting to "direct leases" through active SC (shopping center) management, and strengthening the portfolio quality by means of "building extensions, floor additions, large-scale renewals, etc."

3. Financial strategy
Aiming to improve the financial structure based on conservatively controlled LTV, while obtaining longer-term borrowings and also diversifying borrowings.

I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			14th	15th	16th	17th	18th
As of /for the six months ended			February 28, 2009	August 31, 2009	February 28, 2010	August 31, 2010	February 28, 2011
Operating revenues	Note 1	(Millions of yen)	20,447	20,503	20,035	23,326	22,925
(Rental revenues)	Note 1	(Millions of yen)	(20,359)	(20,503)	(20,035)	(23,326)	(21,868)
Operating expenses	Note 1	(Millions of yen)	12,563	12,729	12,505	14,428	13,577
(Rental expenses)	Note 1	(Millions of yen)	(10,442)	(10,593)	(10,414)	(11,772)	(11,298)
Operating income		(Millions of yen)	7,883	7,773	7,529	8,898	9,348
Recurring profit		(Millions of yen)	6,040	5,897	5,346	5,893	6,764
Net income	(a)	(Millions of yen)	5,820	5,880	5,329	13,093	6,698
Net assets	(b)	(Millions of yen)	256,584	256,645	256,093	278,844	279,369
(Period-on period change)		(%)	(-0.1)	(+0.0)	(-0.2)	(+8.9)	(+0.2)
Total assets	(c)	(Millions of yen)	578,674	588,500	578,829	666,843	625,312
(Period-on period change)		(%)	(-1.9)	(+1.7)	(-1.6)	(+15.2)	(−6.2)
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	1,688,198	1,688,198
Net asset value per unit	(b)/(d)	(Yen)	663,864	664,020	662,593	165,173	165,483
Dividends	(e)	(Millions of yen)	5,820	5,881	5,329	6,173	6,698
Dividend per unit	(e)/(d)	(Yen)	15,059	15,216	13,788	3,657	3,968
(Profit dividend per unit)		(Yen)	(15,059)	(15,216)	(13,788)	(3,657)	(3,968)
(Dividend per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of recurring profit to total assets	Note 4	(%)	1.0 (2.1)	1.0 (2.0)	0.9 (1.8)	0.9 (1.9)	1.0 (2.1)
Return on unitholders' equity	Note 4	(%)	2.3 (4.6)	2.3 (4.5)	2.1 (4.2)	4.9 (9.7)	2.4 (4.8)
Ratio of net assets to total assets	(b)/(c)	(%)	44.3	43.6	44.2	41.8	44.7
(Period-on period change)		(%)	(+0.7)	(-0.7)	(+0.6)	(-2.4)	(+2.9)
Payout ratio	(e)/(a)	(%)	100.0	100.0	100.0	47.2	100.0
Additional information:							
Rental net operating income (NOI)	Note 4	(Millions of yen)	14,764	14,762	14,481	16,964	15,730
Net profit margin	Note 4	(%)	28.5	28.7	26.6	Note 6 25.3	29.2
Debt service coverage ratio	Note 4	(Multiple)	7.4	7.5	6.5	Note 6 5.3	6.3
Funds from operation (FFO) per unit	Note 4	(Yen)	27,374	27,770	26,365	Note 6 6,846	6,398
FFO multiples	Note 4	(Multiple)	5.8	9.0	7.9	Note 6 8.3	10.9
Distributable income per unit after adjustment for taxes on property and equipment	Note 5	(Yen)	14,864	15,191	13,771	3,636	3,951
FFO per unit after adjustment for taxes on property and equipment	Note 5	(Yen)	27,179	27,745	26,348	Note 6 6,824	6,381

Note 1 Consumption tax are not included.

Note 2 Net income for the 17th fiscal period includes a ¥7,202 million of a gain on negative goodwill as extraordinary income.

Note 3 The Investment Corporation executed a four-for-one unit split effective on March 1, 2010.

Note 4 Figures are calculated as below formulas. Percentages in parentheses are annualized using 181, 184, 181 , 184 and 181 days for 14th, 15th, 16th , 17th and 18th 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 5 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 in which were incurred. The distributable income is calculated as total of cash dividend declared plus retained earnings carried forward shown in the statements of cash dividends. These figures are unaudited.

Note 6 Net income used for calculation of "Net profit margin", "Debt service coverage ratio" and "FFO multiples" does not include the gain on negative goodwill.

2. Outline of asset management operation for the 18th fiscal period

i 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. We gave due consideration to M&As, and merged with LaSalle Japan REIT Inc. ("LJR") on March 1, 2010. 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.

As of the beginning of the 18th fiscal period, the Investment Corporation had sold 18 office and residential buildings ("non-core properties") which were acquired through the merger with LJR (Excluding retail properties). The proceeds totaled ¥33.2 billion and we then made an early repayment of borrowings with the proceeds in order to achieve the stabilization of our financial bases. As of the end of the 18th fiscal period (February 28, 2011), the number of properties managed by the Investment Corporation totaled 59 properties, amounting to ¥625.3 billion in assets.

ii Investment environment and results

Looking at the macroeconomic picture in Japan during the 18th fiscal period (September 1, 2010 to February 28, 2011), consumer spending declined temporarily due to factors such as a rebound in the surge in demand before the termination of the subsidy program for the purchase of eco-friendly cars at the end of September. However, activities in the corporate sector remained robust, centering on production and exports. This was in response to the high growth of corporate capital investment and housing investment and the recovery of the economy in the U.S., China and Asian countries. Reflecting this situation, activities of the household sector were back on a mild recovery track.

In regard to the fund procurement environment, domestic financial institutions continued to relax their lending practices. In the real estate market, the buying and selling of properties, which was almost frozen after the occurrence of the Lehman Shock, became active and real estate developers began once again the acquisition of land for development. In response to such favorable moves in the real estate market, the lending ratio of financial institutions for real estate was on the increase.

In 2010, Japan was hit by the most intense summer heat wave in recent years following the outbreaks of the new-type influenza. Consumption seesawed as a result. In the meantime, the E-Commerce market grew, centering on internet shopping and mobile site shopping. Consumers enjoyed consumption and used both online shops and bricks-and-mortar shops consciously depending on the situation. Active visits to bricks-and-mortar shops had a positive impact on overall consumption activities. The number of foreign tourists (notably visitors from Asian countries) increased. However, the number of foreign travelers decreased temporarily due to factors including the progress of appreciation of the yen and political instabilities in neighboring Asian nations. The economic effects of such tourists, which was estimated to exceed one trillion yen and was driven by the expansion of departure and arrival slots at Haneda International Airport and advertising on the visit Japan campaign, was within the retail industry too large to ignore.

While the conditions of the job market remained severe, it was headed toward gradual improvement. Consumer spending also picked up following the recovery of income in the household sector. In the retail industry, although the restructuring of stores continued, the speeding which such took place slowed down, and sales were back on a recovery track gradually following the pickup of an economy that had remained sluggish for an extended period of time. In addition to the renovation of large-scale shops in department stores in the Tokyo metropolitan area, there were moves for the opening of new retail properties such as the opening of new shops and refurbished shops in local terminal stations.

Under such circumstances, the Investment Corporation sold all non-core properties (18 properties) which we had acquired from LJR in the previous fiscal period on September 3, 2010. The result was a record gain on sale of properties amounting to ¥1,056 million. In addition, we repaid the borrowings assumed from LJR with ¥33.2 billion of funds generated through the aforementioned sale of the properties. As a result, the ratio of interest-bearing debt, which had rose to 46.5% as of the end of the previous fiscal period, declined to 44.4% as of the end of the fiscal period under review. As new investment tools for external growth, the Investment Corporation acquired equity interest in anonymous association whose investment asset is beneficial interest in properties held in trust on excellent locations such as Arkangel Dailanyama (land with leasehold interest) on December 21, 2010, and Retail Shinsaibashi-suji Building (tentative name) on February 9, 2011, and obtained preferential negotiation rights on the acquisition of the said beneficial interest on the properties held in trust.

Aiming to pursue internal growth, we took measures to enhance the ability of “Kyoto Family,” a direct lease property (Note), in order to attract customers further by changing the tenant mix of the property following the return of part of its leased space by some of the core tenant compartments. We then introduced a major consumer electronics retailer that has competitiveness in the specific product category. In addition, we carried out the conversion of the floor into a specialty store section and opening of food court in the previous fiscal period. As for Ito-Yokado Narumi (old name), a master lease property (Note), the Investment Corporation cancelled the master lease agreement with the existing master lease tenants early and carried out a major renewal of the property by introducing competitive new tenants. on the grand opening of the property was held on March 16, 2011, as a direct lease property called "NARUPARK," a retail complex that has about 50 specialty shops and holds prospects for future growth as a community-based retail facility.

In regard to property management fees, the Investment Corporation reviewed the property management system for urban-type properties in order to accomplish the homogenization of the quality of maintenance and management and a reduction of management fees simultaneously, in addition to reduced fire insurance premiums.

We also achieved a substantial reduction of investment account administration outsourcing service fees.

Note: A "direct lease property" is one where we conclude lease contracts directly with each tenant in the property. A "master lease property" is one where we lease property to a single tenant (master lease tenant), and this tenant subleases to other tenants (end tenants).

iii Funding

With regard to the interest-bearing debt of ¥67.4 billion assumed in the merger with LJR, we repaid ¥32.5 billion at the end of September 2010. In addition, there was a repayment of borrowings at maturity and new borrowings. As a result, outstanding debt at the end of the fiscal period under review was ¥197.3 billion. Of this, ¥86.5 billion was short-term debt and ¥110.7 billion was long-term debt. The total balance outstanding on our second through six series investment corporation bonds was ¥80 billion yen as of the end of the fiscal period under review.

iv Results and distributions

As a result of the above management actions, operating revenue was ¥22,925 million, and operating income was ¥9,348 million after deducting operating expenses such as fixed property tax, utilities charges and asset management fees. Recurring profit was ¥6,764 million, and net income was ¥6,698 million.

With regard to distribution for the fiscal period under review, in accordance with the distribution policy set forth in Article 26, Paragraph 1, Item 2 of the Article of Incorporation, 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. Based on this distribution policy, distribution amounted to ¥6,698 million, excluding a fractional dividend per unit of less than one yen from unappropriated retained earnings of ¥6,699 million for the fiscal period under review. As a result, the distribution per unit totaled ¥3,968.

Distribution will be made to unit-holders from reserve for distribution derived from the gain on negative goodwill resulting from the merger with LJR in the following cases in accordance with the basic policy: to cover losses incurred on a net basis on sales of real estate and the like incurred due to policy asset replacement implemented during the same fiscal period and on disposal of fixed assets as a result of renovation associated with tenant replacement; and to cover any tax burden occurring due to the difference between certain accounting treatment and taxation treatment. We did not pay distribution from reserve for distribution for the fiscal period under review as there was no such loss or tax burden, etc. incurred.

3. Changes in unitholders' capital

There was no change in unitholders' capital for the six months ended February 28, 2011. 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
March 1, 2010	Unit split	1,159,506	1,546,008	-	250,764	Note 11
March 1, 2010	Merger	142,190	1,688,198	-	250,764	Note 12

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.

Note 11 The Investment Corporation executed a four-for-one unit split.

Note 12 The Investment Corporation merged with LaSalle Japan REIT Inc.("LJR"). The merger was an absorption-type in accordance with Article 147 of the Law Concerning Investment Trusts with the Investment Corporation as the surviving corporation and LJR was dissolved.

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	14th	15th	16th	17th	18th
As of /for the six months ended	February 28, 2009	August 31, 2009	February 28, 2010	August 31, 2010	February 28, 2011
Highest price	506,000	522,000	502,000	130,400	160,500
Lowest price	251,000	302,000	335,000	103,400	109,600
Closing price at end of period	321,000	496,000	105,400 (Note1)	112,600	140,400

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

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. Based on such distribution policy, cash dividends for the six months ended February 28, 2011 were amounted to ¥6,698,769 thousand which were all of the distributable profit except for fractional dividend per unit less than one yen. As a result, dividend per unit amounted to ¥3,968 for the six months ended February 28, 2011.

Retained earnings (including reserve for dividends) at or after the end of the 17th fiscal period shown in below table will be distributed mainly when; (a) a net of gains or losses on sales of property due to strategic replacement of investment assets in same fiscal period and losses on disposal of property due to a large-scale renewal for replacing tenants results in loss, or (b) additional income tax expenses due to differences between accounting profit and taxable profit are charged.

Fiscal period		14th	15th	16th	17th	18th
As of /for the six months ended		February 28, 2009	August 31, 2009	February 28, 2010	August 31, 2010	February 28, 2011
Net income	(Thousands of yen)	5,820,421	5,880,818	5,329,137	13,093,657	6,698,123
Retained earnings (including reserve for dividends)	(Thousands of yen)	217	21	69	6,919,986	6,919,340
Total dividends	(Thousands of yen)	5,820,333	5,881,014	5,329,089	6,173,740	6,698,769
(Dividend per unit)	(Yen)	(15,059)	(15,216)	(13,788)	(3,657)	(3,968)
Profit dividends	(Thousands of yen)	5,820,333	5,881,014	5,329,089	6,173,740	6,698,769
(Profit dividend per unit)	(Yen)	(15,059)	(15,216)	(13,788)	(3,657)	(3,968)
Unitcapital refunds	(Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit)	(Yen)	(-)	(-)	(-)	(-)	(-)

5. Management policies and Issues

i Operational environment

With regard to the impact of the Great East Japan Earthquake ("the Earthquake") that occurred on March 11, 2011, on the forecasts of operations of the Investment Corporation for the 19th fiscal period (March 1, 2011 to August 31, 2011), there was no damage incurred to the structure of all the 59 properties we own. However, 24 properties suffered damage to the interior, etc., and the estimated amount of cost of repairs, etc. is ¥668 million (approximately 0.1 percent of the total acquisition cost of the 59 properties). [For details, please refer to "Assumptions underlying the forecasts of operations for August 2011 (19^{th}) Fiscal Period (March 1, 2011 to August 31, 2011) and February 2012 (20^{th}) Fiscal Period (September 1, 2011 to February 29, 2012)."]

We are currently conducting a close examination of the cost of repairs, etc., and we will make an appropriate notification when the details become clear.

In regard to the possible impact of the Earthquake on the domestic macroeconomy, the largest difference when comparing to earthquake disasters of the past is that restrictions on electric power supply have been imposed this time. The decrease in production capacity due to supply restrictions may cause economic activities to slow down within a wide area. In addition, there are concerns about the sharp rise in prices of fuels including crude oil and coal due, to apprehensions concerning the safety of nuclear power. The Earthquake had a significant influence on the productivity of industrial products due to the disconnection of logistics and damage to infrastructure facilities.

Although such is the case, with the current progress of decentralization of production facilities in Japan, it is expected that there will be powerful moves toward restoration resulting from reconstruction demands within the devastated areas. This is at the same time in which overseas economies maintain trends of recovery and in which Japanese companies carry out the further restructuring and strengthening of supply chains mainly within countries in Asia.

In addition, the Japanese government is expected to promptly appropriate large-scale funds for reconstruction efforts after the compilation of the supplementary budget, which will serve as a further spur to the boost in demand during the process of reconstruction.

For the time being, we cannot deny the negative effects of the Earthquake on consumption due to the restrictions on the electricity supply and increased uneasiness triggered by the nuclear power plant accident, etc. In the meantime, shopping centers have been serving as a base for the sale and supply of food and daily necessities to local residents, and as evacuation shelters since the occurrence of the earthquake. We expect that they will become essential community-based facilities during the reconstruction of communities in the future.

The fund procurement environment was favorable before the occurrence of the Earthquake, with the Tokyo Stock Exchange REIT Index continuing to recover steadily in step with the Real Estate Index as well as increases in capital increase and bond issuance by investment corporations. Although there is no knowing when the disaster will be contained and how much economic damage will be incurred, we expect there will be demand for funds for the reconstruction of the devastated areas after the Earthquake. Considering the circumstances, there may be upward pressure on interest rates due to the expansion of additional financial burden. However, we assume that financial institutions will not change their lending attitudes significantly, and hence the financial environment will not change greatly for the time being.

ii Management policies and issues confronting JRF

Within the environment described above, the Investment Corporation firstly will assign a top priority to safety in the handling of damage to operating assets incurred from the Earthquake and promptly conduct necessary repair work in order to facilitate the return of tenants to normal operations. Secondly, we will perform solid asset management while closely maintaining relationships with tenants in order to regain the conditions which existed before the Earthquake. However, we cannot deny the possibility, unfortunately, of a temporary decrease in revenue (including rent based on percentage of sales in addition to base rent of operating assets) due to changes in the environment. Thirdly, we will further acquire new attractive properties, distribute risks by taking advantage of the scale of operations, and enhance the quality of assets owned in order to improve the profitability of our portfolio over the medium to long term after the Earthquake. We will also conduct renovation and tenant replacement in our properties, utilizing the know-how we have accumulated through operations to date, and continuously seek opportunities to replace assets that are conducive to the aforementioned purposes. We will utilize reserve for distribution deriving from the negative goodwill acquired through the merger executed in the 17th fiscal period in order to actively implement management measures and raise unit-holder value.

(1) External growth strategy

The Investment Corporation aspires to achieve diversification of investment in commercial properties within a broad-ranging retail categories, not just within the merchandising business. We will strive to secure new investment targets, from among urban and suburban properties, for which upside potential is expected while downside risk is projected to be limited, after the acquisition (during the period of management) and look for opportunities to further expand the scale of our portfolio by utilizing various property acquisition techniques not only of direct acquisition but also including the acquisition of equity interest in anonymous association. Furthermore, when it is expected that distribution is to increase and portfolio quality is to improve in the medium and long term, we will replace properties.

(2) Internal growth strategy

Sales of tenants in retail properties held by the Investment Corporation slightly improved compared with the previous period, as if to reflect the signs of the bottoming out of the economy in the second half of 2010. We will strive to promptly grasp the impact of the Earthquake on the assets owned by us and take appropriate action. We will also without delay in response, catch the trends of consumption recovery, including in reconstruction demand after the Earthquake. In addition, we will make use of SC management know-how that we have cultivated to date in order to steadily execute strategic action plans such as renovation and increases in floor space, etc. so as to achieve internal growth from the viewpoint of both the quality and quantity of our portfolio. Furthermore, we will make efforts to cut down on expenses and improve the efficiency of property management at the same time.

(3) Financial strategy

The Investment Corporation will utilize existing funding sources by maintaining the ¥106 billion credit facility and ¥40 billion in commitment lines as of the end of the Fiscal Period under review, introducing new long-term borrowings. We are also looking at bond issues using the shelf registration system. We recognize that the following issues need to be addressed: a further reduction of borrowing costs; and a decrease in the loan-to-value (LTV) ratio.

With regard to these issues, we managed to decrease the LTV ratio to the level it was before the merger with LJR through a partial repayment in September 2010 of the debt assumed from LJR, using proceeds from sale of non-core properties. In addition, we distributed the repayment date of borrowings by extending the maturities of some of the short-term borrowings. We will continue to pursue the lengthening of the repayment period of borrowings and the fixing of interest rates so as to strengthen our financial base.

6. Subsequent events

(1) The Great East Japan Earthquake

The structure of all 59 investment properties are not damaged by the Great East Japan Earthquake occurred on March 11, 2011. The interior, etc. of 24 investment properties are, however, damaged and the expenses for repairing will amount approximately to ¥668 million.

Outline of the Investment Corporation

1. Investment unit

Fiscal period	14th	15th	16th	17th	18th
As of	February 28, 2009	August 31, 2009	February 28, 2010	August 31, 2010	February 28, 2011
Number of units authorized (Units)	2,000,000	2,000,000	2,000,000	8,000,000	8,000,000
Number of units issued and outstanding (Units)	386,502	386,502	386,502	1,688,198	1,688,198
Number of unitholders (People)	10,990	11,052	11,556	17,079	17,695

Note The Investment Corporation executed a four-for-one unit split effective on March 1, 2010.

2. Unitholders

Major unitholders as of February 28, 2011 were as follows:

Name	Address	Number of units owned (Units)	Ratio of number of units owned to total number of units issued (Note 1) (%)
Japan Trustee Services Bank, Ltd. Trust Account	8-11, Harumi 1-chome, Chuo-ku, Tokyo	216,114	12.80
The Nomura Trust and Banking Co., Ltd. Trust Account	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	160,063	9.48
Trust & Custody Services Bank, Ltd. Trust Account	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	137,080	8.11
The Government of Singapore Investment Corporation Pte Ltd.	168 ROBINSON ROAD #37-01 CAPITAL TOWER SINGAPORE 068912	54,039	3.20
The Master Trust Bank of Japan, Ltd. Trust Account	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	42,877	2.53
Nomura Bank (Luxembourg) S.A.	BATIMENT A, 33, RUE DE GASPERICH, L-5826, LUXEMBOURG	37,587	2.22
Mitsubishi Corporation	3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	35,900	2.12
The Bank of New York Treaty JASDEQ Account	AVENUE DES ARTS, 35 KUNSTLAAN, 1040 BRUSSELS, BELGIUM	29,919	1.77
The Fuji Fire and Marine Insurance Company, Limited	18-11, Minamisenba 1-chome, Chuo-ku, Osaka city, Osaka	29,449	1.74
State Street Bank And Trust Company	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.	25,246	1.49
Total		768,274	45.50

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, 2011 (Thousands of yen)
Executive Director	Yorishige Kondo	Professor of Tokyo University of Technology	430 (Note 2)
	Fuminori Imanishi	Head of Retail Division of Mitsubishi Corp.-UBS Realty Inc.	100 (Note 2)
Supervisory Director	Shuichi Namba	Attorney-at-law of Momo-o, Matsuo & Namba	1,680 (Note 2)
	Masahiko Nishida	President of Marks group Co., Ltd. Certified public accountant / Tax accountant	1,680 (Note 2)
Independent auditor	PricewaterhouseCoopers Aarata	-	16,500 (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 (Executive Director) passed away on September 5, 2010 and Fuminori Imanishi (Alternate Executive Director) was newly installed as Executive Director on September 6, 2010.

(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 special account administrator	Mitsubishi UFJ Trust and Banking Corporation
Special account administrator	The Chuo Mitsui Trust and Banking Company, Limited
General administrator (regarding book keeping)	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	Use	Region	As of August 31, 2010 Total of net book value (Millions of yen)	As of August 31, 2010 Composition ratio (%)	As of February 28, 2011 Total of net book value (Millions of yen)	As of February 28, 2011 Composition ratio (%)
Real property	Retail facilities	Tokyo metropolitan area	17,900	2.7	17,873	2.9
		Osaka and Nagoya metropolitan areas	4,959	0.7	4,965	0.8
	Sub-total		22,860	3.4	22,839	3.7
Trust beneficial interest in real property	Retail facilities	Tokyo metropolitan area	289,630	43.4	287,781	46.0
		Osaka and Nagoya metropolitan areas	200,766	30.1	199,308	31.9
		Other metropolitan areas	92,344	13.9	91,412	14.6
	Other (Note 1)	Tokyo metropolitan area	24,768	3.7	-	-
		Osaka and Nagoya metropolitan areas	2,948	0.4	-	-
		Other metropolitan areas	4,408	0.7	-	-
	Sub-total		614,867	92.2	578,501	92.5
Equity interests in anonymous association (Note 2)			-	-	518	0.1
Bank deposits and other assets			29,116	4.4	23,452	3.7
Total assets			666,843	100.0	625,312	100.0

Note 1 “Other” includes office, residential and residential plus retail.

Note 2 The equity interests in anonymous association are investments in anonymous association of which agents are Retail Daikanyama Godo Kaisha and Retail Shinsaibashi Godo Kaisha.

2. Major property

The principal properties (top ten properties in net book value) as of February 28, 2011 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)	49,855	109,365.50	109,365.50	100.0	6.4	Retail facilities
Nara Family (trust beneficial interest)	30,962	84,986.97	84,683.44	99.6	9.5	Retail facilities
AEONMALL Musashi-murayama mu (trust beneficial interest)	30,000	137,466.97	137,466.97	100.0	4.4	Retail facilities
AEON Yachiyo Midorigaoka Shopping Center (trust beneficial interest)	29,740	132,294.48	132,294.48	100.0	3.1	Retail facilities
AEONMALL Tsurumi Leafa (trust beneficial interest)	28,115	138,538.63	138,538.63	100.0	4.1	Retail facilities
GYRE (trust beneficial interest)	22,653	4,863.19	4,548.75	93.5	2.6	Retail facilities
AEONMALL Itami Terrace (trust beneficial interest)	20,087	157,904.26	157,904.26	100.0	2.7	Retail facilities
Kawaramachi OPA (trust beneficial interest)	18,684	18,848.20	18,848.20	100.0	1.7	Retail facilities
Ario Otori (trust beneficial interest)	18,412	95,135.36	95,135.36	100.0	2.5	Retail facilities
AEON Sapporo Hassamu Shopping Center (trust beneficial interest)	18,023	102,169.00	102,169.00	100.0	2.6	Retail facilities
Total	266,534	981,572.56	980,954.59	99.9	39.6	

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

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

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

3. Details of property

The retail facilities as of February 28, 2011 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)
AEON Sendai Nakayama (Note 4)	35-40,57,5 Minami Nakayama 1-chome, Izumi-ku, Sendai-shi, Miyagi	Trust beneficial interest	46,248.96	10,600	9,261
ESPA Kawasaki	1,2 Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficial interest	65,313.47	13,230	14,495
8953 Osaka Shinsaibashi Building	4-12, Minami Senba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	13,300	13,137
Hakata Riverain (Note 5)	3-1, Shimo-Kawabatamachi, Hakata-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	25,278.38	4,550	6,012
Narupark (Note 6, 7)	232, Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	15,220.73	5,500	7,521
8953 Minami Aoyama Building	8-5, Minami Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficial interest	1,529.15	6,100	5,307
Nara Family	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	84,986.97	32,500	30,962
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	42,841.48	11,900	10,025
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,840	1,482
Ito-Yokado Kamifukuoka Higashi	1-30, Ohara 2-chome, Fujimino-shi, Saitama	Trust beneficial interest	28,316.18	6,660	6,404
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	12,300	11,705
8953 Daikanyama Building	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,300	1,251
8953 Harajuku Face Building	32-5, Jingumae 2-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,479.10	3,670	2,736
AEONMALL Higashiura	62-1, Aza-toueicho, Oaza-ogawa, Higashiuracho, Chita-gun, Aichi	Trust beneficial interest	129,124.73	10,100	7,870
AEON Kashiihama Shopping Center	12-1, Kashiihama 3-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	109,616.72	13,200	12,460
AEON Sapporo Naebo Shopping Center	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,540	7,668
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,863.19	23,000	22,653
Esquisse Omotesando Annex	1-17, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	540.78	1,250	878
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	4,850	4,889
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo	Trust beneficial interest	20,983.43	11,900	11,645
AEON Itabashi Shopping Center (Note 4)	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,253.88	12,400	11,603
8953 Kita Aoyama Building	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,320	976
AEONMALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	17,100	16,051
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	6,960	5,391
AEON Tobata Shopping Center	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	5,950	5,812
AEON Takatsuki (Note 4)	47-2, Haginosho 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	9,530	10,790
8953 Jiyugaoka Building	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	1,817.65	3,079	2,596
AEON Yagoto (Note 4)	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,778.44	3,570	3,679
AEON Naha Shopping Center (Note 4)	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	9,820	10,673
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	3,650	4,095

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)
AEON Nishi-Otsu (Note 4)	11-1, Ohjigaoka 3-chome, Otsu-shi, Shiga	Trust beneficial interest	62,717.26	10,700	12,866
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	20,000.52	5,620	5,926
Higashi-Totsuka Aurora City	535-1, 536-1, 537-1, 9, etc. Shinanocho, Totsuka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	109,365.50	40,000	49,855
AEON Omiya (Note 4)	574-1, Kushibikicho 2-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	75,344.90	6,200	6,041
Loc City Ogaki	233-1, Aza-nakashima, Mitsuzukacho, Ogaki-shi, Gifu etc.	Trust beneficial interest	57,500.35	4,040	4,419
Kawaramachi OPA	385 Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,700	18,684
AEON Ueda (Note 4)	12-18, Tsuneda 2-chome, Ueda-shi, Nagano	Trust beneficial interest	61,349.07	7,940	8,891
AEONMALL Tsurumi Leafa	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	25,300	28,115
AEONMALL Itami Terrace	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	17,700	20,087
Ito-Yokado Yotsukaido	5 Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,207.19	10,100	13,544
Oyama Yuen Harvest Walk (Note 7)	1457 Oaza-Kizawa, Oyama-shi, Tochigi	Trust beneficial interest	57,524.87	6,800	9,523
AEON Yachiyo Midorigaoka Shopping Center	1-3, Midorigaoka 2-chome, Yachiyo-shi, Chiba	Trust beneficial interest	132,294.48	21,900	29,740
8953 Jingumae6 Building	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,470	2,384
AEON Sapporo Hassamu Shopping Center	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,169.00	16,700	18,023
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka etc.	Trust beneficial interest	95,135.36	14,900	18,412
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	3,670	3,425
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,650	2,331
G DINING SAPPORO (Note 7)	2-2, 1-9, 2-1, 2-3, 3-3, Minami 3jo Nishi 3-chome, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	4,090.51	2,180	3,086
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo	Real property	922.30	4,940	6,480
La Porte Aoyama (Note 7)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,147.93	9,270	9,357
AEONMALL Musashi-murayama mu	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	30,600	30,000
AEONMALL Kobe-kita	2-1, Kouzudai 8-chome, Kita-ku, kobe-shi, Hyogo	Trust beneficial interest	128,031.55	15,900	15,226
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	6,640	6,688
LIFE Taiheiji (land with leasehold interest)	43-6, Taiheiji 2-chome, Higashi Osaka-shi, Osaka	Real property	3,898.01	1,300	1,304
LIFE Shimodera (land with leasehold interest)	8-12, Shimodera 2-chome, Naniwa-ku, Osaka-shi, Osaka	Real property	4,344.18	1,700	1,717
LIFE Kishibe (land with leasehold interest)	21-58, Haracho 4-chome, Suita-shi, Osaka	Real property	5,516.61	1,990	1,942
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	5,080	5,583
G-Bldg. Minami-Ikebukuro 01 (Note 7)	19-5, Minami Ikebukuro 1-chome, Toshima-ku Tokyo	Trust beneficial interest	5,121.71	6,690	6,031
G-Bldg. Shinsaibashi 01	5-3, Shinsaibashisuji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	1,620	1,607
Total			2,717,223.91	568,969	601,341

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 The names of these properties were changed on March 1, 2011 as follows:

Old name	New name
Sendai Nakayama Shopping Center	AEON Sendai Nakayama
Itabashi SATY	AEON Itabashi Shopping Center
JUSCO City Takatsuki	AEON Takatsuki
JUSCO City Yagoto	AEON Yagoto
JUSCO Naha	AEON Naha Shopping Center
JUSCO City Nishi-Otsu	AEON Nishi-Otsu
Omiya SATY	AEON Omiya
AEON Ueda Shopping Center	AEON Ueda

Note 5 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 6 The property name of Narupark was changed from Ito-Yokado Narumi.

Note 7 These properties 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, 2010 and February 28, 2011 were as follows:

Name of property	For the six months ended							
	August 31, 2010				February 28, 2011			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)
AEON Sendai Nakayama	2	100.0	442	1.9	2	100.0	429	2.0
ESPA Kawasaki	5	100.0	492	2.1	5	100.0	490	2.2
8953 Osaka Shinsaibashi Building	1	100.0	407	1.7	1	100.0	407	1.9
Hakata Riverain	61	82.4	425	1.8	61	83.6	387	1.8
Narupark (Note 3)	1	100.0	264	1.1	0	0.0	328	1.5
8953 Minami Aoyama Building	3	90.4	161	0.7	3	90.4	161	0.7
Nara Family	126	99.6	2,032	8.7	124	99.6	2,086	9.5
Abiko Shopping Plaza	59	100.0	683	2.9	59	100.0	714	3.3
Ito-Yokado Yabashira	1	100.0	78	0.3	1	100.0	78	0.4
Ito-Yokado Kamifukuoka Higashi	1	100.0	256	1.1	1	100.0	256	1.2
Ito-Yokado Nishikicho	1	100.0	444	1.9	1	100.0	444	2.0
8953 Daikanyama Building	2	100.0	40	0.2	2	100.0	40	0.2
8953 Harajuku Face Building	4	100.0	104	0.5	4	84.8	104	0.5
AEONMALL Higashiura	1	100.0	478	2.1	1	100.0	478	2.2
AEON Kashiihama Shopping Center	1	100.0	477	2.0	1	100.0	477	2.2
AEON Sapporo Naebo Shopping Center	1	100.0	377	1.6	1	100.0	379	1.7
GYRE	18	94.0	611	2.6	18	93.5	577	2.6
Esquisse Omotesando Annex	2	100.0	33	0.1	2	100.0	34	0.2
Ito-Yokado Tsunashima	1	100.0	180	0.8	1	100.0	180	0.8
Bic Camera Tachikawa	2	100.0	389	1.7	2	100.0	389	1.8

Name of property	For the six months ended August 31, 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) (%)	For the six months ended February 28, 2011 Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)
AEON Itabashi Shopping Center	1	100.0	638	2.7	1	100.0	655	3.0
8953 Kita Aoyama Building	3	100.0	34	0.2	3	100.0	35	0.2
AEONMALL Yamato	1	100.0	534	2.3	1	100.0	534	2.4
SEIYU Hibarigaoka	1	100.0	261	1.1	1	100.0	261	1.2
AEON Tobata Shopping Center	1	100.0	315	1.4	1	100.0	315	1.4
AEON Takatsuki	1	100.0	414	1.8	1	100.0	414	1.9
8953 Jiyugaoka Building	9	96.8	89	0.4	10	100.0	89	0.4
AEON Yagoto	2	100.0	148	0.6	2	100.0	148	0.7
AEON Naha Shopping Center	1	100.0	398	1.7	1	100.0	398	1.8
Cheers Ginza	8	79.4	94	0.4	10	100.0	105	0.5
AEON Nishi-Otsu	1	100.0	375	1.6	1	100.0	375	1.7
Kyoto Family	61	99.2	621	2.7	65	99.9	609	2.8
Higashi-Totsuka Aurora City	4	100.0	1,388	6.0	4	100.0	1,394	6.4
AEON Omiya	1	100.0	174	0.7	1	100.0	195	0.9
Loc City Ogaki	1	100.0	329	1.4	1	100.0	330	1.5
Kawaramachi OPA	1	100.0	363	1.6	1	100.0	363	1.7
AEON Ueda	1	100.0	297	1.3	1	100.0	297	1.4
AEONMALL Tsurumi Leafa	1	100.0	891	3.8	1	100.0	892	4.1
AEONMALL Itami Terrace	1	100.0	581	2.5	1	100.0	579	2.7
Ito-Yokado Yotsukaido	1	100.0	290	1.2	1	100.0	290	1.3
Oyama Yuen Harvest Walk (Note 3)	68	97.7	560	2.4	70	100.0	556	2.5
AEON Yachiyo Midorigaoka Shopping Center	1	100.0	685	2.9	1	100.0	685	3.1
8953 Jingumae6 Building	4	100.0	60	0.3	4	100.0	58	0.3
8953 Saitama Urawa Building (Note 4, 5)	-	-	-	-	-	-	-	-
AEON Sapporo Hassamu Shopping Center	1	100.0	577	2.5	1	100.0	577	2.6
Ario Otori	1	100.0	544	2.3	1	100.0	544	2.5
G-Bldg. Jingumae01	2	100.0	83	0.4	2	100.0	83	0.4
G-Bldg. Jingumae02	3	100.0	30	0.1	3	100.0	23	0.1
G DINING SAPPORO (Note 3)	15	63.3	53	0.2	16	68.0	65	0.3
G-Bldg. Minami Aoyama 01	0	0.0	0	0.0	0	0.0	0	0.0
La Porte Aoyama (Note 3)	19	82.0	287	1.2	18	77.5	271	1.2
AEONMALL Musashi-murayama mu	1	100.0	956	4.1	1	100.0	957	4.4
AEONMALL Kobe-kita	1	100.0	580	2.5	1	100.0	582	2.7
Shinsan Building (Note 3, 6)	7	100.0	86	0.4	-	-	3	0.0
35 Sankyo Building (Note 3, 6)	6	68.3	121	0.5	-	-	3	0.0
Shibuya West Building (Note 3, 6)	1	100.0	108	0.5	-	-	13	0.1
Chiba West Building (Note 3, 6)	18	86.1	107	0.5	-	-	4	0.0
Narita TT Building (Note 3, 6)	7	100.0	102	0.4	-	-	3	0.0

Name of property	For the six months ended							
	August 31, 2010				February 28, 2011			
	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) (%)
Utsunomiya Center Building (Note 3, 6)	21	80.4	93	0.4	-	-	2	0.0
Southern Mito Building (Note 3, 6)	24	90.2	101	0.4	-	-	2	0.0
Horikawa-Dori Shijyo Building (Note 3, 6)	12	91.2	111	0.5	-	-	4	0.0
KYUHO Esaka Building (Note 3, 6)	15	85.4	87	0.4	-	-	6	0.0
Uchikanda Building (Note 3, 6)	8	88.8	107	0.5	-	-	2	0.0
Mirum Daikanyama (Note 3, 6)	69	85.4	143	0.6	-	-	2	0.0
Mirum Shirokanedai (Note 3, 6)	30	78.5	60	0.3	-	-	0	0.0
Mirum Nogizaka (Note 3, 6)	41	89.6	67	0.3	-	-	0	0.0
Mirum Minami Aoyama (Note 3, 6)	43	93.3	63	0.3	-	-	1	0.0
Mirum Hiro-o Ⅱ (Note 3, 6)	42	79.6	61	0.3	-	-	0	0.0
Forest Hill Sendai-Aoba (Note 3, 6)	249	99.2	98	0.4	-	-	1	0.0
Nishino Building (Note 3, 6)	45	88.4	90	0.4	-	-	5	0.0
Leaf Comfort Shinkoiwa (Note 3, 6)	30	100.0	79	0.3	-	-	2	0.0
G-Bldg. Shinjuku 01	1	100.0	141	0.6	1	100.0	160	0.7
LIFE Taiheiji（land with leasehold interest）	1	100.0	42	0.2	1	100.0	48	0.2
LIFE Shimodera（land with leasehold interest）	1	100.0	49	0.2	1	100.0	56	0.3
LIFE Kishibe（land with leasehold interest）	1	100.0	29	0.1	1	100.0	66	0.3
G-Bldg. Jingumae 03	1	11.3	4	0.0	1	11.3	11	0.1
G-Bldg. Minami-Ikebukuro 01 (Note 3)	7	100.0	208	0.9	7	100.0	261	1.2
G-Bldg. Shinsaibashi 01	1	88.4	48	0.2	2	100.0	59	0.3
Total	1,191	99.3	23,326	100.0	530	99.1	21,868	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.

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

Note 5 The property was sold on March 17, 2010.

Note 6 The properties were sold on September 3, 2010.

4. Details of investment securities

The investment securities as of February 28, 2011 consist of the following:

Name of securities	Classification	Quantity	Carrying amounts		Fair value (Note 1)		Valuation difference (Thousands of yen)	Remarks
			Per quantity	Total (Thousands of yen)	Per quantity	Total (Thousands of yen)		
Equity interest in anonymous association of which agent is Retail Daikanyama Godo Kaisha (Note 2)	Equity interest in anonymous association	—	—	176,692	—	296,934	120,242	—
Equity interest in anonymous association of which agent is Retail Shinsaibashi Godo Kaisha (Note 2)	Equity interest in anonymous association	—	—	342,243	—	380,800	38,557	—
Total	—	—	—	518,935	—	677,734	158,799	—

Note 1 The fair value of the equity interest in anonymous association shows the anonymous association's net asset value determined by fair value of each asset or liability in proportion to the share of the Investment Corporation. In accordance with the Article of Incorporation of the Investment Corporation, the fair value of investment property held by the anonymous association is determined similarly as those of the Investment Corporation and the fair value of financial asset held by the anonymous association is determined in accordance with generally accepted accounting standards in Japan.

Note 2 The investment properties held by the anonymous associations are as follows:

Name of securities	Investment assets	Location
Equity interest in anonymous association of which agent is Retail Daikanyama Godo Kaisha	Trust beneficial interest in Arkangel Daikanyama (land with leasehold interest)	1-111-14, Aobadai, Meguro-ku, Tokyo, etc.
Equity interest in anonymous association of which agent is Retail Shinsaibashi Godo Kaisha	Trust beneficial interest in (tentative name) Retail Shinsaibashi-suji Building	3-24, Sinsaibashi-suji 1-chome, Chuou-ku, Osaka-shi, Osaka

5. Other assets

Real property and trust beneficial interests in real property are included the above table in "3.Details of property" and "4.Details of investment securities". There was no other significant specified asset as of February 28, 2011.

Capital expenditures for property

1. Schedule of capital expenditures

The significant plan for capital expenditures on property maintenance as of February 28, 2011 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 construction or maintenance	Estimated cost (millions of yen)		
				Total	Advanced payment	
					Payment for the six months ended February 28, 2011	Total of advanced payment
Narupark	Nagoya-shi, Aichi	Renewal construction	December 2010 to March 2011	559	55	60
Abiko Shopping Plaza	Abiko-shi, Chiba	Enlargement construction of escalator	May 2011	101	1	1
Kyoto Family	Kyoto-shi, Kyoto	Renewal construction of turbo refrigerator	March 2011 to April 2011	83	-	-
Nara Family	Nara-shi, Nara	2nd renewal construction of outer wall of main building	March 2011 to July 2011	60	0	0
Kyoto Family	Kyoto-shi, Kyoto	Renewal construction of fire extinguisher equipment	June 2011 to July 2011	51	-	-

2. Capital expenditures for the six months ended February 28, 2011

Maintenance expenditures on property for the six months ended February 28, 2011 were totaling to ¥793 million consisting of ¥694 million of capital expenditures stated as below and ¥98 million of repair and maintenance expenses charged to income.

Name of property	Location	Purpose	Term for construction or maintenance	Capital expenditures (Millions of yen)
Kyoto Family	Nara-shi, Nara	Renweal construction for a new tenant	September 2010 to November 2010	71
GYRE	Shibuya-ku, Tokyo	Renewal construction of B1 floor	June 2010 to September 2010	41
Nara Family	Nara-shi, Nara	First renewal constraction of outer wall of main building	December 2010 to February 2011	33
AEONMALL Itami Terrace	Itami-shi, Hyogo	Installment of LED lighting equipment	November 2010	25
Others	-	-	-	524
Total				694

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	14th	15th	16th	17th	18th
As of /for the six months ended	**February 28, 2009**	**August 31, 2009**	**February 28, 2010**	**August 31, 2010**	**February 28, 2011**
Reserved funds at beginning of period	366	319	384	2	256
Increase	3	64	32	(Note 4) 724	-
Decrease	(Note 2) 51	-	(Note 3) 414	(Note 3) 470	(Note 5) 254
Reserved funds at end of period	319	384	2	256	2

Note 1 The Investment Corporation does not reserve funds for the long-term maintenance plan when depreciation for each fiscal period exceeds following two items. Accordingly, the above table shows funds reserved in trust based on trust agreements and funds succeeded from a former owner through a purchase of trust beneficiary interests.

Item A: Scheduled amounts to be reserved as funds for the long-term maintenance plan in each fiscal period

Item B: Maintenance expenditures scheduled in the long-term maintenance plan in each fiscal period

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

Note 3 The funds decreased for efficient usage.

Note 4 The amount includes funds acquired by merger.

Note 5 The decrease was mainly due to disposal of 18 properties (office, residential and residential plus retail) on September 3, 2010.

Condition of expenses and liabilities

1. Details of asset management expenses

(Thousands of yen)

Item	17th fiscal period For the six months ended August 31, 2010	18th fiscal period For the six months ended February 28, 2011
Asset management fees	2,013,792	1,924,252
Custodian fees	66,329	24,743
General administration fees	150,914	151,410
Compensation for Directors	5,940	3,890
Other operating expenses	162,371	174,552
Total	2,399,348	2,278,848

2. Borrowings

Borrowings as of August 31, 2010 were as follows:

	Name of lender	Borrowing Date	Balance as of August 31, 2010 (Millions of yen)	Balance as of February 28, 2011 (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, 2009	3,875	-	0.8	September 3, 2010	Lump sum (Note 4)	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, 2009	500	-	0.9	September 3, 2010	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	September 18, 2009	3,000	-	0.7	September 17, 2010	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	September 30, 2009	2,000	-	0.8	September 30, 2010	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	September 30, 2009	1,881	-	3.1	September 30, 2010	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,881	-					
	The Sumitomo Trust and Banking Co., Ltd.		1,881	-					
	Aozora Bank, Ltd.		2,351	-					
	Resona Bank, Limited.		2,822	-					
	Shinsei Bank, Limited		1,881	-					
	The Tokyo Star Bank, Limited		2,000	-					
	Fuyo General Lease Co., Ltd.		300	-					
	Mizuho Corporate Bank, Ltd.	October 16, 2009	5,000	-	1.0	October 15, 2010	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 8, 2010	5,152	-	0.9	February 8, 2011	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,373	-					
	The Sumitomo Trust and Banking Co., Ltd.		3,475	-					

	Name of lender	Borrowing Date	Balance as of August 31, 2010 (Millions of yen)	Balance as of February 28, 2011 (Millions of yen)	Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
	Sumitomo Mitsui Banking Corporation	February 8, 2010	7,000	-	0.9	February 7, 2011	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	March 3, 2010	2,000	2,000	1.0	March 3, 2011	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2010	4,361	4,361	0.8	March 31, 2011	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,699	3,699					
	The Sumitomo Trust and Banking Co., Ltd.		2,940	2,940					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	April 30, 2010	9,119	9,119	0.8	April 28, 2011	Lump sum (Note 4)	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 Chugoku Bank, LTD.	June 18, 2010	2,000	2,000	0.8	June 17, 2011	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	August 27, 2010	5,000	5,000	0.8	August 26, 2011	Lump sum (Note 4)	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					
	Mizuho Corporate Bank, Ltd.	August 27, 2010	1,000	1,000	1.0	August 26, 2011	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 3, 2010	-	3,875	0.8	September 2, 2011	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	3,487					
	The Sumitomo Trust and Banking Co., Ltd.		-	2,712					
	The Bank of Fukuoka, Ltd.	September 17, 2010	-	3,000	0.7	September 16, 2011	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	September 30, 2010	-	2,000	0.8	September 30, 2011	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	October 15, 2010	-	5,000	1.0	October 14, 2011	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	Shinsei Bank, Limited	November 1, 2010	-	1,500	0.6	November 1, 2011	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 8, 2011	-	5,152	0.6	February 8, 2012	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	4,373					
	The Sumitomo Trust and Banking Co., Ltd.		-	3,475					
	Sub-total		107,572	86,575					
Long-term	Aozora Bank, Ltd.	September 21, 2007	8,500	-	0.9	September 21, 2010	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	Aozora Bank, Ltd.	August 29, 2008	7,400	7,400	1.1	August 29, 2013	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	The Shinkumi Federation Bank	September 30, 2008	3,000	-	0.9	September 30, 2010	Lump sum	Note 10	Unsecured and unguaranteed
	Mitsui Sumitomo Insurance Company, Limited		1,000	-					
	Mizuho Corporate Bank, Ltd. (Note 2)	September 30, 2008	3,000	3,000	1.0	September 30, 2011	Lump sum	Note 10	Unsecured and unguaranteed
	Saitama Resona Bank, Limited (Note 2)		1,000	1,000					
	Development Bank of Japan Inc.	September 30, 2008	3,000	3,000	1.1	September 30, 2013	Lump sum	Note 10	Unsecured and unguaranteed

	Name of lender	Borrowing Date	Balance as of August 31, 2010 (Millions of yen)	Balance as of February 28, 2011 (Millions of yen)	Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
	Mizuho Corporate Bank, Ltd.	September 30, 2008	4,600	-	1.9	September 30, 2011 (Note 3)	Lump sum (Note 4)	Note 9	Unsecured and unguaranteed
	Resona Bank, Limited.		1,900	-					
	Aozora Bank, Ltd.		2,500	-					
	Sumitomo Mitsui Banking Corporation	November 4, 2008	34,910	34,710	2.6	March 1, 2015	Note 5	Note 9	Unsecured and unguaranteed
	Development Bank of Japan Inc	March 30, 2009	4,750	4,650	1.3	March 30, 2014	Note 6	Note 10	Unsecured and unguaranteed
	Development Bank of Japan Inc	July 30, 2009	14,450	14,150	1.8	July 30, 2016	Note 7	Note 10	Unsecured and unguaranteed
	Development Bank of Japan Inc	July 30, 2009	19,266	18,866	2.2	July 30, 2018	Note 8	Note 10	Unsecured and unguaranteed
	American Family Life Assurance Company of Columbus	September 4, 2009	5,000	5,000	3.0	September 4, 2019	Lump sum	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 30, 2009	3,143	3,143	1.3	September 30, 2014	Lump sum (Note 4)	Note 10	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,714	2,714					
	The Sumitomo Trust and Banking Co., Ltd.		2,143	2,143					
	Mizuho Corporate Bank, Ltd.	February 7, 2011	-	5,000	0.7	February 5, 2016	Lump sum (Note 4)	Note 10	Unsecured and unguaranteed
	The Shinkumi Federation Bank		-	3,000					
	The Hiroshima Bank Ltd.		-	1,500					
	The Senshu Ikeda Bank, Ltd.		-	1,000					
	The Minato Bank, Ltd.		-	500					
	Sub-total		122,276	110,776					
Total			229,848	197,351					

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, 2011.

Note 3 The Investment Corporation had repaid ¥9,000 million on September 30, 2010 in advance of the due date.

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

Note 5 The principal is repaid on each interest payment date until December 2011 at an amount of ¥100 million for each interest payment date and the remaining balance is repaid on due date. The interest payment date is March 31, 2010 at first, and thereafter the 30th of March, June, September and December, and due date. The balance as of February 28, 2011, includes ¥300 million of current portion of long-term borrowings.

Note 6 The principal is repaid on each interest payment date at an amount corresponding to 4% of the initial principal (¥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, 2011, 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 of February 28, 2011, 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, 2011, 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, 2010 (Millions of yen)	Balance as of February 28, 2011 (Millions of yen)	Interest rate (Note 1)	Maturity date	Repayment method	Use	Remarks
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		80,000	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, etc.

(Millions of yen)

<table>
<tr><th rowspan="2">Classification of assets</th><th rowspan="2">Name of real property</th><th colspan="2">Acquisition</th><th colspan="4">Disposal</th></tr>
<tr><th>Date of acquisition</th><th>Acquisition cost (Note 1)</th><th>Date of disposal</th><th>Disposal amount</th><th>Net book value</th><th>Gain (loss) on disposal</th></tr>
<tr><td rowspan="18">Property</td><td>Shinsan Building</td><td rowspan="18">-</td><td rowspan="18">-</td><td rowspan="18">September 3, 2010</td><td rowspan="18">33,200 (Note 2)</td><td>1,713</td><td rowspan="18">1,056 (Note 2)</td></tr>
<tr><td>35 Sankyo Building</td><td>3,365</td></tr>
<tr><td>Shibuya West Building</td><td>1,880</td></tr>
<tr><td>Chiba West Building</td><td>1,594</td></tr>
<tr><td>Narita TT Building</td><td>1,469</td></tr>
<tr><td>Utsunomiya Center Building</td><td>1,297</td></tr>
<tr><td>Southern Mito Building</td><td>1,555</td></tr>
<tr><td>Horikawa-Dori Shijyo Building</td><td>1,578</td></tr>
<tr><td>KYUHO Esaka Building</td><td>1,365</td></tr>
<tr><td>Uchikanda Building</td><td>2,419</td></tr>
<tr><td>Mirum Daikanyama</td><td>3,511</td></tr>
<tr><td>Mirum Shirokanedai</td><td>1,452</td></tr>
<tr><td>Mirum Nogizaka</td><td>1,494</td></tr>
<tr><td>Mirum Minami Aoyama</td><td>1,572</td></tr>
<tr><td>Mirum Hiro-o Ⅱ</td><td>1,552</td></tr>
<tr><td>Forest Hill Sendai-Aoba</td><td>1,546</td></tr>
<tr><td>Nishino Building</td><td>932</td></tr>
<tr><td>Leaf Comfort Shinkoiwa</td><td>1,782</td></tr>
<tr><td rowspan="2">Equity interests in anonymous association</td><td>Retail Daikanyama Godo Kaisha</td><td>December 21, 2010</td><td>174</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Retail Shinsaibashi Godo Kaisha</td><td>February 9, 2011</td><td>340</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Total</td><td>-</td><td>514</td><td>-</td><td>33,200</td><td>32,084</td><td>1,056</td></tr>
</table>

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

Note 2 The individual disposal prices are undisclosed because the properties were sold under a bulk contract and the consent from the counterparty has not been acquired.

2. Transactions of other assets

Other assets than property or asset-backed securities, etc. 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)
Disposal	Shinsan Building	September 3, 2010	33,200 (Note 3)	1,660
	35 Sankyo Building			3,190
	Shibuya West Building			1,930
	Chiba West Building			1,520
	Narita TT Building			1,520
	Utsunomiya Center Building			1,260
	Southern Mito Building			1,560
	Horikawa-Dori Shijyo Building			1,600
	KYUHO Esaka Building			1,380
	Uchikanda Building			2,430
	Mirum Daikanyama			3,720
	Mirum Shirokanedai			1,540
	Mirum Nogizaka			1,580
	Mirum Minami Aoyama			1,670
	Mirum Hiro-o Ⅱ			1,650
	Forest Hill Sendai-Aoba			1,570
	Nishino Building			1,020
	Leaf Comfort Shinkoiwa			1,782
Total		-	33,200	32,600

(2) Equity interests in anonymous association

(Millions of yen)

Acquisition/ Disposal	Name of property	Date of acquisition/disposal	Acquisition cost/ Disposal amount (Note 1)	Researched value (Note 2)
Acquisition	Retail Daikanyama Godo Kaisha	December 21, 2010	174	174
Acquisition	Retail Shinsaibashi Godo Kaisha	February 9, 2011	340	340

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.

Note 3 The individual disposal prices are undisclosed because the properties were sold under a bulk contract and the consent from the counterparty has not been acquired.

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	876,325	Mitsubishi UFJ Lease & Finance Company Limited	3,827	0.4
Utilities costs	731,229	Japan Facility Solutions, Inc.	14,270	2.0
Other rental expenses	384,539	Mitsubishi Corporation	445	0.1
		Mitsubishi Shoji & Sun Co., Ltd.	370	0.1
Other operating expenses	174,552	Mitsubishi Corporation	48	0.0

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

Note 2 In addition to above transaction, the Investment Corporation paid ¥57 thousand of research fee to Mitsubishi Corporation which was charged to income as cost of sales of property for the six months ended February 28, 2011.

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

None

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)
September 21, 2006	100	-	800
March 1, 2010 (Note 1)	2,400	-	3,200
Accumulated number	2,500	-	3,200

Note 1 The Investment Corporation executed a four-for-one unit split effective on March 1, 2010.

(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 1) (Thousands of yen)	Ratio of number of units held to number of units issued and outstanding
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%
The 17th fiscal period (March 1, 2010 to August 31, 2010)	(Note 2) 3,200	360,320	0.2%
The 18th fiscal period (September 1, 2010 to February 28, 2011)	3,200	449,280	0.2%

Note 1 "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.

Note 2 The Investment Corporation executed a four-for-one unit split effective on March 1, 2010.

2. Notice

Execution or modification of significant agreement approved by the Board of Directors of the Investment Corporation for the six months ended February 28, 2011, was as follows:

Approval day	Item	Summary
October 13, 2010	Modification of general administration agreement regarding transference of unit investment securities	The general administration agreement with Mitsubishi UFJ Trust and Banking Corporation regarding transference of unit investment securities 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, 2010	February 28, 2011
	Thousands of yen	Thousands of yen
Assets		
Current Assets:		
Cash and bank deposits	12,532,022	10,819,131
Cash and bank deposits in trust	9,698,420	5,773,686
Rental receivables	844,577	901,345
Income taxes receivable	657	358
Other current assets	846,871	916,642
Total current assets	23,922,550	18,411,165
Fixed Assets (Note 2):		
Property and equipment:		
Buildings	1,641,726	1,641,726
Accumulated depreciation	(62,908)	(87,950)
Buildings, net	1,578,817	1,553,776
Building improvements	67,876	67,876
Accumulated depreciation	(2,981)	(4,323)
Building improvements, net	64,894	63,552
Furniture and fixtures	10,782	10,782
Accumulated depreciation	(1,417)	(1,913)
Furniture and fixtures, net	9,365	8,868
Land	21,187,271	21,193,419
Buildings in trust	269,415,097	256,128,397
Accumulated depreciation	(40,269,708)	(44,639,039)
Buildings in trust, net	229,145,388	211,489,357
Building improvements in trust	13,953,804	13,759,998
Accumulated depreciation	(2,777,496)	(3,052,752)
Building improvements in trust, net	11,176,308	10,707,246
Machinery and equipment in trust	1,601,739	1,471,201
Accumulated depreciation	(417,661)	(456,302)
Machinery and equipment in trust, net	1,184,077	1,014,898
Furniture and fixtures in trust	3,349,078	3,344,987
Accumulated depreciation	(1,308,668)	(1,444,375)
Furniture and fixtures in trust, net	2,040,409	1,900,611
Land in trust	362,278,736	344,370,608
Total property and equipment	628,665,269	592,302,340
Intangible assets:		
Leasehold rights	19,803	19,803
Leasehold rights in trust	8,907,852	8,893,577
Other intangible assets in trust	134,935	126,187
Total intangible assets	9,062,592	9,039,568

(To be continued on the following page)

	As of	
	August 31, 2010	February 28, 2011
	Thousands of yen	Thousands of yen
Investment and other assets:		
Investment securities	-	518,935
Lease deposits in trust	3,313,268	3,305,768
Long-term prepaid expenses	1,654,481	1,527,002
Other investments	119,251	123,038
Total investment and other assets	5,087,001	5,474,744
Total fixed assets	642,814,863	606,816,653
Deferred charges:		
Bonds issuance costs	106,294	84,865
Total deferred charges	106,294	84,865
Total assets	666,843,708	625,312,685

(To be continued on the following page)

	As of	
	August 31, 2010	February 28, 2011
	Thousands of yen	Thousands of yen
Liabilities		
Current Liabilities:		
Accounts payable – operating	754,625	681,444
Short-term borrowings (Note 3)	107,572,000	86,575,000
Current portion of long-term bonds issued	-	20,000,000
Current portion of long-term borrowings	14,500,000	5,900,000
Accounts payable – other	13,190	9,289
Accrued expenses	1,970,216	1,720,587
Income taxes payable	385	485
Consumption tax payable	906,777	519,707
Rent received in advance	2,139,574	1,858,625
Deposits received	761,752	603,383
Current amount of tenant leasehold and security deposits in trust (Note 2)	7,538,386	4,145,368
Other current liabilities	101,609	191,620
Total current liabilities	136,258,518	122,205,510
Non-current liabilities:		
Long-term bonds issued	80,000,000	60,000,000
Long-term borrowings	107,776,000	104,876,000
Tenant leasehold and security deposits	889,754	1,182,149
Tenant leasehold and security deposits in trust (Note 2)	63,072,296	57,340,411
Asset retirement obligations	-	337,474
Other non-current liabilities	2,179	1,796
Total non-current liabilities	251,740,230	223,737,831
Total liabilities	387,998,749	345,943,342
Net assets (Note 4)		
Unitholders' equity:		
Unitholders' capital	250,764,406	250,764,406
Surplus:		
Capital surplus	14,986,826	14,986,826
Reserve for dividends	-	6,918,474
Retained earnings	13,093,726	6,699,636
Total surplus	28,080,552	28,604,936
Total unitholers' equity	278,844,959	279,369,342
Total net assets	278,844,959	279,369,342
Total liabilities and net assets	666,843,708	625,312,685

The notes in "V. Notes to financial information" are an integral part of these statements.

III. Statements of income

	For the six months ended	
	August 31, 2010	February 28, 2011
	Thousands of yen	Thousands of yen
Operating revenues		
Rental revenues (Note 5)	23,326,732	21,868,722
Gains on sales of property (Note 6)	-	1,056,362
Total operating revenues	23,326,732	22,925,085
Operating expenses		
Rental expenses (Note 5)	11,772,870	11,298,205
Losses on sales of property (Note 6)	256,076	-
Asset management fees	2,013,792	1,924,252
Custodian fees	66,329	24,743
General administration fees	150,914	151,410
Compensation for Directors	5,940	3,890
Other operating expenses	162,371	174,552
Total operating expenses	14,428,295	13,577,054
Operating income	8,898,436	9,348,030
Non-operating revenues		
Interest income	4,378	2,394
Other non-operating revenues	3,795	2,799
Total non-operating revenues	8,173	5,193
Non-operating expenses		
Interest expense on borrowings	1,938,736	1,535,945
Interest expense on long-term bonds	720,849	706,150
Amortization of bonds issuance costs	21,428	21,428
Loan-related costs	316,907	314,171
Investment units issuance expenses	2,455	-
Other non-operating expenses	12,749	11,257
Total non-operating expenses	3,013,125	2,588,952
Recurring profit	5,893,484	6,764,271
Extraordinary income		
Gain on negative goodwill	7,202,340	-
Total extraordinary income	7,202,340	-
Extraordinary losses		
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	65,542
Total extraordinary losses	-	65,542
Income before income taxes	13,095,825	6,698,728
Income taxes		
Current	605	605
Deferred	1,562	-
Total income taxes	2,167	605
Net income	13,093,657	6,698,123
Retained earnings at beginning of period	69	1,512
Retained earnings at end of period	13,093,726	6,699,636

The notes in "V. Notes to financial information" are an integral part of these statements.

IV. Statements of changes in unitholders' equity

(Thousands of yen)

For the six months ended August 31, 2010 (March 1, 2010 to August 31, 2010)

	Unitholders' equity					
		Surplus				
	Unitholders' capital	Capital surplus	Retained earnings	Total surplus	Total unitholders' equity	Total net assets
Balance as of February 28, 2010	250,764,406	-	5,329,158	5,329,158	256,093,565	256,093,565
Changes during the period						
Increase by merger		14,986,826		14,986,826	14,986,826	14,986,826
Cash dividend declared			(5,329,089)	(5,329,089)	(5,329,089)	(5,329,089)
Net income			13,093,657	13,093,657	13,093,657	13,093,657
Total changes during the period	-	14,986,826	7,764,568	22,751,394	22,751,394	22,751,394
Balance as of August 31, 2010	250,764,406	14,986,826	13,093,726	28,080,552	278,844,959	278,844,959

For the six months ended February 28, 2011 (September 1, 2010 to February 28, 2011)

	Unitholders' equity						
		Surplus					
	Unitholders' capital	Capital surplus	Reserve for dividends	Retained earnings	Total surplus	Total unitholders' equity	Total net assets
Balance as of August 31, 2010	250,764,406	14,986,826	-	13,093,726	28,080,552	278,844,959	278,844,959
Changes during the period							
Reserve for dividends			6,918,474	(6,918,474)	-		
Cash dividend declared				(6,173,740)	(6,173,740)	(6,173,740)	(6,173,740)
Net income				6,698,123	6,698,123	6,698,123	6,698,123
Total changes during the period	-	-	6,918,474	(6,394,090)	524,383	524,383	524,383
Balance as of February 28, 2011	250,764,406	14,986,826	6,918,474	6,699,636	28,604,936	279,369,342	279,369,342

The notes in "V. Notes to financial information" are an integral part of these statements.

V. Notes to financial information

Note 1 – Summary of significant accounting policies

(a) Securities

Non-marketable securities held as available-for-sale are stated at cost determined by the moving average method. Equity interests in anonymous association are accounted for by the equity method.

(b) 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	2-50 years
Building improvements	2-60 years
Machinery and equipment	3-17 years (2-17 years for the six months ended August 31, 2010)
Furniture and fixtures	2-20 years (2-39 years for the six months ended August 31, 2010)

(c) 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.

(d) Bonds issuance costs

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

(e) Investment units issuance expenses

Investment units issuance expenses are charged to income in the periods in which are paid.

(f) 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 ¥64,837 thousand for the six months period ended August 31, 2010 and no taxes was capitalized for the six months period ended for February 28, 2011.

(g) 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.

(h) 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.

(i) Consumption tax

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

(j) Change in accounting policies

Effective for the six months ended February 28, 2011, the Investment Corporation applied ASBJ Statement No.18, “Accounting Standard for Asset Retirement Obligations” issued on March 31, 2008, and ASBJ Guidance No.21, “Guidance on Accounting Standard for Asset Retirement Obligations” issued on March 31, 2008. The effect of this change for the six months ended February 28, 2011 was to decrease operating income and recurring profit by ¥8,004 thousand, and income before income taxes by ¥73,547 thousand.

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 ¥43,618,265 thousand and ¥50,942,899 thousand as of February 28, 2011 and August 31, 2010, respectively.

(Thousands of yen)

	As of	
	August 31, 2010	February 28, 2011
Buildings in trust	89,236,095	83,981,479
Buildings improvements in trust	4,778,946	4,615,941
Machinery and equipment in trust	370,624	353,591
Furniture and fixtures in trust	603,286	564,013
Land in trust	143,522,992	143,522,992
Total	238,511,945	233,038,018

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, 2011 and August 31, 2010, 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, 2010	February 28, 2011
Credit facilities		
Total amount of credit facilities	106,000,000	106,000,000
Borrowings drawn down	(92,575,000)	85,075,000
Unused credit facilities	13,425,000	20,925,000
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, 2010	February 28, 2011
Authorized	8,000,000 units	8,000,000 units
Issued and outstanding	1,688,198 units	1,688,198 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, 2010 and February 28, 2011 consist of the following:

(Thousands of yen)

	For the six months ended	
	August 31, 2010	**February 28, 2011**
Rental revenues:		
Rental and parking revenue	21,992,925	20,332,018
Utilities received	724,214	671,508
Other	609,592	865,195
Total rental revenues	23,326,732	21,868,722
Rental expenses:		
Property management fees	377,039	353,162
Facility management fees	959,882	876,325
Utilities costs	829,217	731,229
Property-related taxes	2,562,516	2,454,980
Repair and maintenance	68,399	98,514
Insurance	62,449	51,373
Trust fees	137,811	115,675
Rent expense	950,439	949,946
Other	381,789	384,539
Depreciation	5,410,955	5,160,246
Losses on disposal of fixed assets	32,368	122,211
Total rental expenses	11,772,870	11,298,205
Operating income from property leasing activities	11,553,862	10,570,516

Note 6 – Gains (Losses) on sales of property

Gains or losses on sales of property for the six months ended August 31, 2010 and February 28, 2011 were as follows:

(Thousands of yen)

	For the six months ended	
	August 31, 2010	**February 28, 2011**
Proceeds from sales of property	26,100,000	33,200,000
Cost of sales:		
Net book value of property sold	26,288,061	32,084,818
Other costs related sales of property	68,015	58,818
Gains (losses) on sales of property, net	(256,076)	1,056,362

Note 7 – Income taxes

Deferred tax assets and liabilities consist of the following:

(Thousands of yen)

	As of	
	August 31, 2010	February 28, 2011
Deferred tax assets:		
Current		
Net valuation difference on assets acquired by merger scheduled to be sold in the following period	6,109,703	-
Valuation difference on other assets acquired by merger	131,068	48,031
Tax loss carryforwards	-	3,541,643
Sub total	6,240,772	3,589,674
Valuation allowance	(6,240,772)	(3,589,674)
Total current deferred tax assets	-	-
Non-current		
Amortization of leasehold rights	73,153	82,170
Asset retirement obligations	-	132,728
Valuation difference on assets acquired by merger	7,181,543	7,141,164
Sub total	7,254,697	7,356,064
Valuation allowance	(7,254,697)	(7,356,064)
Total non-current deferred tax assets	-	-
Total deferred tax assets	-	-
Net deferred tax assets	-	-

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, 2010	February 28, 2011
Statutory effective tax rate	39.33%	39.33%
Gain on negative goodwill	(21.63)	-
Deductible cash dividends	(15.14)	-
Change in valuation allowance (for deferred tax assets)	(2.56)	(38.05)
Other	0.02	(1.27)
Effective tax rate	0.02%	0.01%

Note 8 – Leases

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

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

Lease expenses incurred in connection with such finance leases on equipment utilized by the Investment Corporation amounted to ¥7,397 thousand for the six months ended February 28, 2011 and August 31, 2010, respectively.

Future minimum lease payments under the terms of these finance leases as of August 31, 2010 and February 28, 2011 are as follows:

(Thousands of yen)

	As of	
	August 31, 2010	**February 28, 2011**
Due within one year	10,531	3,133
Due after one year	-	-
Total	10,531	3,133

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

(Thousands of yen)

	As of	
	August 31, 2010	**February 28, 2011**
Furniture and fixtures in trust		
At cost	39,369	39,369
Accumulated depreciation	(34,121)	(37,997)
Net book value	5,248	1,372
Machinery and equipment in trust		
At cost	38,742	38,742
Accumulated depreciation	(33,459)	(36,981)
Net book value	5,283	1,761
Total		
At cost	78,111	78,111
Accumulated depreciation	(67,580)	(74,978)
Net book value	10,531	3,133

Depreciation expense would be ¥7,397 thousand for the six months ended February 28, 2011 and August 31, 2010, respectively. This depreciation amounts is calculated utilizing the straight-line method over the term of the leases based on the acquisition cost which is equivalent to the total lease payments.

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

Note 9 – Financial instruments

(1) Qualitative information for financial instruments

(a) Policy for financial instrument transactions

The Investment Corporation raises funds by, among others, borrowings, issuance of corporate bonds or investment units for the usage of acquiring real property, expenditures on maintenance for properties or refund existing debts. The use of surplus funds is decided carefully taking into account of safety and liquidity of financial instruments as well as condition of financial market and working funds. The derivatives are used only for the hedging purpose but not for the speculative purpose. The Investment Corporation did not use any derivative for the six months ended February 28, 2011 and August 31, 2010.

(b) Content of financial instrument, and risk and risk management of those

The usage of funds raised by borrowings or corporate bonds is mainly for acquiring real property or property in trust, and refund existing borrowings or bonds issued. Tenant leasehold and security deposits are deposits from tenants based on the lease agreements. Although borrowings with floating interest rate are surfaced to fluctuation of interest rate, the Investment Corporation manages to keep an appropriate level of liabilities ratio in order to hold the influence of the rise of market interest rate on its management condition at minimum. Liquidity risks relating to borrowings, bonds issued and tenant leasehold and security deposits are managed by preparing monthly plan for funds, keeping highly liquidity and making credit facility agreements and commitment line agreements with banks for the purpose of timely funding.

(c) Supplemental information about the fair value for financial instruments

The fair value for financial instruments that are traded in markets is based on quoted prices in the markets. For the financial instruments that are not traded in markets, the fair value is estimated by using valuation techniques based on various assumptions. If other valuation models or assumptions were used, the estimated value may differ from the fair value in this presentation.

(2) Quantitative information for financial instruments

The following table shows the carrying amounts, fair value and valuation difference on financial instruments as of August 31, 2010 and February 28, 2011. The financial instruments that are too difficult to establish the fair value are not included in the table.

(Thousands of yen)

	As of					
	August 31, 2010			February 28, 2011		
	Carrying amounts	Fair value	Valuation difference	Carrying amounts	Fair value	Valuation difference
(1) Cash and bank deposits	12,532,022	12,532,022	-	10,819,131	10,819,131	-
(2) Cash and bank deposits in trust	9,698,420	9,698,420	-	5,773,686	5,773,686	-
Total assets	22,230,443	22,230,443	-	16,592,818	16,592,818	-
(1) Short-term borrowings	107,572,000	107,572,000	-	86,575,000	86,575,000	-
(2) Current portion of long-term bonds issued	-	-	-	20,000,000	20,139,200	139,200
(3) Current portion of long-term borrowings	14,500,000	14,517,168	17,168	5,900,000	5,913,726	13,726
(4) Current amount of tenant leasehold and security deposits in trust	7,491,433	7,501,265	9,832	4,096,460	4,094,161	(2,299)
(5) Long-term bonds issued	80,000,000	81,970,050	1,970,050	60,000,000	61,472,200	1,472,200
(6) Long-term borrowings	107,776,000	110,404,750	2,628,750	104,876,000	106,503,713	1,627,713
(7) Tenant leasehold and security deposits in trust	22,126,692	22,246,432	119,740	18,773,286	18,761,222	(12,064)
Total liabilities	339,466,126	344,211,667	4,745,541	300,220,747	303,459,223	3,238,476

Note 1: Valuation method of financial instruments

Assets

(1) Cash and bank deposits and (2) Cash and bank deposits in trust:

The fair values would be almost equal to the carrying amounts considering that all of the bank deposits are only short-term.

Liabilities

(1) Short-term borrowings:

The fair value would be almost equal to the carrying amounts considering that all of the short-term borrowings are short-term and floating interest rates.

(2)Current portion of long-term bonds issued and (5) Long-term bonds issued:

The fair value is quoted price announced by a provider of financial market information.

(3) Current portion of long-term borrowings and (6) Long-term borrowings:

For the long-term borrowings that are with floating interest rates, the fair value would be almost equal to the carrying amounts considering that interest rates are changing at every contractual term. For the long-term borrowings that are with fixed interest rates, the fair value is the present value of contractual cash flows discounted at current interest rate which would be applicable to new borrowings under the same conditions and terms as existing long-term borrowings.

(4) Current amount of tenant leasehold and security deposits in trust and (7) Tenant leasehold and security deposits in trust:

The fair value is the present value of contractual cash flows discounted at current interest rate which would be applicable to its equivalent in terms and credit risk.

Note 2: Financial instruments that are too difficult to establish the fair value

(Thousands of yen)

	Carrying amounts as of	
	August 31, 2010	**February 28, 2011**
Investment securities	-	518,935
Total assets	-	518,935
Current amount of tenant leasehold and security deposits in trust	46,953	48,907
Tenant leasehold and security deposits	889,754	1,182,149
Tenant leasehold and security deposits in trust	40,945,603	38,567,125
Total liabilities	41,882,311	39,798,181

The investment securities (equity interests in anonymous association) are not traded in markets, and it is too difficult to estimate reasonable future cash flow. Also, the above carrying amounts of tenant lease hold and security deposits and those in trust are not traded in markets, and it is too difficult to establish the fair value based on a reasonably estimated future cash flow because the repayment dates of those deposits are undefined. These financial instruments are not included in above quantitative information.

Note 3: Cash flow schedule of financial assets after the end of the period

(Thousands of yen)

As of August 31, 2010	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Over 5 years**
Cash and bank deposits	12,532,022	-	-	-	-	-
Cash and bank deposits in trust	9,698,420	-	-	-	-	-
Total	22,230,443	-	-	-	-	-

As of February 28, 2011	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Over 5 years**
Cash and bank deposits	10,819,131	-	-	-	-	-
Cash and bank deposits in trust	5,773,686	-	-	-	-	-
Total	16,592,818	-	-	-	-	-

Note 4: Cash flow schedule of financial liabilities after the end of the period

(Thousands of yen)

As of August 31, 2010	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Over 5 years**
Short-term borrowings	107,572,000	-	-	-	-	-
Current portion of long-term borrowings	14,500,000	-	-	-	-	-
Current amount of tenant leasehold and security deposits in trust	4,989,002	-	-	-	-	-
Long-term bonds issued	-	40,000,000	-	-	15,000,000	25,000,000
Long-term borrowings	-	14,700,000	9,000,000	8,550,000	43,810,000	31,716,000
Tenant leasehold and security deposits in trust	-	1,594,029	1,594,029	1,521,953	1,354,855	10,026,674
Total	127,061,002	56,294,029	10,594,029	10,071,953	60,164,855	66,742,674

(Thousands of yen)

As of February 28, 2011	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	86,575,000	-	-	-	-	-
Current portion of long-term bonds issued	20,000,000	-	-	-	-	-
Current portion of long-term borrowings	5,900,000	-	-	-	-	-
Current amount of tenant leasehold and security deposits in trust	1,594,029	-	-	-	-	-
Long-term bonds issued	-	20,000,000	-	15,000,000	10,000,000	15,000,000
Long-term borrowings	-	1,600,000	12,000,000	13,450,000	46,810,000	31,016,000
Tenant leasehold and security deposits in trust	-	1,594,029	1,594,029	1,305,724	1,548,139	8,932,520
Total	114,069,029	23,194,029	13,594,029	29,755,724	58,358,139	54,948,520

(Additional information)

Effective for the six months ended August 31, 2010, the Investment Corporation applied ASBJ Statement No.10, "Accounting Standard for Financial Instruments" revised on March 10, 2008, and ASBJ Guidance No.19, "Guidance on Accounting Standard for Disclosure about Fair Value of Financial Instruments" issued on March 10, 2008.

Note 10 – Asset retirement obligations

The Investment Corporation has an obligation under a fixed-term leasehold agreement to restore the leased land in where Loc City Ogaki is located upon the termination of the agreement. The estimated useful life of the property is 29 years as the term of the agreement. The asset retirement obligation of the restoration is recognized as liability at the present value of estimated future cash flow discounted at 1.789%.

Movements of asset retirement obligations for the six months ended February 28, 2011 were as follows:

(Thousands of yen)

Balance as of August 31, 2010 (Note 1)	334,507
Adjustment required over time	2,967
Balance as of February 28, 2011	337,474

Note 1: Effective on September 1, 2010, the Investment Corporation applied ASBJ Statement No.18, "Accounting Standard for Asset Retirement Obligations" issued on March 31, 2008, and ASBJ Guidance No.21, "Guidance on Accounting Standard for Asset Retirement Obligations" issued on March 31, 2008. The balance as of August 31, 2010 in the above table shows the balance at September 1, 2010.

Note 11 – Fair value of investment and rental property

The Investment Corporation has mainly retail facilities as investment assets which are located mainly in three major metropolitan areas and other metropolitan areas in Japan. The following tables show the net book value and the fair value of the investment properties for the six months ended August 31, 2010 and February 28, 2011.

For the six months ended August 31, 2010 (Thousands of yen)

Net book value			Fair value at the end of period
At the beginning of the period	Net increase (net decrease) during the period	At the end of the period	
554,789,370	82,937,859	637,727,230	599,152,000

Note 1: The net book value increased mainly due to the merger with LaSalle Japan REIT Inc. (21 properties amounting to ¥87,877,000 thousand), the acquisition of AEON Sapporo Hassamu Shopping Center (land adjacent to the property amounted to ¥386,676 thousand), G-Bldg. Shinjuku 01 (¥6,708,049 thousand), LIFE Taiheiji (land with leasehold interest amounted to ¥1,302,816 thousand), LIFE Shimodera (land with leasehold interest amounted to ¥1,713,856 thousand), LIFE Kishibe (land with leasehold interest amounted to ¥1,942,759 thousand), G-Bldg. Jingumae 03 (¥5,610,167 thousand), G-Bldg. Minami-Ikebukuro 01 (¥6,074,097 thousand) and G-Bldg. Shinsaibashi 01 (¥1,611,435 thousand) and capital expenditures on Kyoto family (¥610,394 thousand) and Higashi-Totsuka Aurora City (¥282,470 thousand), while the net book value decreased mainly due to the disposal of 8953 Saitama Urawa Building (¥26,288,061 thousand) and depreciation.

Note 2: The fair value of properties sold subsequently on September 3, 2010 shows those transaction prices, and the fair value of other properties shows an appraisal value or researched value by independent real estate appraisers.

For the six months ended February 28, 2011 (Thousands of yen)

Net book value			Fair value at the end of period
At the beginning of the period	Net increase (net decrease) during the period	At the end of the period	
637,727,230	(36,385,828)	601,341,401	568,969,000

Note 1: The net book value decreased mainly due to disposal of 18 properties (office, residential and residential plus retail totaling of ¥32,084,818 thousand) and depreciation, while the net book value increased mainly due to capitalization of an asset retirement cost corresponding to the asset retirement obligations for Loc City Ogaki (¥310,941 thousand) and capital expenditures on Kyoto family (¥71,170 thousand).

Note 2: The fair value shows an appraisal value or researched value by independent real estate appraisers.

For rental revenues and expenses for the six months ended August 31, 2010 and February 28, 2011, please refer to “Note 5 Breakdown for rental revenues and expenses”.

(Additional information)

Effective for the six months ended August 31, 2010, the Investment Corporation applied ASBJ Statement No.20, “Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” issued on November 28, 2008, and ASBJ Guidance No.23, “Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” issued on November 28, 2008.

Note 12 – Related-party transaction

For the six months ended August 31, 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)
Parent company of the asset manager	Mitsubishi Corporation	Trading Company	3.31	Acquisition of real property (Note 1)	5,520,000	-	-
Custodian	Mitsubishi UFJ Trust and Banking Corporation	Banking	-	Drawing of short-term borrowings (Note 2)	15,932,800	Short-term borrowings	23,793,300
				Interest expenses (Note 3)	124,440	Accrued expenses	34,146
				Trust fees (Note 4)	57,107	Accounts payable - operating	9,959
				General administration fees (Note 4)	150,814	Accrued expenses	47,436
				Investment units issuance expenses (Note 4)	2,284	-	-

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. All of the short-term borrowings were unsecured.

Note 3 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. Loan-related costs are not included in the above table.

Note 4 The fees have been decided based on third party transactions.

Note 5 Consumption tax are excluded from the amounts of transactions, but included in the amounts of balances.

For the six months ended February 28, 2011:

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	23,793,300
				Interest expenses (Note 2)	112,173	Accrued expenses	32,366
				Trust fees (Note 3)	56,072	Accounts payable - operating	9,810
				General administration fees (Note 3)	151,290	Accrued expenses	50,687

Note 1 The short-term borrowings were drawn in accordance with the credit facility 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 and term loan agreement. The interest rates of the borrowings have been decided similarly as other banks of the syndicate. Loan-related costs are not included in the above table.

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 13 – Per unit information

The net asset value per unit as of February 28, 2011 and August 31, 2010 was ¥165,483 and ¥165,173, respectively. Net income per unit for the six months ended February 28, 2011 and August 31, 2010 was ¥3,967 and ¥7,755, 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.

A basis of calculation of net income per unit is as follows:

(Thousands of yen)

	For the six months ended	
	August 31, 2010	**February 28, 2011**
Net income	13,093,657	6,698,123
Effect of dilutive unit	-	-
Net income available to common unitholders	13,093,657	6,698,123
Weighted-average number of units outstanding for the period	1,688,198 units	1,688,198 units

The Investment Corporation executed a four-for-one unit split (the "Unit Split") on March 1, 2010 as the effective date. The following table shows pro forma per unit information for the six months ended February 28, 2010 which has been adjusted to reflect the Unit Split as if it had been effective on September 1, 2009:

(Yen)

As of or for the six months ended February 28, 2010	
Net asset value per unit	165,648
Net income per unit	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.

Note 14 – Subsequent events

For the six months ended August 31, 2010:

1. Disposal of property

On September 3, 2010, the Investment Corporation disposed following 18 properties (trust beneficial interest in real property) to Special Purpose Company Sonic Investments 7 at the total sales price of ¥33,200 million. Gains on disposal of property amounted approximately to ¥1,067 million were recognized in profit for the six months ended February 28, 2011.

Office (10 properties):
Shinsan Building, 35 Sankyo Building, Shibuya West Building, Chiba West Building, Narita TT

Building, Utsunomiya Center Building, Southern Mito Building, Horikawa-Dori Shijyo Building, KYUHO Esaka Building, Uchikanda Building

Residential (6 properties):

Mirum Daikanyama, Mirum Shirokanedai, Mirum Nogizaka, Mirum Minami Aoyama, Mirum Hiro-o II, Forest Hill Sendai-Aoba

Residential+Retail (2 properties):

Nishino Building, Leaf Comfort Shinkoiwa

For the six months ended February 28, 2011:

1. The Great East Japan Earthquake

The structure of all 59 investment properties are not damaged by the Great East Japan Earthquake occurred on March 11, 2011. The interior, etc. of 24 investment properties are, however, damaged and the expenses for repairing will amount approximately to ¥668 million.

Note 15 – Business combination

For the six months ended August 31, 2010:

1. Outline of business combination

(1) Name of the acquiree

LaSalle Japan REIT Inc. (”LJR”)

(2) Business of the acquiree

To invest mainly specified asset under the Law Concerning Investment Trusts.

(3) Primary reason for the business combination

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 on December 15, 2009.

(4) Acquisition date

March 1, 2010

(5) Type of the business combination

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

(6) Name of the combined entity after the business combination

Japan Retail Fund Investment Corporation

(7) Basis for identifying the acquirer

The Investment Corporation was identified as the acquirer in accordance with the accounting standard for business combinations, considering relative size in assets or profit, the relative voting rights of the unitholders as a group in the combined entity after the business combination, the existence of a unitholder who has a large minority voting interest in the combined entity or the ability to elect or appoint or to remove a majority of the members of the governing body of the combined entity, the composition of the governing body of the combined entity and other facts and circumstance.

2. Reporting period of the acquiree included in the financial information of the combined entity

From March 1, 2010 to August 31, 2010

3. Measurement of consideration

(1) Consideration transferred in the business combination

	(Thousands of yen)
Consideration transferred:	
Aggregate amount of the acquisition-date market value of the investment unit of the Investment Corporation	14,986,826
Acquisition-related costs:	
Advisory fees, etc.	328,617
Total	15,315,443

(2) 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.

(3) Basis for calculation of the merger ratio

(a) The merger ratio was calculated considering the results of the analysis based on the market unit price analysis, comparable REITs analysis, dividend capitalization analysis, discounted cash flow analysis, and adjusted net asset value analysis.

(b) In order to support the fairness of the calculation of the merger ratio for the merger, the Investment Corporation and LJR appointed their respective financial advisors to perform financial analyses regarding the merger ratio, and the merger ratio was determined to be appropriate by the Investment Corporation and LJR as a result of careful discussions and negotiations with consideration of various factors.

(4) Units issued for the merger

142,190 units

4. Purchase price allocation

(1) Assets acquired and liabilities assumed at the acquisition date

	(Thousands of yen)
Current assets	9,020,902
Fixed assets	87,906,351
Total assets	96,927,254
Current liabilities	24,932,440
Non-current liabilities	49,477,029
Total liabilities	74,409,470

(2) Negative goodwill

Amount of negative goodwill:

¥7,202,340 thousand

Reason why the merger resulted in negative goodwill:

The negative goodwill occurred because the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeded the amount of the total consideration in the business combination.

Accounting treatment:

The negative goodwill was recognized as extraordinary profit in the statement of income for the six months ended August 31, 2010.

5. Comparative information

Nothing to be disclosed because the acquisition date was the beginning of the reporting period.

For the six months ended February 28, 2011:

None

VI. Statements of cash dividends

(Yen)

	For the six months ended	
	August 31, 2010 (Note 1)	February 28, 2011 (Note 2)
Retained earnings at the end of period	13,093,726,915	6,699,636,016
Cash dividend declared	6,173,740,086	6,698,769,664
(Cash dividend declared per unit)	*(3,657)*	*(3,968)*
Reserve for dividends	6,918,474,639	-
Retained earnings carried forward	1,512,190	866,352

Note 1: 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 August 31, 2010 were amounted to ¥6,173,740,086 which were all of the distributable profit except for fractional dividend per unit less than one yen. The distributable profit was amounted to ¥6,175,252,276 which were calculated as ¥13,093,726,915 of retained earnings at the end of period minus ¥7,202,340,607 of a gain on negative goodwill and plus ¥283,865,968 of an allowance for the distributable profit. In addition, the remaining retained earnings of ¥6,918,474,639 which consist of the gain on negative goodwill minus the allowance for the distributable profit is reserved as reserve for dividends.

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 out of reserve for dividends nor 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, 2011 were amounted to ¥6,698,769,664 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, 2011 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, 2010	February 28, 2011
Cash flows from operating activities:		
Income before taxes	13,095,825	6,698,728
Adjustment for:		
Depreciation	5,411,166	5,160,372
Amortization of bonds issuance costs	21,428	21,428
Gains on sales of property	-	(1,056,362)
Losses on sales of property	256,076	-
Loss on disposal of fixed assets	32,368	122,211
Gain on negative goodwill	(7,202,340)	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	65,542
Interest income	(4,378)	(2,394)
Interest expense	2,659,586	2,242,095
Changes in assets and liabilities:		
Decrease (increase) in Rental receivables	87,530	(64,845)
Decrease (increase) in Income taxes receivable	(657)	298
Decrease (increase) in Long-term prepaid expenses	(787,502)	127,479
Increase (decrease) in Accounts payable - operating	6,692	(195,360)
Increase (decrease) in Consumption tax payable	558,232	(387,069)
Decrease in Accounts payable - other	(413,758)	(7,814)
Increase (decrease) in Accrued expenses	141,105	(87,254)
Increase (decrease) in Rent received in advance	113,375	(280,949)
Increase (decrease) in Deposits received	635	(158,369)
Other-net	19,214	(120,705)
Sub total	13,994,599	12,077,030
Interest received	4,378	2,394
Interest paid	(2,672,213)	(2,404,469)
Income taxes paid	(23,855)	(505)
Net cash provided by operating activities	11,302,909	9,674,450
Cash flows from investing activities:		
Purchase of property and equipment	(10,570,729)	(6,147)
Purchase of property and equipment in trust	(16,102,816)	(607,967)
Proceeds from sales of property and equipment in trust	26,031,984	33,141,181
Payments of tenant leasehold and security deposits	-	(86,883)
Proceeds from tenant leasehold and security deposits	633,414	224,304
Payments of tenant leasehold and security deposits in trust	(2,954,711)	(8,946,571)
Proceeds from tenant leasehold and security deposits in trust	571,594	152,057
Proceeds from lease deposits in trust	7,500	7,500
Purchase of investment securities	-	(516,994)
Other expenditures	(8,445)	(3,787)
Net cash provided by (used in) investing activities	(2,392,208)	23,356,692

(To be continued on the following page)

(Thousands of yen)

	For the six months ended	
	August 31, 2010	February 28, 2011
Cash flows from financing activities:		
Proceeds from short-term borrowings	-	1,500,000
Repayments of short-term borrowings	(5,500,000)	(22,497,000)
Proceeds from long-term borrowings	-	11,000,000
Repayments of long-term borrowings	(2,000,000)	(22,500,000)
Dividend payments	(5,331,417)	(6,171,767)
Payments of merger cash distributions	(80,110)	-
Net cash used in financing activities	(12,911,527)	(38,668,767)
Net change in cash and cash equivalents	(4,000,827)	(5,637,624)
Cash and cash equivalents at beginning of period	17,269,111	22,230,443
Increase in cash and cash equivalents by merger	8,962,158	-
Cash and cash equivalents at end of period (Note 1)	22,230,443	16,592,818

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, 2010	February 28, 2011
Cash and bank deposits	12,532,022	10,819,131
Cash and bank deposits in trust	9,698,420	5,773,686
Cash and cash equivalents	22,230,443	16,592,818

Note 2 Non-cash transactions

For the six months ended August 31, 2010:

The following table shows assets acquired and liabilities assumed by the Investment Corporation through the merger with LaSalle Japan REIT Inc. Capital surplus was increased by ¥14,986,826 thousand by the merger.

	(Thousands of yen)
Current assets	9,020,902
Fixed assets	87,906,351
Total assets	96,927,254
Current liabilities	24,932,440
Non-current liabilities	49,477,029
Total liabilities	74,409,470

For the six months ended February 28, 2011:

Effective for the six months ended February 28, 2011, the Investment Corporation applied ASBJ Statement No.18, “Accounting Standard for Asset Retirement Obligations” issued on March 31, 2008, and ASBJ Guidance No.21, “Guidance on Accounting Standard for Asset Retirement Obligations” issued on March 31, 2008. As a result of this accounting change, building in trust and asset retirement obligations as of February 28, 2011 increased by ¥310,941 thousand and ¥337,474 thousand, respectively.

Additional information: Strategies for strengthened competitiveness and increasing value

NARUPARK is a regional retail complex that will grow together with its customers.

"NARUPARK" (formerly Ito-Yokado Narumi) reopened in Nagoya City, Aichi Prefecture after being refurbished. The concept of this complex is to provide facilities where consumers can shop "casually," "agreeably," and "leisurely." This is an example of shopping center (SC) management characterized by JRF's extensive expertise in retail property management. JRF aims to achieve stable management by focusing on these concepts through horizontal business development to ensure the improved future competitiveness of existing properties.

First contract deal based on direct lease rather than master lease

The contract form for "NARUPARK" is based on direct lease arrangements. As a result, JRF has been able to take the initiative in determining tenant mix. In addition, it took only about three months to complete a large-scale refurbishment after work commenced in December 2010. Moreover, JRF has succeeded in accepting highly competitive specialty shops such as UNIQLO and SHIMAMURA, as well as core tenants such as HEIWADO and Joshin, in order to meet the needs of families. JRF mainly targets families, and has created a fresh, pleasant, and convenient shopping venue. Rents based on a percentage of sales have been introduced for 35 out of 48 tenants. As a result, the possibilities for improved profitability will become stronger in the future.

Promoting the creation of facilities focusing more on environmental protection

"NARUPARK" started the "Green Project" as its one of own environmental protection measures, and installed various facilities that can help reduce environmental loads. Such facilities can be used by people who are sympathetic to such measures irrespective of generations.

JRF will also positively create environmentally friendly facilities for other properties in the future. More specifically, JRF is currently promoting the effective use of natural energy sources such as solar power generation, and introducing a car-sharing system using electric vehicles (EV) in cooperation with people in each region.

Environmentally friendly retail property, NARUPARK

“Green Project”

LED lighting/Solar panel

Changed approximately 90% of the lighting in common areas of the premises to LED lighting, and reduced CO_2 by approximately 50%, while keeping the same level of luminosity as fluorescent lighting. In addition, solar panels have been installed on facility walls, and solar-generated power is used on the premises.

Flowerbed/Greening wall surfaces

A flowerbed called “NARUHANA-BATAKE” has been created at the main entrance so that flowers can be grown together with customers in the region, and the *greening* of wall surfaces has been completed. These will comfort and relax visitors through visual effects. At the same time, the *greening* of wall surfaces will help save energy by reducing the accumulation of heat within the building.

Plant factory rental

A plant factory rental system has been introduced. This system is the first to be introduced for large-scale rental properties in Japan. Artificial sunlight will be used, and users can grow and harvest vegetables all year round by keeping a set temperature inside the showcases. Customers can check the vegetables at any time while shopping, and experience nature while having fun.

Rooftop garden/Rental rooftop vegetable garden

Customers in the region can relax in the rooftop garden called “NARUIRO GARDEN.” Customers can easily enjoy growing vegetables, while shopping in the rental rooftop vegetable garden called “MACHINAKA VEGETABLE GARDEN-NARUFARM,” which is the biggest of its kind in the Chubu region. These gardens play a role as a base for the regional community and have been well received by customers as a communication square.

Toward further growth

JRF has acquired an equity interest in an anonymous association

As a new investment method, JRF has acquired an equity interest in an anonymous association. More specifically, JRF has acquired an equity interest in “Arkangel Daikanyama (land with leasehold interest)” and “Retail Shinsaibashi-suji Building (tentative name)” during the current period. JRF also acquired a similar equity interest in “Urban Terrace Jingumae” and “Round One Machida” in April 2011. An equity investment in an anonymous association is an investment in an independent business arrangement, but JRF has obtained preferential negotiation rights regarding the acquisition of the underlying properties through a series of investments in such an association. As a result, JRF has ensured opportunities to acquire these properties in the future. JRF will also positively use such equity investments, as well as direct asset acquisitions, as part of its external growth strategy in the future to expand its portfolio and improve profitability.

[Advantages of equity investment in anonymous associations and acquisition of preferential negotiation rights]

1. Ensuring opportunities to acquire properties in future

(However, no obligation exists regarding the acquisition of properties, and decisions can be made flexibly depending on the circumstances.)

2. Entitled to receive dividends without acquiring underlying properties, while high dividend yields are being paid for equity investment

Pursuing continuous cost reductions

A variety of costs and expenses such as property management expenses and general administration fees have been reduced. The cost reduction for the current period (ended February 2011) amounted to 165 million yen, and the annual cost reduction including the previous period (ended August 2010) amounted to 408 million yen in total. JRF will also make every effort to continuously reduce costs as part of measures to ensure stable dividend payments in the future.

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 Eighteenth Period Analyst Meeting Materials (September 1, 2010 – February 28, 2011)"
- Portfolio Management: Page 35 to 36
- Portfolio Overview: Page 39 to 40 and Page 53 to 54

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

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